



**CARLETON UNIVERSITY  
SPROTT SCHOOL OF BUSINESS  
BUSI 3001B  
Fall 2017  
Accounting for Business Combinations**

**INSTRUCTOR:**

Darrell Herauf  
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Office Hours: Wednesdays & Fridays 14:30 to 16:00 and by appointment

**COURSE TIMES & LOCATION:**

<b>Section</b>	<b>Day</b>	<b>Time</b>	<b>Location</b>
B	Wednesday & Friday	10:05 – 11:55	TBA
Tutorial	Friday	16:35 – 17:25	TBA

**CALENDAR COURSE DESCRIPTION:**

Accounting problems associated with business combinations, with attention to the preparation of consolidated financial statements. Discussion may extend to financial reporting and diversified companies, reorganizations, etc. Selection of topics may vary from year to year.

**COURSE DESCRIPTION AND OBJECTIVES:**

Discussion of accounting issues and problems associated with business combinations, long-term intercorporate investments, diversified operations, foreign operations and not-for-profit organizations. Equity accounting, preparation of consolidated financial statements, and foreign currency translation are given particular attention.

**PREREQUISITE:**

BUSI 2002 with a grade of C- or higher.

**The School of Business enforces all prerequisites.**

## LEARNING OUTCOMES:

Students will be expected to demonstrate the following learning outcomes:

- Understand, interpret, apply and critically evaluate the pronouncements of the CPA Canada Handbook
- Identify problems, analyze alternatives and recommend solutions to satisfy users' needs
- Express information and concepts concisely, clearly and legibly when writing and concisely, clearly and loudly when speaking

## DETAILED COURSE SCHEDULE:

Date	Topic	Chapter	Self-Study Cases *	Tutorial Problems*
Sep. 6	Introduction			
	International Accounting	1	P5	
Sep. 8	Investments in Equity Securities	2	C2	P1-1, P2-5
Sep. 13 & 15	Business Combinations	3	C5	P3-7, C3-2
Sep. 20 & 22	Consolidation-Date of Acquisition	4	C3	P4-3, C4-4
Sep. 27 & 29	Consolidation-Subsequent to Acquisition	5	C4	P5-14
Oct. 4 & 6	Intercompany Profits in Inventory	6	C2	P6-14
Oct. 11 & 13	Intercompany Profit in Depreciable Assets	7	C3	P7-14
Oct. 18 & 20	Financial Reporting Case Analysis			
Oct. 20	Midterm Exam 4 to 6 PM			
Oct. 23 to 27	Midterm break			
Nov. 1 & 3	Ownership Changes	8	C2	C8-3
Nov. 8 & 10	Joint Arrangements	9	C2	P9-10 & 11
Nov. 15 & 17	Foreign Currency Transactions	10	C2	P10-4 & 7
Nov. 22 & 24	Foreign Currency Operations	11	C3	P11-6
Nov. 29 & Dec. 1	Not-for-profit Organizations	12	C2	P12-9 & 10
Dec. 6	Review			

\* Solutions for these cases and problems will be posted to the course WEB page.

**While every attempt will be made to keep to the schedule listed above, unforeseen circumstances may necessitate modifications throughout the semester.**

## WEB PAGES:

The instructor will make extensive use of the course WEB page to post course materials, grades and other announcements. The course WEB page is considered an integral part of the course. Any announcements made in the course WEB page will be considered to have been made in class. Students are encouraged to visit the course WEB page at least twice a week throughout the term. The URL for the course WEB page is [www.carleton.ca/culearn](http://www.carleton.ca/culearn). You need to use your MyCarleton userid and password to access this Website.

Student or professor materials created for this course (including presentations and posted notes, labs, case studies, assignments and exams) remain the intellectual property of the author(s). They are intended for personal use and may not be reproduced or redistributed without prior written consent of the author(s).

