

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 for debt and equity investments and disclosure requirements. To provide useful information, companies account for investments based on the type of security (debt or equity) and their intent with respect to the investment. The course organizes the study of investments by type of security. Within each section, it explains how the accounting for investments in debt and equity securities varies according to management intent.

Completion Deadline & Exam: This course, including the examination, must be completed within one year of the date of purchase. In addition, unless otherwise indicated, no correct or incorrect feedback for any exam question will be provided.

Course Level: Basic to Intermediate

CPE Credits: 3 (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. Recognize the differences between trading securities, available-for-sale securities, and held-to-maturity securities.
2. Identify the three categories of debt securities and the accounting and reporting treatment for each category.
3. Properly identify how purchases, sales, and changes in fair value of securities affect accounts.
4. Recognize the proper classification and disclosure of investments in securities.
5. Determine when it is appropriate to use the equity method to account for investments in other companies.