



## ACT506: ADVANCED ACCOUNTING II

**Credit Hours: 3**

**Contact Hours:** This is a 3-credit course, offered in accelerated format. This means that 16 weeks of material is covered in 8 weeks. The exact number of hours per week that you can expect to spend on each course will vary based upon the weekly coursework, as well as your study style and preferences. You should plan to spend 14-20 hours per week in each course reading material, interacting on the discussion boards, writing papers, completing projects, and doing research.

**Faculty Information:** Faculty contact information and office hours can be found on the faculty profile page.

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### COURSE DESCRIPTION AND OUTCOMES

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#### Course Description:

This course covers a variety of advanced accounting as well as financial reporting principles and procedures used by organizations in the United States. The advanced accounting principles that will be covered include intercorporate acquisitions and investments, including the consolidation and the intercompany accounting issues that accompany these acquisitions and investments; partnership accounting; corporations in financial difficulty; and other advanced financial statement disclosures made by corporations including financial reporting-related segment and interim financial reporting issues.

#### Course Overview:

In this course, you will continue to learn more about the advanced accounting topics covered in previous courses. Along with intercorporate acquisitions and investments, we discuss a wide range of consolidation-related accounting and financial reporting issues. You will learn more about intercompany accounting issues, including inventory transactions, indebtedness, and transfers of services and noncurrent assets. This course also covers partnership accounting, segment and interim reporting issues, and the accounting for corporations in financial difficulty.

#### Course Learning Outcomes:

1. Apply the appropriate accounting and financial reporting rules for intercorporate acquisitions and investments in business entities.
2. Apply and practice the appropriate accounting and financial reporting for the consolidation of a less-than and wholly-owned subsidiaries.
3. Evaluate additional consolidation-related accounting and financial reporting issues, including intercompany balances and related items.
4. Evaluate the accounting and the financial reporting implications for the formation, operation, and liquidation of partnerships.
5. Assess the requirements for segment and interim financial reporting.
6. Explore the accounting implications of corporations which are in financial difficulty.

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## PARTICIPATION & ATTENDANCE

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Prompt and consistent attendance in your online courses is essential for your success at CSU-Global Campus. Failure to verify your attendance within the first 7 days of this course may result in your withdrawal. If for some reason you would like to drop a course, please contact your advisor.

Online classes have deadlines, assignments, and participation requirements just like on-campus classes. Budget your time carefully and keep an open line of communication with your instructor. If you are having technical problems, problems with your assignments, or other problems that are impeding your progress, let your instructor know as soon as possible.

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## COURSE MATERIALS

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### Required:

Christensen, T., Cottrell, D., & Budd, C. (2019). *Advanced financial accounting* (12th ed.). New York, NY: McGraw-Hill. ISBN: 9781259916977

**NOTE:** All non-textbook required readings and materials necessary to complete assignments, discussions, and/or supplemental or required exercises are provided within the course itself. Please read through each course module carefully.

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## COURSE SCHEDULE

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### Due Dates

The Academic Week at CSU-Global begins on Monday and ends the following Sunday.

- **Discussion Boards:** The original post must be completed by Thursday at 11:59 p.m. MT and peer responses posted by Sunday at 11:59 p.m. MT. Late posts may not be awarded points.
- **Critical Thinking:** Assignments are due Sunday at 11:59 p.m. MT.
- **Live Classroom:** Although participation is not required, Live Classroom sessions are held during Weeks 2 and 7. There are two total sessions.

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## WEEKLY READING AND ASSIGNMENT DETAILS

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### Module 1

#### Readings

- Chapters 1 & 2 in *Advanced Financial Accounting*
- PWC. (2017). Simplifying goodwill impairment testing. Retrieved from <https://www.pwc.com/us/en/cfodirect/publications/in-the-loop/step-2-goodwill-impairment-test.html>
- Deloitte. (2017). FASB eliminates Step 2 from the goodwill impairment test. Retrieved from <https://www2.deloitte.com/us/en/pages/audit/articles/hu-fasb-eliminates-step-2-from-the-goodwill-impairment-test-020117.html>

## Discussion (25 points)

### Critical Thinking (70 points)

Choose one of the following two assignments to complete this week. Do not do both assignments. Identify your assignment choice in the title of your submission.

#### Option #1: Business Combination with Goodwill

Williams Corporation pays cash of \$250,000 to acquire the net assets of Frank Company on December 31, 20XX. The balance sheets of Williams Corporation and Frank Company, as well as the fair value information for Frank Company, is provided on an Excel spreadsheet (linked on your Assignment page).

1. Prepare the journal entry required by Williams Corporation when it acquires Frank Company's net assets.
2. Prepare a balance sheet for William Corporation immediately following the acquisition of Frank Company.
3. Prepare the journal entry required by Williams Corporation if it acquires all of Frank Company's common stock (instead of Frank Company's net assets) for \$250,000.

For this assignment, download the Excel spreadsheet, and use the Tab function at the bottom to answer each of these questions. Note that you can either use the Tab function to answer each question, individually, or put the answers to each of the questions below on one Tab. *Use Excel functions to show your calculations for any journal entry requiring a dollar calculation or dollar amount.* Do not enter any dollar amounts directly, unless it is unavoidable for obvious reasons.

Use Excel formulas to make or evidence each of your calculations of each/any dollar amounts. Please do not enter any dollar amounts, directly, for the answers to the Requirements unless it is unavoidable for obvious reasons.

Submit your Excel file following this naming convention: MyNameCTA1Option1. *Prepare and submit only one Excel spreadsheet.*

#### Requirements:

- Show calculations for all questions.
- Support the writing portion of the assignment (if applicable) with credible sources.
- Use terms, evidence, and concepts from class readings, including professional business language.
- Review the week's CT Assignment grading rubric for more information on expectations *and how you will be graded.*

Do not hesitate to ask your instructor if you have any questions about this assignment.

#### Option #2: Consolidation Worksheet and Equity Method

Attached is an Excel spreadsheet containing the balance sheets and income statements, and other trial balance information of Pauline Corporation and Rebecca Company as of December 31, 20XX. Pauline Corporation acquired 100% of Rebecca Company's common stock on January 1, 20XX when the book value of Rebecca Company's net assets was \$300,000. Pauline Corporation uses the equity method to account for these types of investments. The balance sheets, income statements, and other trial balance information for both corporations are provided on an Excel spreadsheet (linked on your Assignment page).

