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Course Information

Course Title: Business Combinations and Consolidations #363421

Number of continuing education credit hours recommended for this course:

CPA: 3 (All states)

In accordance with the standards of the National Registry of CPE Sponsors, CPE credits have been granted based on a 50-minute hour.

National Registry of CPE Sponsors ID Number: 107615 (accepted by all states).

Sponsor numbers for states requiring sponsor registration

Florida Division of Certified Public Accountancy: 4761 (Ethics #11467)

Hawaii Board of Accountancy: 14003

New York State Board of Accountancy (for ethics): 002146

Ohio State Board of Accountancy: M0021 (.51PSR for the ethics course)

Pennsylvania Board of Accountancy: PX 178025

Texas State Board of Accountancy: 009349

Course Description

The *Business Combinations and Consolidations* course describes the accounting for business combinations, including the identification of goodwill, reverse acquisitions, and disclosures. The course also notes how to account for a reduced investment in an investee using the equity method. The course goes on to discuss goodwill impairment, the consolidation of financial statements, and the steps involved in integrating accounting activities following a business combination.

Program Delivery Method: NASBA QAS Self-Study (interactive)

Subject Codes/Field of Study: Accounting

Course Level, Prerequisites, and Advance Preparation Requirements

Program level: Overview

Prerequisites: Basic familiarity with accounting practices.

Advance Preparation: None

Course Content

Publication/Revision date: 12/29/2020.

Author: Steven M. Bragg, CPA.

Final exam: Fifteen questions (multiple-choice).

Instructions for taking this course

Note: Download and save the PDF of this course to your computer to enable the search function (Menu: Edit>Find) and bookmarks (icon on left side of document window) for easier navigation.

In order to receive CPE credit for this course, you must complete the course within one year of the date of purchase. This includes achieving a passing grade of at least 70% on the final exam. Exams may be retaken if not passed on the first attempt (no charge).

Complete the course by following the learning assignments and objectives listed below and studying the review questions after each major section in the text. Once you have completed each learning assignment and you are confident that the learning objectives have been met, answer the final exam questions (online).

Instructions for Taking the Final Exam Online

- Login to your account online at www.bhfe.com.
- Go to "My Account" and view your course.
- Select "Take Exam" for this course and follow instructions.

Additional Information

- The exam may be started, stopped, then resumed at a later date.
- The exam is "open book," it is not timed, and it may be retaken if not passed on the first attempt (no charge).
- Results (correct, incorrect answers) and certificate appear immediately upon passing the exam.

Have a question? Call us at 800-588-7039 or email us at contact@bhfe.com.

Learning Objectives

- Identify the circumstances under which step and reverse acquisitions occur.
- Specify the calculations required to determine the amount of ownership in an investee under the equity method.
- Recognize the situations in which impairment testing is to be conducted, and when goodwill amortization can be used.
- Identify the situations in which a controlling financial interest cannot be determined, as well as the types of eliminations used when conducting a consolidation.
- Recognize when financial statements are considered to be special-use.
- Recognize the actions needed to centralize accounting activities following a business combination.

About the Author

Steven Bragg, CPA, has been the chief financial officer or controller of four companies, as well as a consulting manager at Ernst & Young. He received a master's degree in finance from Bentley College, an MBA from Babson College, and a Bachelor's degree in Economics from the University of Maine. He has been the two-time President of the Colorado Mountain Club, and is an avid alpine skier, mountain biker, and certified master diver. Mr. Bragg resides in Centennial, Colorado. He has written the following books:

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Preface

The typical accountant is well-versed in the accounting for daily operational transactions, but finds the accounting for business combinations and consolidations to be quite foreign. In some cases, they may out-source this work to experts, rather than taking the risk of making a mistake. The *Business Combinations and Consolidations* course is designed to improve the accountant's familiarity with the topic by addressing business combinations, the equity method, goodwill accounting, and consolidations. As a bonus, we have also included a discussion of the tasks needed to fully integrate the accounting operations of the acquirer and the acquiree.

You can find the answers to many questions about business combinations and consolidations in the following chapters, including:

- What steps are required to complete the acquisition method?
- Which intangible assets can be recognized as part of a business combination?
- How do I account for a bargain purchase?
- How do I account for an investment under the equity method?
- Under what circumstances can I amortize goodwill?
- What steps are involved in the consolidation of financial statements?
- When can I consolidate a variable interest entity?

This course is updated regularly to reflect changes in the accounting standards.

Centennial, Colorado
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