

UNIVERSITY OF ALBERTA  
FACULTY OF BUSINESS  
DEPARTMENT OF ACCOUNTING & OIS

**Accounting 418/618  
Advanced Financial Accounting  
Winter 2017**

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Lecture B1 & B2

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**Office Hours:** Tuesday 12:30 – 1:30 and Thursday 12:30 - 1:30

In addition to these times, you may ask questions at any other time that I am in my office, provided that I am not otherwise occupied. I will not be available at the following times due to teaching commitments:

Monday and Wednesday: 12:00 - 3:30  
Tuesday and Thursday: 9:00 - 1:00

I will provide additional office hours around exam times.

### **Materials**

**Course Package:** The course package contains notes to be used in class as a basis for lectures and practice problems. The practice problems include all exam questions from former exams I have given in this course as well as some additional problems. The course package is sold by the Accounting Club.

**Text is optional:** Hilton, M. and Herauf D. Modern Advanced Accounting in Canada. 7<sup>th</sup> Ed. Toronto, ON: McGraw-Hill Ryerson, 2013.

**Prerequisite:** Accounting 415 (Intermediate Financial Accounting II) You must have successfully completed Accounting 415 prior to taking this course.

**Course Description:** Accounting 418 is designed to develop an understanding of the concepts and practices which underlie financial reporting for a subset of more complex events and transactions including business combinations, consolidations, multinational operations, deferred income taxes and accounting for not for profit organizations.

### **Learning Objectives:**

This course incorporates the Learning Goals of the BCom Program, in particular critical thinking, and written communication. This course is designed to develop an understanding of the concepts and practices which underlie financial reporting for a subset of more complex events and transactions including long term investments, multinational operations, deferred income

taxes and accounting for not-for-profit organizations. At the end of this course, you will have developed the following course specific skills or knowledge:

- a. You should understand the basic rules and principles that govern accounting for not-for-profit organizations, foreign currency transactions and long term investments.
- b. You should be able to:
  - Prepare financial statements for a not-for-profit organization.
  - Account for individual transactions entered into by a Canadian company in a foreign currency (including hedging activities)
  - Translate financial statements of a foreign subsidiary
  - Prepare consolidated financial statements
  - Account for deferred income taxes in complex situations
- c. You should be able use the knowledge acquired in the course to reason from basic principles to determine how to account for transactions in unfamiliar situations.

**Time Commitment:** To successfully master the material in this course, it is generally necessary to spend 6 to 8 hours a week outside of class to develop a sound understanding of underlying accounting concepts. This understanding is best developed through a review of lecture notes prior to attempting practice problems provided followed by working through all practice problems. A comprehensive answer should be developed for each problem before reviewing the solution provided. When you review the solution, identify areas where you have difficulties and refer back to lecture notes or textbook material to refine your understanding of the concepts.

Please do not underestimate the difficulty of the material. In the past, in this course, students who have attempted to cram for the exams, e.g., started looking at notes and problems for the first time two to three days before the exam, have done very poorly. An understanding of financial accounting is best developed over time by application of concepts to problem material.

**Preparing for Class:** Generally 10 to 15 course pack pages are covered in each lecture. Careful review of course pack material prior to each lecture will significantly improve your understanding of the materials covered during the lecture.

### **Classroom Etiquette**

**Attendance:** It is your responsibility to attend class. If you miss class for any reason, you are still responsible for all materials covered, announcements made and handouts provided. I will not email class handouts to students; if you miss class you will have to either come to my office to get the handout or have another student pick it up for you.

Please be on time for class and remain for the entire period. Arriving late or leaving early is inconsiderate of other students. If you have a valid reason for coming late or leaving early such as a previous or subsequent class some distance from this class, please discuss that with me.

You should not normally leave or re-enter the classroom during the class period. Doing this is disruptive to fellow students and to the instructor. If you are affected by illness or medication

such that you realize it may be necessary for you to leave during the class period, please arrive early enough to sit close to the door so that you may leave and return with a minimum of disturbance.

**Cell Phones and other electronic devices:** All cell phones, pagers and other electronic communication devices must be turned off for the duration of the class. Text messaging and emailing, after the start of class, is not permitted under any circumstances and if you are caught text messaging or emailing you may be asked to leave the class.

**Exception:** You may use cell phones in the back row of the classroom only as long as cell phone use is not obvious to me (i.e. I cannot see you are using your cell phone). By sitting in any other row in either lecture you agree not to use your cell phone or other electronic devices during the lecture.

