

**UNIVERSITY OF MASSACHUSETTS-DARTMOUTH**  
**Charlton College of Business**  
**Department of Accounting & Finance**

**COURSE:** ACT 421-Advanced Financial Accounting

**PREREQUISITES:** A grade of C or better in Intermediate Accounting II (ACT 312), and senior standing.

**PROFESSOR:** **Jia Wu**  
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Telephone: (508) 999-8428  
E-mail: [jwu@umassd.edu](mailto:jwu@umassd.edu) (preferred method of communication)  
Office Hours: Online by appointments

**COURSE WEBSITE:** myCourses (go to [www.umassd.edu](http://www.umassd.edu) , select myUMassD at the top right corner, sign in using your UMD email login and password, and select myCourses at the left under Quick Launch)

**CONNECT (To be added)**

This course will use myCourses and CONNECT extensively. Course materials and quizzes will be posted at these two sites. Please make sure that you can log onto course websites during the first week of the class and check in at least once a day. If you have technical problems regarding myCourses please call 508-999-8884 or email [mycoursehelp@umassd.edu](mailto:mycoursehelp@umassd.edu) for help.

Homework needs to be completed at McGraw-Hill's CONNECT website.

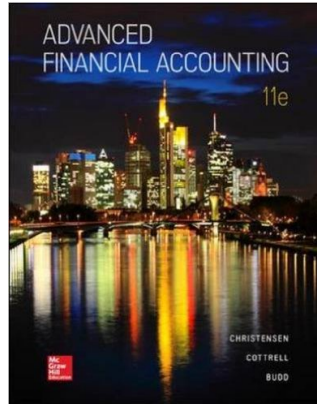
**MAILING LIST:** An email list will be created for this course to facilitate the communication between the instructor and the students. Your UMASSD email account will be used for the mailing list. Please check your UMASSD account at least once a day.

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## 1. COURSE MATERIALS

1. *Required textbook:* Christensen, Cottrell, Budd. *Advanced Financial Accounting*, 11<sup>th</sup> Edition, New York: McGraw-Hill, 2015. (Custom version bundled with CONNECT card available at campus bookstore at a discount price ☺)



2. Ebook with CONNECT access. It can be purchased at this link (to be added)

## 2. COURSE DESCRIPTION

This course covers advanced topics in financial accounting. It is structured to make students get familiar with accounting for business combinations, inter-corporate investments, consolidated entities, transfers of assets between members of a corporate group and accounting for international transactions and subsidiaries.

## 3. COURSE OBJECTIVES:

Upon completion of this course students will have an understanding of external financial statements issued by entities for use by shareholders, creditors and other users. During this course you will:

- Discuss the issues surrounding accounting for mergers, acquisitions and other forms of business combinations.
- Examine accounting for inter-corporate investments including those for investment purposes, those which involve less than majority control, and those which involve controlled subsidiaries.
- Understand how to prepare consolidated financial statements both at the date of acquisition of a subsidiary and at dates subsequent to the formation of the subsidiary.
- Understand accounting for inter-corporate asset transfers.
- Understand accounting for foreign currency transactions.

## 4. COMPETENCIES AND CONTACT HOURS

### **The student will understand:**

- Mergers, Acquisitions and Accounting for Business Combinations (6 hours)
- Reporting Inter-corporate Investments in Common Stock (8 hours)
- Consolidated Financial Statements (8 hours)

**The student will be able to:**

- Distinguish between the purchase and pooling of interests method of accounting for business combinations. (4 hours)
- Prepare journal entries for investments accounted for by the equity method. (4 hours)
- Prepare a consolidated working paper for a parent company and its subsidiary at the date of acquisition. (6 hours)
- Prepare a consolidated working paper for a parent company and its subsidiary at a date subsequent to the date of acquisition. (6 hours)

**Total Contact hours=42**

**5. COURSE POLICIES**

- The course format consists of lecture, discussion, exercises and homework reviews. Questions are strongly encouraged.
- Regular class attendance is extremely important and expected of all students. Every minute of class time is precious. Please be PUNCTUAL. Attendance will be taken at the beginning of each class. There will be a half letter grade reduction for each unexcused absence in excess of 3. Unexcused absence in excess of 6 will lead to an “F” for this course. Please contact the instructor in advance regarding any emergency situations that will prevent you from attending class.
- Read assigned chapter and in-class exercise problems prior to each class.
- Prepare assigned homework exercises and problems. **Late homework will NOT be accepted.**
- Students are expected to bring a calculator to class.
- Active participation in class discussion is highly valued.

**6. EVALUATION POLICY AND INSTRUCTIONS ON ASSIGNMENTS:**

**HOMEWORK AND CLASS PARTICIPATION: 10%**

Homework must be carefully completed at CONNECT and submitted by the due date. You can find the link to CONNECT at myCourses site. You have three attempts for each homework and the highest grade is recorded as your homework grade. Attempts after the first one will have a 10% deduction.

