

Communications for Accounting
ACCT 351COM - Spring 2009

Individual Assignment I

Assignment Objectives

- To research accounting topics using the FARS and FASB Codification systems.
- To clearly communicate research findings.
- To document using paraphrasing, direct quotes, citations, and references.
- To write a topic sentence for each response and one more sentence(s) containing relevant, detailed information with proper documentation.

Research Questions

Morgan Hagopian, the engagement partner at your firm, has given you a research assignment. She wants to know how to treat the following accounting issues.

1. *If a company factors accounts receivables and wants to account for the transaction as a sale, what specific conditions must be met?*
2. *How should Scandia, Inc. report the following equipment on its financial statements? The equipment originally cost \$8 million; it has a current book value of \$4,050,000. The company has determined that its undiscounted future cash flows from the equipment are expected to amount to \$3.2 million. It has further been determined that the equipment could be sold for \$ 3.8 million.*
3. *WideWorld Campgrounds develops and sells campsites. It has recently purchased land in a section of Geyser National Park that was cleared for commercial development by the outgoing director of the National Park Service. WideWorld has developed an attractive sales brochure that shows a variety of proposed amenities available to the owners of the individual campsites. Part of the development will have a variety of recreational facilities, such as swimming pool, golf course, and skate-park. There will be laundry facilities and a clubhouse with a restaurant. Individual camp sites cost \$10,000. However, in view of the current economic situation, the sites are being marketed under the following terms: A down payment of \$500 and the remainder to be paid over a five year period. Interest of 9% on the remaining balance will also have to be paid. A recent weekend "seminar" in Las Vegas (two shows, free hotel and food in exchange for a two hour presentation of the project) attracted 500 potential customers. Seventy-five campsites were sold under the extended payment plan. How much revenue can WorldWide recognize?*
4. *Alpha operates a home shopping network through which customers can order products that are not normally available at commercial stores. One of the products is the Beta Juicer. The customer places the order by telephone. Alpha sends the order to Beta which, in turn, ships the juicer directly to the customer. The juicer sells for \$350 of which Alpha receives \$60 from Beta. Alpha is not responsible for customer complaints, maintaining the inventory, setting the price, or collecting from the customer. It has been customary for Alpha to report revenue of \$350 for each juicer sold with a corresponding cost of goods sold of \$290 (\$350 minus \$60). How should Alpha report the sales of juicers?*
5. *AlphaOmega Enterprises is a multinational conglomerate with operations across the globe. For the past two years, AlphaOmega has been developing an end-to-end enterprise accounting system that tracks all activity for the new commercial and consumer products that it produces. Total cost of the A2Z software system was \$15 million. Of this amount, \$8 million was spent before technological feasibility was established and \$500,000 was spent on training during system deployment. How should AlphaOmega account for this new software system developed for internal use?*

Use the FARS 2008 CD-ROM for researching questions 1 through 4. For question 5, use the FASB online Accounting Standards Codification (ASC). To access the codification project you will need to establish a free account with the FASB. Go to: <http://asc.fasb.org/login>

For a brief overview of the FASB Codification initiative, refer to:

<http://www.journalofaccountancy.com/Issues/2008/Dec/TestDrivingTheCodification>

http://www.aicpa.org/pubs/jofa/may2008/fasb_gaap.htm

Writing Assignment

Write a one-page memo that clearly and concisely answers the five research questions. Use direct quotes and paraphrasing to demonstrate that you understand proper documentation. Use direct quotes to answer research questions 3 and 5; use paraphrasing to answer research questions 1, 2, and 4. Also, use APA style for citations and references. References should be listed on a separate page.

Class: _____ Day _____ Time _____

**STUDENT PEER REVIEW FORM
INDIVIDUAL ASSIGNMENT I**

Writer's Name _____ Your Name _____

Has the author numbered the five responses to the research questions? (Do not repeat the research question.) Does each response begin with a topic sentence? Does the topic sentence include the research topic and the conclusion?

Do responses 3 and 5 have at least one direct quote from the accounting standards to explain the treatment? Are the quotes properly formatted and cited using APA style?

Do responses 1, 2, and 4 use only paraphrasing from the accounting standards to explain the treatment. Does the author use his/her own writing style to paraphrase? Is the information clear, concise, and adequate? Are the paraphrases properly cited using APA style?

Do the references appear on a single, separate page? Are the sources formatted in proper APA style? Is there a continuation-page heading in the left-hand corner? Is proper capitalization used for APA style?

Does the document maintain surface level correctness in terms of syntax, grammar, spelling, punctuation, word choice, and format (margins, spacing, and font)? Has proper memo format been used? (Follow the sample format on the course web page.) Is there a purpose paragraph that connects with the reader and goodwill closing?