**Lap Tops:** No laptop usage is permitted during class. The sole exception is if you have documented evidence indicating that you must use a laptop to take notes. In that case you will be asked to sit in the back row to use your lap top to ensure you do not disturb the students around you.

**Class Notes:** If you miss a class, it is your responsibility to obtain the notes from another student. I do not provide my notes to students other than by way of in-class lectures.

**Grades in the course will be assigned on the following basis:**

|                     |      |
|---------------------|------|
| Midterm I (Note 1)  | 25 % |
| Midterm II (Note 1) | 25 % |
| Final exam (Note 1) | 50 % |

**Note 1:** If either midterm is missed (for an acceptable reason such as illness or family emergency – as detailed below), the midterm that is written is worth 24% of your final grade and 26% of your final grade will be assigned to the final exam.

If midterm I is missed for an acceptable reason, in addition to the final exam written by other students, your exam will include a not for profit question worth 26% of your final grade.

If both midterms are missed for an acceptable reasons, the final exam will include the final exam given to other students (worth 54% of the final mark), an NPO question worth 26% of the final grade and a foreign currency question worth 20% of the final grade. The foreign currency question either be on hedging or translation of financial statements of a foreign subsidiary.

**Midterm Dates:**

|                           |                                            |
|---------------------------|--------------------------------------------|
| Midterm I                 | Thursday, February 9 <sup>th</sup>         |
| Midterm II                | Thursday, March 9 <sup>th</sup>            |
| Final Exam – Consolidated | Tuesday, April 18 <sup>th</sup> at 9:00 AM |

## **Exams**

The emphasis in exams will be on testing your understanding of financial accounting rather than ability to memorize and regurgitate. All exams are **closed** book. Midterm examination dates given above are tentative and may be changed. In any event no exam will be held prior to the dates specified above.

## **Information for Exams**

Prior to each exam and information sheet about the exam will be handed out in class. You may ask any questions you wish about exam content in class, in front of the entire class, however I reserve the right to decide whether I will answer a particular question. I will not answer questions about exam content, etc. asked outside of the classroom. I will, however, answer any questions about understanding of course notes and problems and solutions.

## **Exam Length**

Each midterm is 80 minutes and the final exam, except as noted below, is 2 hours and 15 minutes or 135 minutes.

Any student who continues to write after time is called for the exam will be assessed a penalty sufficient to remove any advantage gained by continuing to write.

## **Consolidation and NPO Walkthroughs:**

NPO: Saturday, January 28<sup>th</sup> - from 9:00 to 3:30

Consolidation: Saturday April 1<sup>st</sup> - from 9:00 to 3:30

These sessions are optional. They are designed to help students master the material on Not-For-Profit organizations and Consolidations.

## **Absences and Missed Work**

If you are absent from a midterm exam for an acceptable reason (illness or family emergency) you are required to send an email (on a timely basis) informing me that you were unable to attend the midterm and explaining the nature of your difficulty. I may, at my discretion, require proof supporting your stated reason for missing the midterm, either in the form of a statutory declaration or other supporting documentation. I follow the policy of sending all requests for deferral to the undergraduate office.

If you miss the final exam, you must apply to the undergraduate office for an exam deferral. The deferred final exam will be held on Friday, May 19, 2017 at 9:00AM.

You must write all exams at the times scheduled for the section in which you are registered. Once you have written an exam, I will not re-allocate marks because of explanations given after the fact.

**Job interviews**, whether in Edmonton or outside of Edmonton, are not considered a valid reason for missing an exam. Also, please remember that it is your responsibility to ensure that any travel arrangement at Christmas or at other times in the year do not conflict with your exam schedule.

### Topical Coverage

**Not - For – Profit Organizations**

3 to 4 Lectures

Chapter 12

**Foreign Currency**

Translation of individual transactions  
3 Lectures

Chapter 10

Translation of Financial Statements  
2 Lectures

Chapter 11

**Business Combinations**

Introduction to Long Term Investments  
1 Lecture

Chapter 2

Consolidation at Acquisition  
3 Lectures

Chapter 3 and 4

Post Acquisition Consolidation  
3 – 4 Lectures

Chapter 5

Intercompany Transactions  
3 – 4 Lectures

Chapter 6

**Deferred Income Taxes**

3 Lectures

Lecture Notes