1. Prepare the journal entry required on the books of Pauline Corporation when it acquired Rebecca Company on December 31, 20XX.
2. Also, prepare any normal or required equity-method entry(ies) related to the investment in Rebecca Company during 20XX.
3. Prepare a consolidation worksheet for 20XX in good form.

For this assignment, download the Excel spreadsheet, and use the Tab function at the bottom to answer each of these questions. Note that you can either use the Tab function to answer each question, individually, or put the answers to each of the questions below on one Tab. *Use Excel functions to show your calculations for any journal entry requiring a dollar calculation or dollar amount.* Do not enter any dollar amounts directly, unless it is unavoidable for obvious reasons.

Use Excel formulas to make or evidence each of your calculations of each/any dollar amounts. Please do not enter any dollar amounts, directly, for the answers to the Requirements unless it is unavoidable for obvious reasons.

Submit your Excel file following this naming convention: MyNameCTA1Option2. *Prepare and submit only one Excel spreadsheet.*

#### **Requirements:**

- Show calculations for all questions.
- Support the writing portion of the assignment (if applicable) with credible sources.
- Use terms, evidence, and concepts from class readings, including professional business language.
- Review the week's CT Assignment grading rubric for more information on expectations *and how you will be graded.*

Do not hesitate to ask your instructor if you have any questions about this assignment.

## **Module 2**

### **Readings**

- Chapter 3 in *Advanced Financial Accounting*
- Deloitte. (2018). A roadmap to consolidation—Identifying a controlling interest. Retrieved from <https://www2.deloitte.com/us/en/pages/audit/articles/a-roadmap-to-consolidation-identifying-a-controlling-financial-interest.html>
- Jones, R. C. (2018, August). Common control entities and consolidation of variable interest entities. *The CPA Journal*. Retrieved from <https://www.cpajournal.com/2018/08/15/common-control-entities-and-consolidation-of-variable-interest-entities/>

### **Discussion (25 points)**

#### **Live Classroom (0 points)**

#### **Critical Thinking (70 points)**

Choose one of the following two assignments to complete this week. Do not do both assignments. Identify your assignment choice in the title of your submission.

#### **Option #1: Consolidation Entries and Worksheet**

On January 1, 20X8, C Company acquired 90 percent of S Company's voting stock, at underlying book value. The fair value of the noncontrolling interest was equal to 10 percent of the book value of S at that date. C uses the equity method in accounting for its ownership of S. On December 31, 20X8, the trial

balances of the two companies are as follows:

|                          | C Company         |                   | S Company         |                   |
|--------------------------|-------------------|-------------------|-------------------|-------------------|
|                          | Debit             | Credit            | Debit             | Credit            |
| Current Assets           | \$ 200,000        |                   | \$ 120,000        |                   |
| Depreciable Assets       | 300,000           |                   | 225,000           |                   |
| Investment in S          | 139,500           |                   |                   |                   |
| Depreciation Expense     | 30,000            |                   | 25,000            |                   |
| Other Expenses           | 100,000           |                   | 60,000            |                   |
| Dividends Declared       | 30,000            |                   | 10,000            |                   |
| Accumulated Depreciation |                   | \$ 120,000        |                   | \$ 75,000         |
| Current Liabilities      |                   | 62,000            |                   | 25,000            |
| Long-Term Debt           |                   | 75,000            |                   | 90,000            |
| Common Stock             |                   | 100,000           |                   | 75,000            |
| Retained Earnings        |                   | 120,000           |                   | 65,000            |
| Sales                    |                   | 300,000           |                   | 110,000           |
| Income from Subsidiary   |                   | 22,500            |                   |                   |
|                          | <u>\$ 799,500</u> | <u>\$ 799,500</u> | <u>\$ 440,000</u> | <u>\$ 440,000</u> |

**Required:**

1. Provide all consolidating entries required as of December 31, 20X8 to prepare consolidated financial statements.
2. Prepare a three-part consolidation worksheet as of December 31, 20X8.

Use Excel formulas to make or evidence each of your calculations of all dollar amounts. Do not enter any dollar amounts directly, unless it is unavoidable for obvious reasons. Use the tab function at the bottom of the Excel file to complete the assignment.

*Prepare and submit one Excel spreadsheet for this assignment.* Use the following naming convention for your file: MyNameCTA2Option1.

**Requirements:**

- Show calculations for all questions.
- Support the writing portion of the assignment (if applicable) with credible sources.
- Use terms, evidence, and concepts from class readings, including professional business language.
- Review the week's CT Assignment grading rubric for more information on expectations and how you will be graded.

Do not hesitate to ask your instructor if you have any questions about this assignment.

**Option #2: Consolidation Entries and Worksheet**

On January 1, 20X8, P Company acquired 90 percent of Q Company's voting stock, at underlying book

value. The fair value of the noncontrolling interest was equal to 10 percent of the book value of Q Company at that date. The amount of accumulated depreciation to eliminate is \$50,000. P uses the equity method in accounting for its ownership of Q. On December 31, 20X8, the trial balances of the two companies are as follows:

|                          | P Company         |                   | Q Company         |                   |
|--------------------------|-------------------|-------------------|-------------------|-------------------|
|                          | Debit             | Credit            | Debit             | Credit            |
| Current Assets           | \$ 225,500        |                   | \$ 145,000        |                   |
| Depreciable Assets       | 300,000           |                   | 225,000           |                   |
| Investment in S          | 144,000           |                   |                   |                   |
| Depreciation Expense     | 30,000            |                   | 25,000            |                   |
| Other Expenses           | 180,000           |                   | 85,000            |                   |
| Dividends Declared       | 40,000            |                   | 10,000            |                   |
| Accumulated Depreciation |                   | \$ 150,000        |                   | \$ 100,000        |
| Current Liabilities      |                   | 45,000            |                   | 20,000            |
| Long-Term Debt           |                   | 75,000            |                   | 90,000            |
| Common Stock             |                   | 100,000           |                   | 75,000            |
| Retained Earnings        |                   | 282,500           |                   | 80,000            |
| Sales                    |                   | 253,500           |                   | 125,000           |
| Income from S            |                   | 13,500            |                   |                   |
|                          | <u>\$ 919,500</u> | <u>\$ 919,500</u> | <u>\$ 490,000</u> | <u>\$ 490,000</u> |

**Required:**

1. Give all consolidating entries required on December 31, 20X8, to prepare consolidated financial statements.
2. Prepare a three-part consolidation worksheet as of December 31, 20X8.

