

# ACCOUNTING 457 (ACCT 457)

## Department of Accounting & Information Systems

Mergers, Acquisitions, and Partnerships (<http://business.nmsu.edu/~ClassAcct/457scrib/a457Spring2009.html>)  
Spring 2009 (Revised 20081216)

**INSTRUCTOR:** [Dr. E. Scribner \(escribne@nmsu.edu\)](mailto:escribne@nmsu.edu)

Office - BC 316

Phone 646-5163

Office Hours - 1:45 p.m.-3:45 p.m. MTWTh (or by appointment)

**TEXTBOOK:** ● *Advanced Accounting*, 10th Edition, Beams et al., Pearson/Prentice-Hall, ©2006.  
ISBN: 0-13-603397-4

**COURSE DESCRIPTION:** Consolidated financial statements, accounting for partnership formation and liquidation. Prerequisite: ACCT 302 or consent of instructor.

### AMERICANS WITH DISABILITIES ACT (ADA) AND INSTITUTIONAL EQUITY

**NOTIFICATIONS:** Please feel free to call Michael Armendariz, Coordinator of [Services for Students with Disabilities](#), at 505-646-6840 with any questions you may have on student issues related to the Americans with Disabilities Act (ADA) and/or Section 504 of the Rehabilitation Act of 1973. All medical information will be treated confidentially. If you have or believe you might have a disability, contacting Michael's office at the beginning of the semester may result in valuable assistance as you work to succeed in your education.

Please also feel free to call Jerry Nevarez, Director of Institutional Equity, at 505-646-3635 with any questions you may have about NMSU's Non-Discrimination Policy and complaints of discrimination, including sexual harassment.

If you have a condition that may affect your ability to exit safely from the premises in an emergency or that may cause an emergency during class, you are encouraged to discuss any concerns with the course instructor.

**LEARNING OBJECTIVES:** At the conclusion of the course, students will be able to (1) describe the valuation of assets, including goodwill, and liabilities acquired in a business combination accounted for by the acquisition method; (2) prepare the consolidated workpapers and eliminating entries at the date of acquisition; (3) prepare entries in the investor's accounting system to account for an investment using the cost method, the partial equity method, and the complete equity method; (4) prepare the workpaper eliminating entries for the year of acquisition and subsequent years; (5) calculate and analyze the difference between cost and book value and allocate it properly; (6) prepare consolidated workpapers

for firms with upstream and downstream sales of inventories and fixed assets; (7) prepare entries for constructive retirement of debt associated with intercompany bond transfers within a group of affiliates; (8) identify reportable business segments from various fact situations; (9) analyze differences between interim and annual reporting circumstances; and (10) prepare and analyze entries and schedules associated with accounting for partnerships. Results may vary.

**EXAMINATIONS:** There will be two regular exams and a comprehensive final. Exams will be based primarily on homework and class discussion. It is important to contact the instructor as soon as possible to discuss your grade computation or makeup arrangements should you have to miss an examination for health or family emergency reasons or for university-sponsored events.

When objective questions are used, no credit will be given for answers marked correctly on the exam but incorrectly on the answer sheet. Transfer all answers carefully.

**EVALUATION:** Caution: Your grade will be based on results rather than on effort--exam performance will determine course grade. Do not leave any questions blank on examinations--try for partial credit. The instructor reserves the right to relax the standards and to make judgment calls at the end of the semester. There is no provision for extra credit.

Component	Points
Regular exams (2 @ 100 pts)	200
Comprehensive final	120
<b>Total Points</b>	<b>320</b>

A (Excellent, distinguished)	288-320 points
B (Very good, above average)	256-287 points
C (Average, normal)	224-255 points
D (Below average)	192-223 points
F (Failing)	0-191 points

**CPA EXAM AND 150-HOUR REQUIREMENT:** New Mexico law requires applicants for the CPA Examination to have at least 150 semester hours of education. Texas and most other states also have the 150-hour rule, but the nature of these 150 hours can vary significantly from state to state. For example, in New Mexico, only 30 total hours of accounting are required to sit for the CPA exam, and 3 of these hours can be in business law. In Texas, 30 UPPER DIVISION accounting hours, plus an approved accounting ethics class, are required to sit for the exam. Including sophomore-level accounting courses, this totals 39 hours of Accounting. (NMSU will provide a Texas-approved accounting ethics class beginning in Fall 2005.)

