## **Contents**

Preface	xv
PART ONE ACCOUNTING FOR PARTNERSHIPS AND BRANCHES	
Chapter 1 Partnership Organization and Operation Nature of partnerships.	5
Organization of a General Partnership Characteristics of a general partnership. Deciding between a partnership and a corporation. Is the partnership a separate entity? The partnership contract. Owners' equity ledger accounts for partners. Loans to and from partners. Valuation of investments by partners.	5
Income-Sharing Plans for General Partnerships Partners' equity in assets versus share in earnings. Division of net income or loss. Financial statements for a general partnership. Adjustment of net income of prior years.	10
Changes in Ownership of General Partnerships Accounting for changes in partners. Accounting and managerial issues. Admission of a new partner. Acquisition of an interest by direct payment to one or more partners. Investment in partnership by new partner. Bonus or goodwill allowed to existing partners. Bonus or goodwill allowed to new partner. Retirement of a partner.	21

Limited Partnerships Accounting for limited partnerships. Financial statements for limited partnerships.	3-
Chapter 2 Partnership Liquidation; Joint Ventures	57
Liquidation of a Partnership The meaning of liquidation. Division of losses and gains during liquidation. Distribution of cash or other assets to partners. Final settlement with partners. Equity of each partner is not sufficient to absorb losses from liquidation. Equity of one partner is not sufficient to absorb that partner's share of loss from liquidation. Equities of two partners are not sufficient to absorb their shares of loss from liquidation. Partnership is insolvent but partners are solvent. Partnership is insolvent and partners are insolvent.	57
Installment Payments to Partners General principles guiding installment payments. Advance planning for installment payments to partners. Withholding of cash for liabilities and liquidation costs. Liquidation of limited partnerships.	70
Incorporation of a Partnership	78
Joint Ventures  Present-day joint ventures. Accounting for a corporate joint venture. Accounting for an unincorporated joint venture.	81
Chapter 3 Accounting for Branches; Combined Financial Statements Branches and divisions. Accounting system for a sales agency. Start-up costs of opening new branches. Accounting system for a branch. Reciprocal ledger accounts. Expenses incurred by home office and allocated to branches. Alternative methods of billing merchandise shipments to branches. Separate financial statements for branch and for home office. Combined financial statements for home office and branch. Working paper for combined financial statements. Billing of merchandise to branches at prices above cost. Working paper when billings to branches are at prices above cost. Treatment of beginning inventories priced above cost. Reconciliation of reciprocal ledger accounts. Transactions between branches.	107

## PART TWO BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS

Chapter 4 Business Combinations	153
Business Combinations: Why and How? Antitrust considerations. Methods for arranging business combinations. Establishing the price for a business combination.	154
Methods of Accounting for Business Combinations Purchase accounting. Determination of the combinor. Computation of cost of a combinee. Allocation of cost of a combinee. Illustration of purchase accounting for statutory merger with goodwill. Illustration of purchase accounting for acquisition of assets, with "negative goodwill." Pooling-of-interests accounting. Illustration of pooling-of-interests accounting for statutory merger. Popularity of pooling accounting. Abuses of pooling accounting. Abuses of purchase accounting. Action by the AICPA. Conditions requiring pooling accounting. Financial statements following a business combination. Disclosure of business combinations in a note to the financial statements. Other topics in accounting for business combinations.	157
Appraisal of Accounting Standards for Business Combinations Criticism of purchase accounting. Criticism of pooling accounting. FASB study of accounting for business combinations.	185
Chapter 5 Consolidated Financial Statements: On Date of Purchase-Type Business Combination Nature of consolidated financial statements. Should all subsidiaries be consolidated? The meaning of controlling interest. Criticism of traditional concept of control. Unconsolidated subsidiaries in consolidated financial statements.	215
Consolidation of Wholly Owned Subsidiary on Date of Purchase- Type Business Combination	218
Consolidation of Partially Owned Subsidiary on Date of Purchase-Type Business Combination Nature of minority interest. Consolidated balance sheet for partially owned subsidiary. Alternative methods for valuing minority interest and goodwill. "Negative goodwill" in consolidated balance sheet. Disclosure of consolidation policy. Advantages and shortcomings of consolidated financial statements. "Push-down accounting" for a purchased subsidiary.	227

Chapter 6 Consolidated Financial Statements: Subsequent to Date of Purchase-Type Business Combination	263
Accounting for Operating Results of Wholly Owned Purchased Subsidiaries Equity method. Cost method. Choosing between equity method and cost method. Illustration of equity method for wholly owned purchased subsidiary for first year after business combination. Illustration of equity method for wholly owned purchased subsidiary for second year after business combination.	263
Accounting for Operating Results of Partially Owned Purchased Subsidiaries Illustration of equity method for partially owned purchased subsidiary for first year after business combination. Illustration of equity method for partially owned purchased subsidiary for second year after business combination. Concluding comments on equity method of accounting.	280
Appendix: Cost Method for Partially Owned Purchased Subsidiary Illustration of cost method for partially owned purchased subsidiary for first year after business combination. Illustration of cost method for partially owned purchased subsidiary for second year after business combination.	298
Chapter 7 Consolidated Financial Statements: Pooling-Type Business Combination	328
Consolidation of Wholly Owned Pooled Subsidiary on Date of Business Combination	330
Consolidation of Wholly Owned Pooled Subsidiary Subsequent to Date of Business Combination The equity method of accounting for pooled subsidiaries.	336
Consolidation of Partially Owned Pooled Subsidiary on Date of Business Combination	343
Consolidation of Partially Owned Pooled Subsidiary Subsequent to Date of Business Combination	348
Accounting for Intercompany Transactions Not Involving Profit (Gain) or Loss Loans on notes or open account. Leases of property under operating leases. Rendering of services. Income taxes applicable to intercompany transactions. Summary: intercompany transactions and balances.	356