Use Excel formulas to make or evidence each of your calculations of all dollar amounts. Do not enter any dollar amounts directly, unless it is unavoidable for obvious reasons. Use the tab function at the bottom of the Excel file to complete the assignment.

*Prepare and submit one Excel spreadsheet for this assignment. Use the following naming convention for your file: MyNameCTA2Option2.*

**Requirements:**

- Show calculations for all questions.
- Support the writing portion of the assignment (if applicable) with credible sources.
- Use terms, evidence, and concepts from class readings, including professional business language.
- Review the week's CT Assignment grading rubric for more information on expectations *and how you will be graded*.

Do not hesitate to ask your instructor if you have any questions about this assignment.

**Portfolio Milestone: Project Selection (20 points)**

You have a choice between two Portfolio Project options in this course. Go to the Week 8 folder to read the project descriptions and the requirements for each option.

Select only one project; *do not select both*.

This week, identify your choice in the title of a Word document and then briefly explain why you selected that option. Your description should be up to 1-page in length, double-spaced, and formatted according to the CSU-Global Guide to Writing & APA.

Please see the grading rubric for how you will be graded on this milestone.

Your submission must be made by the Sunday deadline requirement for this module. Late submissions earn zero points.

Be sure to review the Portfolio Project Description and Portfolio Project Rubric in the Module 8 folder for details.

**Module 3****Readings**

- Chapters 4 & 5 in *Advanced Financial Accounting*

**Discussion (25 points)****Critical Thinking (70 points)**

Choose one of the following two assignments to complete this week. Do not do both assignments. Identify your assignment choice in the title of your submission.

**Option #1: Consolidation Worksheet and Entries**

J Corporation acquired 100 percent of S Company on January 1, 20X5, for \$350,000. Following are selected account balances from J Corporation and S Company as of December 31, 20X5:

| Item                  | J Corporation |        | S Company  |        |
|-----------------------|---------------|--------|------------|--------|
|                       | Debit         | Credit | Debit      | Credit |
| Current Assets        | \$ 405,000    |        | \$ 110,000 |        |
| Buildings & Equipment | 500,000       |        | 180,000    |        |
| Copyrights            | 900,000       |        | 400,000    |        |
| Investment in S       | 384,500       |        |            |        |
| Cost of Goods Sold    | 375,000       |        | 100,000    |        |
| Depreciation          | 60,000        |        | 30,000     |        |

|                          |                     |                     |                   |                   |
|--------------------------|---------------------|---------------------|-------------------|-------------------|
| Expense                  |                     |                     |                   |                   |
| Other Expenses           | 220,000             |                     | 100,000           |                   |
| Dividends Declared       | 80,000              |                     | 30,000            |                   |
| Accumulated Depreciation |                     | \$ 360,000          |                   | \$ 60,000         |
| Liabilities              |                     | 500,000             |                   | 300,000           |
| Common Stock             |                     | 600,000             |                   | 90,000            |
| Retained Earnings        |                     | 600,000             |                   | 200,000           |
| Sales                    |                     | 800,000             |                   | 300,000           |
| Income from S            |                     | 64,500              |                   |                   |
|                          | <u>\$ 2,924,500</u> | <u>\$ 2,924,500</u> | <u>\$ 950,000</u> | <u>\$ 950,000</u> |

**Additional Information:**

- On January 1, 20X5 the fair market value of S's assets equaled their book value with the exception of Plant Assets (with an estimated economic life of six years), which had a fair market value in excess in S's depreciable assets of \$33,000.
- J used the equity method in accounting for its investment in S.
- Detailed analysis of receivables and payables showed that S owed J \$10,000 on December 31, 20X5.

**Required:**

1. Give all journal entries recorded by J with regard to its investment in S during 20X5.
2. Give all consolidating entries needed to prepare a full set of consolidated financial statements for 20X5.
3. Prepare a three-part consolidation worksheet as of December 31, 20X5.

Use Excel formulas to make or evidence each of your calculations of all dollar amounts. Do not enter any dollar amounts directly, unless it is unavoidable for obvious reasons. Use the tab function at the bottom of the Excel file to complete the assignment.

*Prepare and submit one Excel spreadsheet for this assignment.* Use the following naming convention for your file: MyNameCTA3Option1.

**Requirements:**

- Show calculations for all questions.
- Support the writing portion of the assignment (if applicable) with credible sources.
- Use terms, evidence, and concepts from class readings, including professional business language.
- Review the week's CT Assignment grading rubric for more information on expectations *and how you will be graded.*

Do not hesitate to ask your instructor if you have any questions about this assignment.

**Option #2: Consolidation Worksheet and Entries**

On December 31, 20X8, P Corporation acquired 80 percent of S Company's common stock for \$104,000 cash. The fair value of the noncontrolling interest at that date was determined to be \$26,000. Data from the balance sheets of the two companies included the following amounts as of the date of acquisition:

|      |         |
|------|---------|
| P    | S       |
| Corp | Company |



|                                |                   |                   |
|--------------------------------|-------------------|-------------------|
| Cash                           | \$ 90,000         | \$ 20,000         |
| Accounts Receivable            | 80,000            | 35,000            |
| Inventory                      | 100,000           | 40,000            |
| Land                           | 40,000            | 60,000            |
| Buildings and Equipment        | 300,000           | 100,000           |
| Less: Accumulated Depreciation | (100,000)         | (40,000)          |
| Investment in S Company        | 104,000           |                   |
| Total Assets                   | <u>\$ 614,000</u> | <u>\$ 215,000</u> |
| Accounts Payable               | 120,000           | 30,000            |
| Mortgage Payable               | 200,000           | 100,000           |
| Common Stock                   | 50,000            | 25,000            |
| Retained Earnings              | 244,000           | 60,000            |
| Total Liabilities and Equity   | <u>\$ 614,000</u> | <u>\$ 215,000</u> |

On that date, the book values of S's assets and liabilities approximated fair value except for inventory, which had a fair value of \$45,000, and buildings and equipment, which had a fair value of \$100,000. At December 31, 20X8, P reported accounts payable of \$15,000 to S, which reported an equal amount in its accounts receivable.