To find the requirements for a particular state, see the following AICPA website, which links to the

various state boards of accountancy: <http://www.aicpa.org/yellow/ypsboa.htm>

Many who plan to sit for the CPA Exam choose to remain in school for a Master of Accountancy degree. If you are thinking about a career in public accounting, you may wish to consider this program as the most beneficial way to enhance your background and credentials before accepting a career position. In addition, the MAcc degree should allow you to meet the CPA certification requirements in most, if not all, states. If you are interested in entering the MAcc program at NMSU, please contact the director, Dr. Cindy Seipel ([cseipel@nmsu.edu](mailto:cseipel@nmsu.edu) , Room BC 333, 646-5206) for more information. You should keep in mind, however, that professional certifications other than the CPA are available and may be more appropriate for your career objectives.

**ADMINISTRATIVE NOTES AND ADVICE:** It will be assumed that you are aware of all material covered and all announcements made in class. Should you ever have to miss a class, be sure to obtain this information from a classmate.

It is university policy that "Students making satisfactory progress in their classes will be excused from classes when they are representing New Mexico State University on a university sponsored event (e.g., ASNMSU President represents NMSU at legislative session, student-athletes competing in NMSU scheduled athletic events or education field trips and conferences). Authorized absences do not relieve the student of class responsibilities. Prior written notice of the authorized absence should be provided to the instructor by the sponsoring department."

A grade of "**I**" (**Incomplete**) will be assigned only in circumstances in agreement with the current NMSU Undergraduate Catalog.

Should you ever wish to file a grievance with some administrative office or faculty member on campus, check the details of the process in the "General Information" section of the [Undergraduate Catalog](#). Probably the most important thing for you to know about a grade appeal (besides the fact that there is an appeals process) is that you must initiate the process by submitting a written appeal to the faculty member within 30 days of the start of the term following the term in which the grievance occurred.

In all your courses, always keep any graded assignments or exams that are handed back to you in case the instructor fails to record any of them.

Student misconduct is extremely rare in this course; in the unlikely event there is a problem, it will be handled in accordance with the [Student Handbook](#).

If you are taking this course under the **S/U option**, you must earn a "C" or better ("B" or better if you are a graduate student) to receive a grade of "S."

Many accounting and BCS students have found that interning under the **cooperative education (CO-OP)** program is a valuable activity that sets them apart from students without practical experience. Some employers hire almost exclusively from their internship program. Contact the Co-op office in

Garcia Annex (646-4115), visit with Celina Talamantes in the Advising Center in Guthrie Hall, and frequently check the NMSU web page links to the [placement and co-op offices](#).

When researcher Richard Light interviewed 1,600 students at Harvard and more than 20 other higher education institutions and asked them to describe a specific, critical incident or moment that changed them profoundly, 80 percent of them chose a situation or event outside the classroom. The evidence indicates that learning outside the classroom, especially in residential settings and extracurricular activities, is important.

Also keep in mind that prime interviewing season for **permanent positions** is the fall. Regardless of when you are graduating, register with Placement and interview diligently in your last fall semester. In addition to a good academic record, abilities and experiences that make you a more desirable candidate in the eyes of interviewers include computer skills, oral and written communication skills, at least one internship or comparable work experience, at least one elected office in a campus organization, student membership in a professional organization such as the AICPA (see links to student pages of this and other organizations on the instructor's home page), and fluency in a language in addition to English.

Make sure your resume has been critiqued and that you have gone through at least one simulated interview at the Placement office. Interview "performance" is crucial to your chances for success.

Never take too many courses. A course load of 16 credits during the regular semester should require 16 hours of class time plus a minimum of 32 hours of preparation time per week, for a total of 48 hours. Add a 20-hour-per-week job on top of that and you have a 68-hour work week, which is a recipe for burnout. A course load of just 3 credits in a summer session is significant if you have other major responsibilities. Keep this in mind when taking on other commitments and when scheduling your courses.