Class participation is evaluated on attendance, participation in class activities, and overall engagement in class.

**QUIZZES: 10%**

There will be 8 online quizzes, one for each chapter.

**MID-TERM EXAMS: 25%\*2=50%**

There will be two mid-term exams. Each will account for 25% of your final grade.

**FINAL EXAM: 30%**

There will be a final exam given at the university scheduled final exam date.

**Extra Credits: 3%**

You need to complete Learn Smart Exercise at CONNECT to get the extra credits.

**NO MAKE-UP QUIZZES AND EXAMS will be given unless with doctor's note or the dean's written approval.**

**GRADING SCALE:**

A+: 98 and higher; A: 92-98; A-:89-92; B+:86-89; B: 82-86; B-: 79-82; C+: 76-79; C: 72-76; C-: 69-72; D+: 66-69; D: 62-66; D-: 60-62; F: below 60

7. **INCOMPLETE POLICY:** According to the university catalogue, an incomplete may be given only in exceptional circumstances at the instructor's discretion. The student must be passing at the time of the request or be sufficiently close to passing. If the work is not completed within one year of the recording of the incomplete grade, the grade will become an "F". The incomplete policy for this course is that at least 70% of the course must be already completed and an exceptional circumstance (i.e. medical issue) must exist. If you feel you require an incomplete for an exceptional reason, you need to email me and state your reasons for the incomplete in writing. We will then decide on a course of action.

8. **ACADEMIC ETHICAL STANDARDS**

Students are required to work INDEPEDENTLY on all homework, quizzes and exams. Academic dishonesty will not be tolerated and is subject to academic sanctions in accordance with university policies. The detailed information can be found in the Student Handbook (<http://www.umassd.edu/studenthandbook/academicregs/ethicalstandards.cfm>)

9. **SPECIAL ACCOMMODATIONS**

In accordance with University policy, if you have a documented disability and require accommodations to obtain equal access in this course, please meet with the instructor at the beginning of the semester and provide the appropriate paperwork from the Disabled Students Services Office. The necessary paperwork is obtained when you bring proper documentation to the Center for Access and Success (ACS), which is located in Group I, Room 016; phone: 508-999-8711

**COURSE SCHEDULE:**

<b>Session</b>	<b>Topic in the Book</b>	<b>In-Class Exercises</b>	<b>Assignments</b>
1	Introduction & Ch1 Inter-corporate Acquisitions and Investments in Other Entities	E1-1, E1-2,E1-3,E1-4	E1-5, E1-9, E1-23, E1-11, E1-15
2	" "		
3	" "		
4	Ch2 Reporting Intercorporate Investments and Consolidation of Wholly Owned Subsidiaries with No Differential	E2-1, E2-2, E2-3	E2-4, E2-5, E2-9, E2-14, E2-15
5	" "		
6	" "		
7	Ch3 The Reporting Entity and Consolidation of Less-than-Wholly- Owned Subsidiaries with No Differential	E3-1, E3-2, E3-3, E3-4	E3-5, E3-7, E3-17, P3-29
8	" "		
9	" "		
10	Ch4 Consolidation of Wholly Owned Subsidiaries Acquired at More than Book Value	E4-10, E4-11	E4-5, E4-16, P4-26
11	" "		
12	Review		
13	<b><i>Exam I</i></b>		
14	Ch5 Consolidation of Less-than-Wholly Owned Subsidiaries Acquired at More than Book Value	E5-1, E5-2	E5-4, E5-6
15	" "		
16	" "		

17	Ch6 Intercompany Inventory Transactions	E6-1, E6-2, E6-3, E6-4	E6-9, E6-11, P6-27
18	" "		
19	Review		
20	<b>Exam II</b>		
21	" "		
22	Ch7 Intercompany Transfers of Services and Non-current Assets	E7-1,E7-2	E7-3, E7-6, E7-9, E7-13, P7-31
23	" "		
24	Ch8 Intercompany Indebtedness	E8-5, E8-6	E8-7, E8-9, E8-10
25	" "		
26	Review		
27	<b>Exam 3</b>		

\* There might be minor adjustments to this schedule.

**Web sites for accountants:**

Financial Accounting Standards Board, [www.fasb.org](http://www.fasb.org)

Governmental Finance Officers Association, [www.gfoa.org](http://www.gfoa.org)

Securities and Exchange Commission, [www.sec.gov](http://www.sec.gov)

Public Company accounting Oversight Board, [www.pcaobus.org](http://www.pcaobus.org)

American Institute of Certified Public Accountants, [www.aicpa.org](http://www.aicpa.org)

Financial Executives International, [www.fei.org](http://www.fei.org)

Yahoo Finance, [www.finance.yahoo.com](http://www.finance.yahoo.com)