**Required:**

1. Provide the consolidating entries needed to prepare a consolidated balance sheet immediately following the business combination.
2. Prepare a consolidated balance sheet worksheet.

Use Excel formulas to make or evidence each of your calculations of all dollar amounts. Do not enter any dollar amounts directly, unless it is unavoidable for obvious reasons. Use the tab function at the bottom of the Excel file to complete the assignment.

*Prepare and submit one Excel spreadsheet for this assignment.* Use the following naming convention for your file: MyNameCTA3Option2.

**Requirements:**

- Show calculations for all questions.
- Support the writing portion of the assignment (if applicable) with credible sources.
- Use terms, evidence, and concepts from class readings, including professional business language.
- Review the week's CT Assignment grading rubric for more information on expectations *and how you will be graded.*

Do not hesitate to ask your instructor if you have any questions about this assignment.

## **Module 4**

### **Readings**

- Chapters 9 & 10 in *Advanced Financial Accounting*

### **Discussion (25 points)**

### **Critical Thinking (70 points)**

Choose one of the following two assignments to complete this week. Do not do both assignments. Identify your assignment choice in the title of your submission.

**Option #1: Elimination Entries and Consolidated Worksheet**

P Corporation acquired 70 percent ownership of S Company on January 1, 20X6, at underlying book value. At that date, the fair value of the noncontrolling interest was equal to 30 percent of the book value of S. On January 1, 20X8, Portfolio sold 1,000 shares of S Company for \$20,000 to A Corporation and recorded a \$5,000 gain. Trial balances for the companies on December 31, 20X8, contain the following data:

|                                 | P Corp.           |                   | S Company         |                   |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                 | Debit             | Credit            | Debit             | Credit            |
| Cash                            | \$ 70,000         |                   | \$ 20,000         |                   |
| Accounts Receivable             | 60,000            |                   | 40,000            |                   |
| Inventory                       | 80,000            |                   | 60,000            |                   |
| Buildings and Equipment         | 400,000           |                   | 200,000           |                   |
| Investment in S                 | 114,000           |                   |                   |                   |
| Cost of Goods Sold              | 180,000           |                   | 90,000            |                   |
| Depreciation Expense            | 40,000            |                   | 20,000            |                   |
| Other Expenses                  | 17,000            |                   | 30,000            |                   |
| Dividends Declared              | 25,000            |                   | 20,000            |                   |
| Accumulated Depreciation        |                   | \$ 80,000         |                   | \$ 60,000         |
| Accounts Payable                |                   | 40,000            |                   | 30,000            |
| Bonds Payable                   |                   | 100,000           |                   | 40,000            |
| Common Stock (\$5 par)          |                   | 150,000           |                   | 50,000            |
| Additional Paid-In Capital      |                   | 75,000            |                   | 10,000            |
| Retained Earnings               |                   | 200,000           |                   | 90,000            |
| Sales                           |                   | 300,000           |                   | 200,000           |
| Gain on Sale of S Company Stock |                   | 5,000             |                   |                   |
| Income from S Company           |                   | 36,000            |                   |                   |
|                                 | <u>\$ 986,000</u> | <u>\$ 986,000</u> | <u>\$ 480,000</u> | <u>\$ 480,000</u> |

S Company's net income was earned evenly throughout the year. Both companies declared and paid their dividends on December 31, 20X8. P uses the fully adjusted equity method in accounting for its investment in S.

**Required:**

1. Prepare the elimination entries needed to complete a full consolidation worksheet for 20X8.
2. Prepare a consolidation worksheet for 20X8.

Use Excel formulas to make or evidence each of your calculations of all dollar amounts. Do not enter any dollar amounts directly, unless it is unavoidable for obvious reasons. Use the tab function at the bottom of the Excel file to complete the assignment.

*Prepare and submit one Excel spreadsheet for this assignment.* Use the following naming convention for your file: MyNameCTA4Option1.

**Requirements:**

- Show calculations for all questions.
- Support the writing portion of the assignment (if applicable) with credible sources.
- Use terms, evidence, and concepts from class readings, including professional business language.
- Review the week's CT Assignment grading rubric for more information on expectations *and how you will be graded.*

Do not hesitate to ask your instructor if you have any questions about this assignment.

**Option #2: Consolidated Cash Flow Statement**

P Corporation acquired 80 percent ownership of S Company on January 1, 20X6, at underlying book value. At that date, the fair value of the noncontrolling interest was equal to 20 percent of the book value of S Company. Consolidated balance sheets at January 1, 20X8, and December 31, 20X8, are as follows:

| Item                           | Jan 1, 20X8       | Dec 31, 20X8      |
|--------------------------------|-------------------|-------------------|
| Cash                           | \$ 50,000         | \$ 80,000         |
| Accounts Receivable            | 75,000            | 90,000            |
| Inventory                      | 85,000            | 100,000           |
| Land                           | 60,000            | 80,000            |
| Buildings and Equipment        | 300,000           | 350,000           |
| Less: Accumulated Depreciation | (90,000)          | (120,000)         |
| Patents                        | 12,000            | 10,000            |
| Total Assets                   | <u>\$ 492,000</u> | <u>\$ 590,000</u> |
| Accounts Payable               | \$ 40,000         | \$ 58,000         |
| Wages Payable                  | 20,000            | 16,000            |
| Notes Payable                  | 150,000           | 175,000           |
| Common Stock (\$5 par value)   | 100,000           | 100,000           |
| Retained Earnings              | 162,000           | 218,000           |
| Noncontrolling Interest        | 20,000            | 23,000            |
| Total Liabilities and Equities | <u>\$ 492,000</u> | <u>\$ 590,000</u> |

The consolidated income statement for 20X8 contained the following amounts:

|                      |            |            |
|----------------------|------------|------------|
| Sales                |            | \$ 400,000 |
| Cost of Goods Sold   | \$ 172,000 |            |
| Wage Expense         | 45,000     |            |
| Depreciation Expense | 30,000     |            |
| Interest Expense     | 12,000     |            |
| Amortization Expense | 2,000      |            |

|                                   |        |           |
|-----------------------------------|--------|-----------|
| Other Expenses                    | 52,000 | (313,000) |
| Consolidated Net Income           |        | \$ 87,000 |
| Income to Noncontrolling Interest |        | (6,000)   |
| Income to Controlling Interest    |        | \$ 81,000 |

P and S paid dividends of \$25,000 and \$15,000, respectively, in 20X8.