**TEXTS:**

Required: Hilton & Herauf, Modern Advanced Accounting in Canada, 8th edition, McGraw-Hill Ryerson Ltd., 2016

Available in hard copy at Haven Books (Seneca and Sunnyside) or as e-text through publisher at

<http://connect.mheducation.com/class/d-herauf-fall-2017---sections-a--b>

Recommended: CPA Canada Handbook (available on Carleton computer network at start/all programs/information resources/CPA Canada Handbook)

**GRADING:**

Weekly online advance preparation questions	5%
Weekly online problems	15%
Midterm examination on chapters 1-7	30%
Final examination	<u>50%</u>
Total	<u>100%</u>

*Online advance preparation questions:* Multiple choice, true or false and/or fill in the blank questions will be answered on the McGrawHill Connect website as preparation for each new chapter. The questions will be slightly different for each student. The answers will be automatically graded by the Connect software. The questions must be answered by Tuesday prior to the class for each new chapter. Further details will be provided during the first class.

*Weekly online problems:* Problems from the textbook will be answered on the McGrawHill Connect website on a weekly basis. The problems will be slightly different for each student. The answers will be automatically graded by the Connect software. The problems must be answered by the Monday after the chapter was completed in class. Detailed instructions will be posted in the McGrawHill Connect website.

*Midterm exam:* There will be a midterm exam tentatively scheduled for Friday, October 20 from 4 to 6 PM. It will cover chapters 1 to 7. The exam will be marked by the teaching assistant and will be handed back in class on October 1. You will then have 10 days to review your results and report any discrepancies to the professor. Any discrepancies reported beyond that time may be reviewed but will not result in any change in grade.

*Final examination:* The final examination will be comprehensive. All assigned readings, in-class handouts and material from lectures are examinable. The final grades are subject to the Dean's approval and will be communicated through Carleton Central.

***Transferring Weight to Exams:*** Students have the option to transfer the weight of, advance preparation online questions and/or weekly online problems to the exams with the weight distributed proportionately between the midterm and final exam. This option must be communicated by email through your Carleton email account prior to September 26.

***Missed Midterm Exam/Assignment:*** If you must miss the midterm exam or assignments due to a verifiable illness (or, in rare cases, some other circumstances beyond your control), the weight for that exam/assignment will be transferred to the final examination and you must write the three-hour final exam. If the exam/assignment is missed without a legitimate reason, a grade of zero will be given for the exam/assignment. A medical certificate or other verifiable documentation must be submitted to the instructor no later than five (5) calendar days after the date of the exam or the due date for the assignment.

***Maximizing your results:*** unlike many other accounting courses, most new topics in this course build on the previous topics. As such, it is critical that you do not fall behind. The following approach is recommended:

- Read the assigned material prior to each class and attempt to gain a basic understanding of the material
- Attend the classes and try to get a better understanding of the material by asking questions and working through the in-class problems along with the instructor
- After each class (and before the next class), review the material taken up in class and try to answer the suggested self-study problems to ensure you understand the material
- If there are points that you did not understand, see the instructor or TA or ask for clarification in the next class

## **SATISFACTORY IN-TERM PERFORMANCE:**

1. The criterion/criteria and the standard(s) for Satisfactory In-term Performance are as follow(s):
  - A minimum of 65% of the term work must be completed
  - A minimum average grade of 45% on the term work must be obtained
2. Unsatisfactory In-term Performance in this course will lead to:
  - Failure in this course regardless of the performance on the final exam or final project

## **EXAMINATION POLICY:**

University policy with respect to examinations will be strictly adhered to. Supplemental and grade raising examinations are not available. Notwithstanding the marking scheme, **if the mark on the final exam is less than 50%, the final grade for the course will be an F.**

## **COLLABORATION WITH OTHERS:**

Individuals/groups may collaborate with other individuals/groups to identify the issues and alternatives involved with a problem/case/project. However, the analysis, recommendations and final report should be completed by each individual for individual work and by each group for group projects without discussing the analysis, recommendations and final report with other individuals/groups.