Chapter 8	4
Consolidated Financial Statements: Intercompany Profits (Gains) and Losses Importance of eliminating or including intercompany profits (gains) and losses.	381
Intercompany Sales of Merchandise Intercompany sales of merchandise at cost. Unrealized intercompany profit in ending inventories. Intercompany profit in beginning and ending inventories. Intercompany profit in inventories and amount of minority interest. Should net profit or gross profit be eliminated?	382
Intercompany Sales of Plant Assets Intercompany gain on sale of land. Intercompany gain on sale of depreciable plant asset.	390
Intercompany Lease of Property under Capital/Sales-Type Lease	396
Intercompany Sales of Intangible Assets	402
Acquisition of Affiliate's Bonds Illustration of acquisition of affiliate's bonds. Accounting for gain in subsequent years. Reissuance of intercompany bonds.	403
Illustration of Effect of Intercompany Profits (Gains) on Minority Interest	411
Comprehensive Illustration of Working Paper for Consolidated Financial Statements	414
Chapter 9 Consolidated Financial Statements: Income Taxes, Cash Flows, and Installment Acquisitions	445
Income Taxes in Business Combinations and Consolidations Income taxes attributable to current fair values of purchased subsidiary's identifiable net assets. Income taxes attributable to undistributed earnings of subsidiaries. Income taxes attributable to unrealized intercompany profits (gains).	445
Consolidated Statement of Cash Flows Illustration of consolidated statement of cash flows.	458
Installment Acquisition of Subsidiary Illustration of installment acquisition of parent company's controlling interest. Parent company's journal entries for installment acquisition. Working paper for consolidated financial	463

Contents	
Chapter 10 Consolidated Financial Statements: Special Problems	497
Changes in Parent Company's Ownership Interest in a Subsidire Parent company acquisition of minority interest. Parent company acquisition of minority interest. Parent company sale of a portion of its subsidiary common stockholdings. Subsidiary's issuance of additional shares of common stock to public. Subsidiary's issuance of additional shares of common stock to parent company.	pany the
Subsidiary with Preferred Stock Outstanding Illustration of minority interest in subsidiary with preferred stock. Preferred stock considerations subsequent to date of business combination.	508
Stock Dividends Distributed by a Subsidiary Illustration of subsidiary stock dividend.	514
Treasury Stock Transactions of a Subsidiary Illustration of treasury stock owned by subsidiary on date of business combination. Illustration of treasury stock acquired subsidiary subsequent to business combination.	516 by
Indirect Shareholdings and Parent Company's Common Stock Owned by a Subsidiary Indirect shareholdings. Parent company's common stock own by a subsidiary. Concluding comments on special problems.	520
PART THREE ACCOUNTING FOR NONBUSINESS ORGANIZATION	IS
Chapter 11 Governmental Units: General Fund	557
Objectives of Financial Reporting for Nonbusiness Organization	ns 557
Nature of Governmental Units	559
Accounting Standards for Governmental Units The governmental reporting entity. Funds: the accounting entities for governmental units. The modified accrual basis of accounting. Peccepting the hydget	561

Accounting for a Governmental Unit's General Fund

general fund. Closing entries for a general fund.

Illustration of accounting for a general fund. Trial balance at end of fiscal year for a general fund. Financial statements for a

570

Chapter 12 Governmental Units: Other Governmental Funds and A	Account
Groups	597
Other Governmental Funds  Accounting for special revenue funds. Accounting for project's funds. Accounting for debt service funds.	597 r capital
General Fixed Assets and General Long-Term Debt Acc Accounting for general fixed assets account group. Accounting for general long-term debt account group. Accounting assessment bonds.	ccounting
Chapter 13 Governmental Units: Proprietary Funds, Fiduciary Fun Comprehensive Annual Financial Report	nds, and
Proprietary Funds Accounting for enterprise funds. Accounting for interfunds.	631 rnal service
Fiduciary Funds Accounting for agency funds. Accounting for expend nonexpendable trust funds. Accounting for pension t	
Comprehensive Annual Financial Report of Government Appraisal of accounting standards for governmental un	
Chapter 14 Nonprofit Colleges and Universities, Hospitals, and Howelfare Organizations Characteristics of nonprofit organizations.	ealth and 661
Accounting for Nonprofit Universities, Hospitals, and Horganizations Revenue, support, and capital additions. Unrestricted Restricted fund. Endowment fund. Agency fund. life income funds. Loan fund. Plant fund.	664 1 fund.
Reporting by Nonprofit Universities, Hospitals, and Head Organizations Appraisal of accounting standards for nonprofit organic	678
Appendix 1: Financial Statements of a Nonprofit Collection	ge 679
Appendix 2: Financial Statements of a Nonprofit Hospi	ital 681
Appendix 3: Financial Statements of a Voluntary Healt Welfare Organization	h and 683

