

Accounting for Investments

Course Description

Companies have different motivations for investing in securities issued by other companies. One motivation is to earn a high rate of return. Another motivation for investing (in equity securities) is to secure certain operating or financing arrangements with another company. This course addresses the accounting and reporting requirements for investment securities and includes specific examples to illustrate the application. Key aspects of debt securities, such as classification, purchases, transfers, impairments, and presentation and disclosure, are addressed. The course also discusses how to account for equity securities and the impairment of investments. Finally, the course explains when to use the equity method and how to apply the equity method.

Completion Deadline & Exam: This course, including the examination, must be completed within one year of the date of purchase.

Course Level: Basic to Intermediate

CPE Credits: 4 (CPA)

Category: Accounting

Prerequisite: Basic Accounting

Advanced Preparation: None

Course Learning Objectives

Accounting for Investments

After completing this course, you should be able to:

1. Identify the characteristics of trading securities, available-for-sale securities, and held-to-maturity securities.
2. Recognize the proper accounting treatment for investments in debt securities.
3. Identify how purchases, sales, and changes in fair value of securities affect different accounts.
4. Recognize the accounting models that apply to credit impairment of debt securities.
5. Recognize the proper accounting treatment for investments in equity securities.
6. Identify the proper classification and disclosure for investments in securities.
7. Identify the requirements for when to use the equity method, how to apply the equity method, and what disclosures are necessary.