## **TOPICAL EMPHASIS:**

For every chapter and section of the chapters covered in class, a number representing the level of emphasis ranging from one to four is indicated below. These levels have the following interpretation:

- |         |  |
|---------|--|
| Level 1 | <b>In-depth knowledge</b> - students will be expected to know and fully understand and apply the contents of these sections.   |
| Level 2 | <b>Working level knowledge</b> - students should have a basic understanding of the conceptual aspects of these topics and develop a working knowledge of procedures.   |
| Level 3 | <b>Awareness level knowledge</b> - students will be expected to read these sections on their own, will be held responsible for general knowledge only and should understand the circumstances in which the material would arise or be applied. |
| Level 4 | <b>No knowledge requirement.</b>   |

ASPE Differences and Disclosure Requirements are Level 2 topics. Level 4 topics will not be examined in this course. Level 3 topics are examinable but at a very general level and will comprise a maximum of 10% of any exam.

## TOPICAL EMPHASIS LISTING

Topic	Level	Topic	Level
<b>Prologue</b>	<b>1</b>	<b>Chapter 7</b>	<b>1</b>
<b>Chapter 1</b>	<b>2</b>	Except for:	
Except for:		Intercompany Bondholdings	4
Analysis and Interpretation of		Appendix 7A	3
Financial Statements	1	<b>Chapter 8</b>	<b>3</b>
<b>Chapter 2</b>	<b>1</b>	Except for:	
<b>Chapter 3</b>	<b>1</b>	Consolidated Cash Flow Statement	2
Except for:		Subsidiary with Preferred Shares	2
The New Entity Method	3	<b>Chapter 9</b>	<b>3</b>
Push-down Accounting	4	Except for:	
Appendix 3A	3	Joint arrangements	1
<b>Chapter 4</b>	<b>1</b>	Deferred Income Taxes and Business	2
Except for:		Combinations	2
Proprietary Theory	3	<b>Chapter 10</b>	<b>1</b>
Appendix 4A	3	Except for:	
<b>Chapter 5</b>	<b>1</b>	Hedging a Highly Probable	
Except for:		Forecasted Transaction	3
Appendix 5A	2	Appendix 10A	3
Appendix 5B	3	<b>Chapter 11</b>	<b>1</b>
<b>Chapter 6</b>	<b>1</b>	Except for:	
Except for:		Complications with an Acq. Diff.	2
Appendix 6A	3	Appendix 11A	3
		<b>Chapter 12</b>	<b>1</b>
		Except for:	
		Appendix 12B	3
		Appendix 12C	3

### EMAILS:

The instructor will normally respond to emails within 24 hours on weekdays and at least once on the weekend.

## ADDITIONAL INFORMATION

### Course Sharing Websites

Materials created for this course (including presentations and posted notes, labs, case studies, assignments and exams) remain the intellectual property of the author(s). They are intended for personal use and may not be reproduced or redistributed without prior written consent of the author(s).

### Required calculator in BUSI course examinations

If you are purchasing a calculator, we recommend any one of the following options: Texas Instruments BA II Plus (including Pro Model), Hewlett Packard HP 12C (including Platinum model), Staples Financial Calculator, Sharp EL-738C & Hewlett Packard HP 10bII

### Group work

The Spratt School of Business encourages group assignments in the school for several reasons. They provide you with opportunities to develop and enhance interpersonal, communication, leadership, follower-ship and other group skills. Group assignments are also good for learning integrative skills for putting together a complex task. Your professor may assign one or more group tasks/assignments/projects in this course. Before embarking on a specific problem as a group, it is your responsibility to ensure that the problem is meant to be a group assignment and not an individual one.

In accordance with the Carleton University Undergraduate Calendar (p 34), the letter grades assigned in this course will have the following percentage equivalents:

A+ = 90-100	B+ = 77-79	C+ = 67-69	D+ = 57-59
A = 85-89	B = 73-76	C = 63-66	D = 53-56
A - = 80-84	B - = 70-72	C - = 60-62	D - = 50-52
F = Below 50			

Grades entered by Registrar:

WDN = Withdrawn from the course

DEF = Deferred

### Academic Regulations, Accommodations, Etc.

University rules regarding registration, withdrawal, appealing marks, and most anything else you might need to know can be found on the university's website, here:

<http://calendar.carleton.ca/undergrad/regulations/academicregulationsoftheuniversity/>