Chapter 15	
Other Nonprofit Organizations  Fund accounting for other nonprofit organizations. Revenue, support, and capital additions of other nonprofit organizations.  Expenses of other nonprofit organizations. Assets of other nonprofit organizations. Liabilities of other nonprofit organizations. Fund balances of other nonprofit organizations.  Financial statements of other nonprofit organizations.  Illustrations of financial statements of other nonprofit organizations.	703
Appendix 1: Financial Statements of a Nonprofit Performing Arts Organization	710
Appendix 2: Financial Statements of a Nonprofit Private School	712
Appendix 3: Financial Statements of a Nonprofit Religious Organization	714
Appendix 4: Financial Statements of a Nonprofit Country Club	716
PART FOUR ACCOUNTING FOR FIDUCIARIES Chapter 16	
Bankruptcy: Liquidation and Reorganization	731
The Bankruptcy Code	732
Bankruptcy Liquidation Debtor's (voluntary) petition. Creditors' (involuntary) petition. Creditors having priority. Property claimed as exempt. Role of court in liquidation. Role of creditors. Role of trustee. Discharge of debtor. Role of accountant in bankruptcy liquidation. Financial condition of debtor enterprise: the statement of affairs. Accounting and reporting for trustee.	732
Bankruptcy Reorganization Appointment of trustee or examiner. Plan of reorganization. Accounting for a reorganization. Disclosure of reorganization. Evaluation of bankruptcy code.	742
Chapter 17 Estates and Trusts	763
Legal and Accounting Aspects of Estates Provisions of Uniform Probate Code governing estates. Provisions of Revised Uniform Principal and Income Act governing estates. Illustration of accounting for an estate.	763
Legal and Accounting Aspects of Trusts Provisions of Uniform Probate Code governing trusts. Provisions of Revised Uniform Principal and Income Act governing trusts. Illustration of accounting for a trust.	778

PART	FIVE					
OTHE	RTOPICS	ΙΝ ΔΟ Δ	NCED F	INANCI	AL ACCO	UNTING

OTHER TOPICS IN ADVANCED FINANCIAL ACCOUNTING	
Chapter 18 Accounting for Multinational Enterprises	799
Uniformity in International Accounting Standards	799
Accounting for Transactions Involving Foreign Currencies FASB Statement No. 52. Transactions involving foreign currencies. Transaction gains and losses. Forward exchange contracts.	802
Consolidated or Combined Financial Statements for Foreign Subsidiaries or Branches Functional currency. Alternative methods for translating foreign entities' financial statements. Standards for translation established by the Financial Accounting Standards Board. Remeasurement of a foreign entity's accounting records. Illustration of remeasurement of a foreign entity's account balances. Translation of a foreign entity's financial statements. Other aspects of foreign currency translation. Appraisal of accounting standards for foreign currency translation.	813
Chapter 19 Segments; Interim Reports; Reporting for the SEC	849
Segment Reporting Background of segment reporting. Operations in different industries. Operations in foreign areas and export sales. Major customers. Presentation of segment information, operations in foreign areas, and related disclosures. SEC requirements for segment information. Reporting the disposal of a business segment.	849
Interim Financial Reports Problems in interim financial reports. APB Opinion No. 28. Reporting accounting changes in interim periods. Conclusions on interim financial reports.	863
Reporting for the SEC  Nature of reporting to the SEC. Organization and functions of the SEC. Interaction between SEC and FASB. Integration Project and other activities of SEC.	871
Appendix 1: Form 10-K for The Walt Disney Company	878
Appendix 2: Excerpts from Annual Report for The Walt Disney	905

Chapter 20	
Installment Sales; Consignments	933
Installment Sales Characteristics of installment sales. Realization of gross profit on installment sales. The installment method of accounting. Single sale of land on the installment plan. Retail sale of merchandise on the installment plan. Alternative computation of gross profit percentage. Defaults and repossessions. Other accounting issues relating to installment sales. Presentation of installment sales data in financial statements.	933
Consignments  The meaning of consignments. Distinguishing between a consignment and a sale. Rights and duties of the consignee.  The account sales. Accounting for consignees. Accounting for consignors. Separate measurement of gross profit. Accounting for consignor illustrated. Accounting for partial sale of consigned merchandise. Return of unsold merchandise by consignee. Advances from consignees. Nature of the consignment out ledger account.	950
Appendix: Compound Interest Tables	979
Table 1: Future Amount of 1	980
Table 2: Present Value of 1	983
Table 3: Future Amount of Ordinary Annuity of 1	986
Table 4: Present Value of Ordinary Annuity of 1	989
Index	993