**Required:**

1. Prepare a worksheet to develop a consolidated statement of cash flows for 20X8 using the indirect method of computing cash flows from operations.
2. Prepare a consolidated statement of cash flows for 20X8.

Use Excel formulas to make or evidence each of your calculations of all dollar amounts. Do not enter any dollar amounts directly, unless it is unavoidable for obvious reasons. Use the tab function at the bottom of the Excel file to complete the assignment.

*Prepare and submit one Excel spreadsheet for this assignment.* Use the following naming convention for your file: MyNameCTA4Option2.

**Requirements:**

- Show calculations for all questions.
- Support the writing portion of the assignment (if applicable) with credible sources.
- Use terms, evidence, and concepts from class readings, including professional business language.
- Review the week's CT Assignment grading rubric for more information on expectations *and how you will be graded.*

Do not hesitate to ask your instructor if you have any questions about this assignment.

## **Module 5**

### **Readings**

- Chapters 6, 7, & 8 in *Advanced Financial Accounting*

### **Discussion (25 points)**

#### **Critical Thinking (70 points)**

Choose one of the following two assignments to complete this week. Do not do both assignments. Identify your assignment choice in the title of your submission.

#### **Option #1: Prepare Journal Entries and Consolidation Entries Related to an Affiliate's Debt**

On January 1, 20X7, P Company acquired 60 percent of the outstanding common stock of S Company at the book value of the shares acquired. On that date, the fair value of noncontrolling interest was equal to 40 percent of book value of S. At the time of purchase, S had common stock of \$1,000,000 outstanding and retained earnings of \$800,000.

On December 31, 20X7, P purchased 50 percent of S's bonds outstanding which were originally issued on January 1, 20X4, at 99. The total bond issue has a face value of \$600,000, pays 10 percent interest annually, and has a 10-year maturity. Any premium or discount is amortized using the effective interest method. P paid \$306,000 for its investment in S's bonds and intends to hold the bonds until maturity.

Income and dividends for P and S for 20X7 and 20X8 are as follows:

|      | P                   |            | S          |            |
|------|---------------------|------------|------------|------------|
|      | Operating<br>Income | Dividends  | Net Income | Dividends  |
| 20X7 | \$ 1,600,000        | \$ 400,000 | \$ 600,000 | \$ 300,000 |
| 20X8 | 1,200,000           | 400,000    | 1,000,000  | 300,000    |

Assume P accounts for its investment in S stock using the cost method.

**Required:**

1. Present the worksheet elimination entries necessary to prepare consolidated financial statements for 20X7.
2. Present the worksheet elimination entries necessary to prepare consolidated financial statements for 20X8.

Use Excel formulas to make or evidence each of your calculations of all dollar amounts. Do not enter any dollar amounts directly, unless it is unavoidable for obvious reasons. Use the tab function at the bottom of the Excel file to complete the assignment.

*Prepare and submit one Excel spreadsheet for this assignment.* Use the following naming convention for your file: MyNameCTA5Option1.

**Requirements:**

- Show calculations for all questions.
- Support the writing portion of the assignment (if applicable) with credible sources.
- Use terms, evidence, and concepts from class readings, including professional business language.
- Review the week's CT Assignment grading rubric for more information on expectations *and how you will be graded.*

Do not hesitate to ask your instructor if you have any questions about this assignment.

**Option #2: Prepare Journal Entries and Consolidation Entries Related to an Affiliate's Debt**

S Company issued \$1,000,000 par value 10-year bonds at 102 on January 1, 20X5, which M Corporation purchased. The coupon rate on the bonds is 9 percent. Interest payments are made semiannually on July 1 and January 1. On Jan 1, 20X8, P Company purchased \$500,000 par value of the bonds from M for \$492,200. P owns 65 percent of S's voting shares.

**Required:**

1. What amount of gain or loss will be reported in S's 20X8 income statement on the retirement of bonds?
2. Will a gain or loss be reported in the 20X8 consolidated financial statements for P for the constructive retirement of bonds? What amount will be reported?
3. How much will P's purchase of the bonds change consolidated net income for 20X8?
4. Prepare the worksheet consolidating entry or entries needed to remove the effects of the intercorporate bond ownership in preparing consolidated financial statements at December 31, 20X8.
5. Prepare the worksheet consolidating entry or entries needed to remove the effects of the

intercorporate bond ownership in preparing consolidated financial statements at December 31, 20X9.

Use Excel formulas to make or evidence each of your calculations of all dollar amounts. Do not enter any dollar amounts directly, unless it is unavoidable for obvious reasons. Use the tab function at the bottom of the Excel file to complete the assignment.

*Prepare and submit one Excel spreadsheet for this assignment.* Use the following naming convention for your file: MyNameCTA5Option2.

**Requirements:**

- Show calculations for all questions.
- Support the writing portion of the assignment (if applicable) with credible sources.
- Use terms, evidence, and concepts from class readings, including professional business language.
- Review the week's CT Assignment grading rubric for more information on expectations *and how you will be graded.*

Do not hesitate to ask your instructor if you have any questions about this assignment.