### Requests for Academic Accommodations

*For Students with Disabilities:*

The Paul Menton Centre for Students with Disabilities (PMC) provides services to students with Learning Disabilities (LD), psychiatric/mental health disabilities, Attention Deficit Hyperactivity Disorder (ADHD), Autism Spectrum Disorders (ASD), chronic medical conditions, and impairments in mobility, hearing, and vision. If you have a disability requiring academic

accommodations in this course, please contact PMC at 613-520-6608 or [pmc@carleton.ca](mailto:pmc@carleton.ca) for a formal evaluation. If you are already registered with the PMC, contact your PMC coordinator to send me your **Letter of Accommodation** at the beginning of the term, and no later than two weeks before the first in-class scheduled test or exam requiring accommodation (*if applicable*). **Requests made within two weeks will be reviewed on a case-by-case basis.** After requesting accommodation from PMC, meet with me to ensure accommodation arrangements are made. Please consult the PMC website ([www.carleton.ca/pmc](http://www.carleton.ca/pmc)) for the deadline to request accommodations for the formally-scheduled exam (*if applicable*).

*For Religious Obligations:*

Students requesting academic accommodation based on religious obligation should make a formal, written request to their instructors for alternate dates and/or means of satisfying academic requirements. Such requests should be made during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist, but no later than two weeks before the compulsory event.

Accommodation is to be worked out directly and on an individual basis between the student and the instructor(s) involved. Instructors will make accommodations in a way that avoids academic disadvantage to the student.

Students and instructors can confirm accommodation eligibility of a religious event or practice by referring to the Equity Services website (<http://carleton.ca/equity/accommodation/religious-observances/>) for a list of holy days and Carleton's Academic Accommodation policies. If there are any questions on the part of the student or instructor, they can be directed to an Equity Services Advisor in the Equity Services Department for assistance.

*For Pregnancy:*

Pregnant students requiring academic accommodations are encouraged to contact an Equity Advisor in Equity Services to complete a letter of accommodation. The student must then make an appointment to discuss her needs with the instructor at least two weeks prior to the first academic event in which it is anticipated the accommodation will be required.

**Academic Integrity**

Violations of academic integrity are a serious academic offence. Violations of academic integrity – presenting another's ideas, arguments, words or images as your own, using unauthorized material, misrepresentation, fabricating or misrepresenting research data, unauthorized co-operation or collaboration or completing work for another student – weaken the quality of the degree and will not be tolerated. Penalties may include; a grade of Failure on the submitted work and/or course; academic probation; a refusal of permission to continue or to register in a specific degree program; suspension from full-time studies; suspension from all studies at Carleton; expulsion from Carleton, amongst others. Students are expected to familiarize themselves with and follow the Carleton University Student Academic Integrity Policy which is available, along with resources for compliance at: <http://carleton.ca/studentaffairs/academic-integrity>.

**Sprott Student Services**

The Sprott student services office, located in 710 Dunton Tower, offers academic advising, study skills advising, and overall academic success support. If you are having a difficult time with this course or others, or just need some guidance on how to successfully complete your Sprott degree, please drop in any weekday between 8:30am and 4:30pm. Our advisors are happy to discuss grades, course selection, tutoring, concentrations, and will ensure that you get connected with the resources you need to succeed! <http://sprott.carleton.ca/students/undergraduate/learning-support/>

**Centre for Student Academic Support**

The Centre for Student Academic Support (CSAS) is a centralized collection of learning support services designed to help students achieve their goals and improve their learning both inside and outside the classroom. CSAS offers academic assistance with course content, academic writing and skills development. Visit CSAS on the 4th floor of MacOdrum Library or online at: [carleton.ca/csas](http://carleton.ca/csas).

**Important Information:**

- Students must always retain a hard copy of all work that is submitted.
  - All final grades are subject to the Dean's approval.
  - For us to respond to your emails, we need to see your full name, CU ID, and the email must be written from your valid CARLETON address. Therefore, in order to respond to your inquiries, please send all email from your Carleton CMail account. If you do not have or have yet to activate this account, you may wish to do so by visiting <http://carleton.ca/ccs/students/>
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