*If I had one day left to live, I would want to live it in my accounting class. That way it would seem so much longer!*

--Linda Kidwell, Niagara University

## KEY DATES:

01/14/09	Deadline for degree application ( <a href="http://www.nmsu.edu/~registra/">http://www.nmsu.edu/~registra/</a> ) (graduating seniors) without late fee ( <b>Note:</b> If you are petitioning to walk at Spring commencement but are not graduating until summer, you are not supposed to turn in your degree application until the summer schedules are posted online, which is around mid-February.)
01/26/09	Deadline for late registration/course addition

03/09/09	Last day to drop a course with a "W"
04/17/09	Last day to withdraw from the university (not as drastic as it sounds)
04/24/09	Accounting majors attend Professional Development Seminar

**COMMUNICATION SKILLS:** For any assignments that involve writing, refer to the web page, [Tips on Business Writing](#).

**Class Schedule**  
**Subject to Modification Except for Exam Dates**

Class No.	Date	Topics	Assignments and Comments
1	20090115	Introduction	Syllabus
2	20090120	Business combinations	Study Ch.1, pp. 1-19; Work E1-1, E1-2 for practice
3	20090122	Acquisition method; Sarbanes-Oxley Act	Work E1-3, P1-5 for practice
4	20090127	Stock investments--investor accounting and reporting	Study Ch. 2, pp. 27-48; Note assumptions near the bottom of p. 48; Work E2-1, E2-2 for practice
5	20090129	Stock investments (cont'd.)	Work E2-10, E2-13, E2-16, P2-3, P2-12 for practice
6	20090203	Consolidated financial statements intro.	Study Ch. 3, pp. 63-87; Work E3-3 for practice
7	20090205	Consolidated financial statements intro.	Work E3-8, E3-9, P3-12 for practice

8	20090210	Consolidation procedures	Study Ch. 4, pp. 103-126 Work E4-1 for practice
9	20090212	Consolidation procedures	Work E4-4, E4-5, E4-7, P4-3, P4-11 for practice
10	20090217	Review or catch up	
11	20090219	<b>EXAM I (Ch. 1-4)</b>	Bring two pencils and a calculator; no cell phone usage
12	20090224	Intercompany profit--inventories, concepts	Study Ch. 5, pp. 149-170; Work E5-2 for practice
13	20090226	Intercompany profit--inventories downstream (parent's and worksheet procedures)	Work E5-6, E5-10 for practice
14	20090303	Intercompany profit--inventories upstream (parent's and worksheet procedures)	Work P5-4, P5-6 for practice
15	20090305	Intercompany profit--PP&E	Study Ch. 6, pp. 193-212; Work E6-5 for practice
16	20090310	Intercompany profit--PP&E	Work E6-6, P6-6 for practice
17	20090312	Intercompany profit--PP&E	Work P6-9 for practice--also write out the entries in general journal form
18	20090317	Intercompany profit--bonds	Study Ch.7, pp. 229-242; Work E7-1 (parts 1 & 3 only) for practice
19	20090319	Intercompany profit--bonds	Work E7-3, P7-2, P7-5 for practice
20	20090331	Review or catch up	Work P7-3 for practice

21	20090402	<b>Exam II (Ch. 5-7)</b>	Bring two pencils and a calculator; no cell phone usage
22	20090407	Segment reporting	Study Ch. 14, pp. 535-542; Work E14-1, E14-2, E14-5 for practice
23	20090409	Interim reporting	Study Ch. 14, pp. 542-550; Work E14-9, E14-10, P14-2, P14-6 for practice
24	20090414	Partnerships: formation and operation	Study Ch. 15, pp. 563-574; Work E15-2, E15-4, E15-5 for practice
25	20090416	Partnerships: changes in membership	Study Ch. 15, pp. 574-584; Work E15-17, E15-18 for practice
26	20090421	Partnerships: formation, operation, and changes in membership	Work E15-11, P15-2, P15-3 for practice
27	20090423	Partnerships: liquidation	Study Ch. 16, pp. 601-617; Work E16-1, E16-3 for practice
28	20090428	Partnerships: liquidation	Work E16-7, E16-11, P16-3, P16-8 for practice
29	20090430	Review or catch up	
30	20090507	<b>Exam III (Ch. 1-7, 14, 15, 16)</b>	Final is from 8:00 a.m. to 10:00 a.m. on Thursday in the regular classroom. Bring two pencils and a calculator; no cell phone usage