**Portfolio Milestone (30 points)**

Submit an outline and questions for your Portfolio Project. Prepare and submit the following in a Word document:

- State the Portfolio Project option you have selected.
- Provide an outline of your paper.
  - Your outline should include the major topics, major resources, and the intended flow of the information for the written portion of the requirements.
  - Under each major topic, write a few sentences on what you think you might cover in that section.
- Include a cover and a reference page.
- Provide three articles that you might consider using as references. Required or Recommended Readings cannot be used to meet this requirement.
- Give a short explanation for why you feel each source is pertinent to your project. This is not expected to be a final list of sources. The goal here is to motivate you to begin examining research that might help you with the project.
- Provide your instructor with a list of questions you have at this point regarding your project choice. You *must* have at least one question. You should have multiple questions by this point in time.

Your submission must meet the Sunday assignment deadline for the week.

Your outline and questions should be two pages in length, not including the required title and reference pages (citing at least one source), and must be formatted according to the CSU-Global Guide to Writing & APA.

## **Module 6**

### **Readings**

- Chapters 15 & 16 in *Advanced Financial Accounting*

## Discussion (25 points)

### Critical Thinking (70 points)

Choose one of the following two assignments to complete this week. Do not do both assignments. Identify your assignment choice in the title of your submission.

#### Option #1: Calculations and Journal Entries for the Allocation of Partnership Profit or Loss

Net income for Levin-Tom partnership for 20X9 was \$125,000. Levin and Tom have agreed to distribute partnership net income according to the following plan:

|   | Levin     | Tom       |
|---|-----------|-----------|
| Interest on average capital balances                    | 7%        | 7%        |
| Bonus on net income before the bonus but after interest |           |           |
| on average capital balances                             | 12%       | 0         |
| Salaries  | \$ 40,000 | \$ 50,000 |
| Residual (if positive)                                  | 60%       | 40%       |
| Residual (if negative)                                  | 50%       | 50%       |

Additional Information for 20X9 follows:

- Levin began the year with a capital balance of \$75,000.
- Tom began the year with a capital balance of \$100,000.
- On March 1, Levin invested an additional \$25,000 into the partnership.
- On October 1, Tom invested an additional \$20,000 into the partnership.
- Throughout 20X9, each partner withdrew \$200 per week in anticipation of partnership net income. The partners agreed that these withdrawals are not to be included in the computation of average capital balances for purposes of income distributions.

#### Required:

1. Prepare a schedule that discloses the distribution of partnership net income for 20X9. Show supporting computations in good form.
2. Prepare the statement of partners' capital at December 31, 20X9.
3. How would your answer to part a change if all of the provisions of the income distribution plan were the same except that the salaries were \$45,000 to Levin and \$60,000 to Tom?

Use Excel formulas to make or evidence each of your calculations of all dollar amounts. Do not enter any dollar amounts directly, unless it is unavoidable for obvious reasons. Use the tab function at the bottom of the Excel file to complete the assignment.

*Prepare and submit one Excel spreadsheet for this assignment.* Use the following naming convention for your file: MyNameCTA6Option1.

#### Requirements:

- Show calculations for all questions.
- Support the writing portion of the assignment (if applicable) with credible sources.
- Use terms, evidence, and concepts from class readings, including professional business language.
- Review the week's CT Assignment grading rubric for more information on expectations and how you will be graded.

Do not hesitate to ask your instructor if you have any questions about this assignment.

**Option #2: Calculations Related to Installment Partnership Liquidations**

The partnership of Rachel, Adams, and Nixon has the following trial balance on September 30, 20X9:

|                           | Debit             | Credit            |
|---------------------------|-------------------|-------------------|
| Cash                      | \$ 20,000         |                   |
| Accounts Receivable (net) | 30,000            |                   |
| Inventory                 | 35,000            |                   |
| Plant and Equipment (net) | 215,000           |                   |
| Accounts Payable          |                   | \$ 40,000         |
| Rachel, Capital           |                   | 120,000           |
| Adams, Capital            |                   | 90,000            |
| Nixon, Capital            |                   | 50,000            |
| Total                     | <u>\$ 300,000</u> | <u>\$ 300,000</u> |

The partners share profits and losses as follows: Rachel, 50 percent; Adams, 30 percent; and Nixon, 20 percent. The partners are considering an offer of \$180,000 for the accounts receivable, inventory, and plant and equipment as of September 30. The \$180,000 will be paid to creditors and the partners in installments, the number and amounts of which are to be negotiated. The partners have decided to liquidate their partnership by installments instead of accepting the offer of \$180,000. Cash is distributed to the partners at the end of each month. A summary of the liquidation transactions follows:

**October**

- \$25,000 is collected on accounts receivable; balance is uncollectible.
- \$20,000 received for the entire inventory.
- \$1,500 liquidation expense paid.
- \$40,000 paid to creditors.
- \$10,000 cash retained in the business at the end of the month.

**November**

- \$2,000 in liquidation expenses paid.
- As part payment of his capital, Nixon accepted an item of special equipment that he developed, which had a book value of \$8,000. The partners agreed that a value of \$12,000 should be placed on this item for liquidation purposes.
- \$4,000 cash retained in the business at the end of the month.

**December**

- \$150,000 received on sale of remaining plant and equipment.
- \$1,000 liquidation expenses paid. No cash retained in the business.

**Required:**

Prepare a statement of partnership realization and liquidation with supporting schedules of safe payments to partners.

Use Excel formulas to make or evidence each of your calculations of all dollar amounts. Do not enter any dollar amounts directly, unless it is unavoidable for obvious reasons. Use the tab function at the bottom of the Excel file to complete the assignment.

*Prepare and submit one Excel spreadsheet for this assignment.* Use the following naming convention for your file: MyNameCTA6Option2.



**Requirements:**

- Show calculations for all questions.
- Support the writing portion of the assignment (if applicable) with credible sources.
- Use terms, evidence, and concepts from class readings, including professional business language.
- Review the week's CT Assignment grading rubric for more information on expectations *and how you will be graded*.

Do not hesitate to ask your instructor if you have any questions about this assignment.

**Module 7****Readings**

- Chapter 13 in *Advanced Financial Accounting*
- Deloitte Global Services Limited. (2017). ASC 270—Interim reporting. Retrieved from <https://www.iasplus.com/en-us/standards/fasb/presentation/asc270>

**Discussion (25 points)****Live Classroom (0 points)****Career Development Criteria/Critical Thinking (30 points)****Practitioner Experience-Research Internships, Volunteer Opportunities, and Certifications in Your Chosen Field of Accounting**

When you log into the student portal, you will find at the top of the Homepage a Career Center tab with several dropdown menus which you will find very helpful in fulfilling the first (the internship position) and the last (the personal and career evaluation) of the Requirements of this Assignment.

We also want you to be aware of this Career Center tab as a potential source for future employment opportunities and planning provided to all students at CSU-Global Campus.

**Practitioner Experience**

For this assignment you will research internships, volunteer opportunities, and certifications in your chosen degree field of accounting, as well as complete a personal and career evaluation through the Career Center website.

Develop a well-written paper that includes the following:

- Two internship positions in your chosen degree field. Include links to the descriptions for both internships and provide a summary of how these positions relate to your degree.
- Two volunteer opportunities in your chosen degree field. Include links to the descriptions for both volunteer opportunities and provide a summary of how these opportunities relate to your degree.  
*Note:* The Career Center tab will not directly help you with this Requirement. This is more of a personal choice, in many cases, so please take that into consideration.
- At least one certification within your chosen degree field. Include a link to the description of this certification and summarize the qualifications required to obtain this certification, as well as the value provided by the certification if you were to decide to pursue it. The Career Center tab does not list each of the certifications you can potentially obtain within your chosen career field. We suggest you conduct an online

search for these certifications. For example, you can use search terms Accounting Certifications if accounting is your chosen degree field.

- A description of your experience completing a personal and career evaluation through the career center website.

Your paper should meet the following requirements:

- Be three pages in length; excluding a title and reference page. Submissions greater than three pages are acceptable.
- Be formatted according to the CSU-Global Guide to Writing & APA.
- Include headings in your paper for each requirement. These can be labeled as: Internship Positions; Volunteer Opportunities; Certification in Chosen Degree Field; and Experience in Completing a Personal and Career Evaluation.

## **Module 8**

### **Readings**

- Chapter 20 in *Advanced Financial Accounting*
- Deloitte. (2018). ASC 852 reorganizations. Retrieved from <https://www.iasplus.com/en-us/standards/fasb/broad-transactions/asc852>
- PWC. (2014). Bankruptcies and liquidations accounting guide. Retrieved from <https://www.pwc.com/us/en/cfodirect/publications/accounting-guides/accounting-for-bankruptcies-and-liquidations.html>

### **Discussion (25 points)**

#### **Portfolio Project (300 points)**

Choose one of the following two assignments to complete. Do not do both assignments. Identify your assignment choice in the title of your submission.

#### **Option #1: Codification to Research a Complex Accounting Issue: The Case of Goodwill Impairment at Jackson Enterprises**

Note: For this Portfolio Project, please check with your instructor for instructions, including the user name and password, which CSU-Global pays for and provides for access to the FASB Accounting Standards Codification (ASC) which you will need.

Read the *Case of Goodwill Impairment at Jackson Enterprises* (linked on your Assignment page). After reading the case study, answer the questions provided.

Financial reporting personnel at Jackson Enterprises (JE) are in the process of completing year-end activities, including necessary adjusting of entries to the consolidated financial statements. While JE has not previously believed it necessary to adjust its recognized goodwill from the Dynamic and ZD acquisitions, the valuation of goodwill is, nonetheless, a prominent concern in the closing process. Assume you are asked to research the financial statement issues surrounding the goodwill recorded for the Dynamic and ZD subsidiaries.

Prepare a paper to address the questions below. In memorandum format, detail the issues involved, the judgements you made based on authoritative literature, and your recommendations for the direction of the goodwill valuation as it relates to Dynamic and ZA. In other words, does the evidence suggest further action is required in determining the appropriate valuation of good will? If so, what steps need to be taken?

Note: Remember that textbooks are not considered authoritative guidance in accounting research.

1. Identify and cite the relevant topics/subtopics from the FASB *Accounting Standards Codification* for this case.
2. Identify the specific accounting issue that you believe needs to be initially addressed for JE's consideration of goodwill regarding both Dynamic and ZD.
3. What does the qualitative evidence from the case indicate about whether JE should perform the two-step impairment test? In your response, identify specific factors discussed in the *Codification* and relate them to the information provided to you in the case.
4. Beyond the assessment of qualitative factors, what other evidence should be considered for the purpose of the analysis? What does this information suggest? For Dynamic, what do you think is the most appropriate fair value amount to use in assessing the fair value of this reporting unit? Explain. Why is this important?
5. Based upon the information provided above, should Dynamic and ZD be combined or separated for the purposes of the goodwill analysis? Explain. Why is this important?
6. Based upon your initial analysis, do you think the \$200 million goodwill balance (i.e., the \$150 million for Dynamic and the \$50 million for ZD) is the appropriate valuation for goodwill on the December 31, 2014 balance sheet of JE?

**Requirements:**

- Be sure to discuss and reference concepts taken from the Required and Recommended Readings throughout the course, and from your own relevant research.
- Include a cover sheet and reference page.
- Your paper should be a minimum of nine pages in length, not including a cover sheet and reference page. Submissions in excess of nine pages in length are acceptable.
- Either submit a separate Excel file to support your findings or include exhibits as part of your paper.
- Include a minimum of six credible, academic, or professional references beyond the course text, Required and Recommended Readings, or other course materials.
- Format according to the CSU-Global Guide to Writing & APA.

Review the grading rubric to see how you will be graded for this assignment.

**Option #2: Codification to Research a Complex Accounting Issue: Accounting for Software Development Activities**

Note: For this Portfolio Project, please check with your instructor for instructions, including the user name and password, which CSU-Global pays for and provides for access to the FASB Accounting Standards Codification (ASC) which you will need.

Read the *Accounting for Software Development Activities Case Study* (linked on your Assignment page). After reading the case study, answer the questions provided.

While Ms. Larson is confident with regard to the U.S. GAAP reporting of the CRM system developed in 2018 and used by MRM, she is less certain of the accounting for the software product developed for customers in 2019 due to the unique nature of the transaction as it relates to the company's business. You have been asked to research the relevant guidance to determine the proper course of action for the 2019 financial statements. Specifically, Ms. Larson is interested in how the fees paid to ZD for the activities from March 1 to August 31 should be accounted for and how these costs, along with the fees generated from the three customers, should be *presented* on the 2019 financial statements.

As part of this task, perform the following activities:

First, consult the Financial Accounting Standards Board *Accounting Standards Codification*® to find appropriate guidance on the issues presented in the case.

Next, prepare the following three responses in paper format:

1. Prepare a detailed 3-page minimum double-spaced memorandum and analysis to Ms. Larson that includes the relevant issues for this situation, the appropriate financial reporting guidance, and your conclusion regarding the treatment of the fees generated and costs incurred for the software sold in 2019.
2. Prepare a detailed 3-page minimum double-spaced memorandum and analysis of Ms. Larson's accounting for the CRM system in 2018. Specifically, determine whether her decisions regarding the, (1) capitalization versus expensing of costs, and (2) amortization of the CRM system are supported by U.S. GAAP. Address the specific evidence from the case, the relevant guidance from the Financial Accounting Standards Board *Accounting Standards Codification*®, and make adjustments, if any, to the 2018 financial statement.
3. After reviewing the following additional details, prepare a 3-page double-spaced memorandum and analysis summarizing the issues identified, and then providing guidance and a conclusion with appropriate treatment of each issue.

Additional details:

MRM management felt that its first three software clients could play a crucial role in MRM's future strategy to create market awareness for its software product. Through discussions with the three companies, MRM management learned that each company was scheduled to participate in industry conventions in the first quarter of 2020.

According to the clients, these conferences typically provide companies and their employees the opportunity to interact with industry association members and competitors and discuss industry-specific developments.

Companies normally receive booth space in the main convention area, and some of the industry participants give presentations in adjacent conference rooms on topics of interest.

MRM management believed that these conferences would be a strategic venue to market their software products. However, admission to the conferences was exclusive to industry participants who paid significant association dues, and thus MRM had no way of attending the conferences independently, nor did they have established business connections with other companies within these industries.

Because of the significant opportunity, though, MRM management asked the three initial clients if they would promote the product at their respective conventions. Specifically, MRM wanted the companies to offer a demonstration of the software to other conference attendees and devote booth space to marketing pamphlets for the software.

Each company agreed to MRM's request, but demanded a substantial fee given the significance of the promotional efforts and the uniqueness of such activity at the conferences. As such,

MRM's sales contracts for each of the three customers included an agreement for the customers to provide the software demonstrations and display pamphlets in exchange for a fee of \$15,000 (for a total of \$45,000), payable on December 19, 2019.

Considering the evidence from the case, including the additional information provided, identify the revenue recognition issues that potentially impact the accounting for the sales contracts in 2019. In the process, research the appropriate guidance from the Financial Accounting Standards Board *Accounting Standards Codification*® to determine how these issues should be addressed.

**Requirements:**

- Be sure to discuss and reference concepts taken from the Required and Recommended Readings throughout the course, and from your own relevant research.
- Include a cover sheet and reference page.
- Your paper should be a minimum of nine pages in length, not including a cover sheet and reference page. Submissions in excess of nine pages in length are acceptable.
- Either submit a separate Excel file to support your findings or include exhibits as part of your paper.
- Include a minimum of six credible, academic, or professional references beyond the course text, Required and Recommended Readings, or other course materials.
- Format according to the CSU-Global Guide to Writing & APA.

Review the grading rubric to see how you will be graded for this assignment.

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## COURSE POLICIES

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| Grading Scale |               |
|---------------|---------------|
| A             | 95.0 – 100    |
| A-            | 90.0 – 94.9   |
| B+            | 86.7 – 89.9   |
| B             | 83.3 – 86.6   |
| B-            | 80.0 – 83.2   |
| C+            | 75.0 – 79.9   |
| C             | 70.0 – 74.9   |
| D             | 60.0 – 69.9   |
| F             | 59.9 or below |

### Course Grading

20% Discussion Participation  
45% Critical Thinking Assignments  
35% Final Portfolio Project  
0% Live Classroom

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## IN-CLASSROOM POLICIES

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For information on late work and incomplete grade policies, please refer to our [In-Classroom Student Policies and Guidelines](#) or the Academic Catalog for comprehensive documentation of CSU-Global institutional policies.

### **Academic Integrity**

Students must assume responsibility for maintaining honesty in all work submitted for credit and in any other work designated by the instructor of the course. Academic dishonesty includes cheating, fabrication, facilitating academic dishonesty, plagiarism, reusing /repurposing your own work (see CSU-Global Guide to Writing & APA for percentage of repurposed work that can be used in an assignment), unauthorized possession of academic materials, and unauthorized collaboration. The CSU-Global Library provides information on how students can avoid plagiarism by understanding what it is and how to use the Library and internet resources.

### **Citing Sources with APA Style**

All students are expected to follow the CSU-Global Guide to Writing & APA when citing in APA (based on the most recent APA style manual) for all assignments. A link to this guide should also be provided within most assignment descriptions in your course.

### **Disability Services Statement**

CSU-Global is committed to providing reasonable accommodations for all persons with disabilities. Any student with a documented disability requesting academic accommodations should contact the Disability Resource Coordinator at 720-279-0650 and/or email [ada@CSUGlobal.edu](mailto:ada@CSUGlobal.edu) for additional information to coordinate reasonable accommodations for students with documented disabilities.

### **Netiquette**

Respect the diversity of opinions among the instructor and classmates and engage with them in a courteous, respectful, and professional manner. All posts and classroom communication must be conducted in accordance with the student code of conduct. Think before you push the Send button. Did you say just what you meant? How will the person on the other end read the words?

Maintain an environment free of harassment, stalking, threats, abuse, insults, or humiliation toward the instructor and classmates. This includes, but is not limited to, demeaning written or oral comments of an ethnic, religious, age, disability, sexist (or sexual orientation), or racist nature; and the unwanted sexual advances or intimidations by email, or on discussion boards and other postings within or connected to the online classroom. If you have concerns about something that has been said, please let your instructor know.