PRINCIPLES OF ACCOUNTING II
ACC 2120

Class Hours: 3.0  Credit Hours: 3.0
Laboratory Hours: 0.0  Date Revised: Spring 02

Catalog Course Description:
A course which includes measuring cash flow, cost accounting systems, budgetary control and standard costing, cost and revenue relationships for management, management reports and special analysis, cash flow and financial statement analysis.

Entry Level Standards:
The student must be able to read and comprehend at the college level. The student must have a working knowledge of college-level algebra and business mathematics.

Prerequisites:
ACC 2110, computer literacy course

Textbook(s) and Other Reference Materials Basic to the Course:

Required:
2. Accounting paper, 2-column and 4-column
4. Diskettes with labels, 3 ½ inch, two (2).
5. Calculator - Programmable calculators (TI 85, etc.) may not be used on tests or quizzes in this course. In addition, no sharing of calculators will be allowed during tests or quizzes.

Recommended:
1. Study Guide to accompany text.

I. Week/Unit/Topic Basis:

<table>
<thead>
<tr>
<th>Week</th>
<th>Topic</th>
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<tbody>
<tr>
<td>1-2</td>
<td>Statement of Cash Flows (pp. 472 - 492)</td>
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<tr>
<td>3-4</td>
<td>Analyzing Financial Statements</td>
</tr>
<tr>
<td>5</td>
<td>Introduction to Management Accounting (pp. 1 - 8, 13 - 20)</td>
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<tr>
<td>6</td>
<td>Operating Costs and Cost Allocation (pp. 40 - 60, 65 - 66)</td>
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<tr>
<td>7</td>
<td>Costing Systems: Job Order Costing</td>
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</tbody>
</table>
II. Course Objectives*:

A. Understand the statement of cash flows. I
B. Develop a basic understanding of techniques used to analyze financial statements. I, II, III, V
C. Develop a basic understanding of accounting for manufacturing operations. I, III, V
D. Understand the use of cost accounting systems and techniques. I, III, V
E. Understand the effects that volume of activity has on costs and profits, as well as methods of determining and analyzing these effects. III, V
F. Develop an understanding of the master budget and how managers use budgets for planning purposes. II, III, V
G. Understand how accounting information is used to evaluate performance and make decisions. II, III, V
H. Exhibit basic spreadsheet skills on a personal computer. II, III, V

*Roman numerals after course objectives reference goals of the Computer Accounting program.

III. Instructional Processes*:

Students will:

1. Exhibit professional behavior by attending class regularly, arriving punctually with the appropriate materials, and being prepared for active class participation each day. Personal Development Outcome, Transitional Strategy
2. Use spreadsheet software on a personal computer. Technological Literacy Outcome, Information Literacy Outcome
3. Strengthen their analytical skills by using a variety of decision-making techniques to evaluate financial information. Problem Solving and Decision Making Outcome, Numerical Literacy Outcome, Transitional Strategy
4. Refine their reading skills and expand their vocabularies through completion of assigned readings. Communication Outcome, Active Learning Strategy
Strategies and outcomes listed after instructional processes reference Pellissippi State’s goals for strengthening general education knowledge and skills, connecting coursework to experiences beyond the classroom, and encouraging students to take active and responsible roles in the educational process.

IV. Expectations for Student Performance*:

Upon successful completion of this course, the student should be able to:

1. Describe the statement of cash flows, and define cash and cash equivalents. A
2. State the principal purposes and uses of the statement of cash flows. A
3. Identify the principal components of the classifications of cash flows, and state the significance of noncash investing and financing transactions. A
4. Use the indirect method to determine cash flows from operating activities. A
5. Determine cash flows from (a) investing activities and (b) financing activities. A
6. Use the indirect method to prepare a statement of cash flows. A
7. Describe the objectives of financial statement analysis. B
8. Describe the standards for financial statement analysis. B
9. State the sources of information for financial statement analysis. B
10. Apply horizontal analysis and vertical analysis to financial statements. B
11. Apply ratio analysis to financial statements with emphasis on evaluating liquidity, profitability, and long-term solvency. B
13. Explain the management cycle and its connection to management accounting. C
14. Identify the important questions a manager must consider before requesting or preparing a management report. C
15. Compare accounting for inventories and cost of goods sold in merchandising and manufacturing organizations. C
16. Identify various approaches managers use to classify costs. C
17. Identify the standards of ethical conduct for management accountants. C
18. State how managers use operating cost information and product costs in the management cycle. C
19. Define and give examples of the three elements of product cost and compute a product's unit cost for a manufacturing organization. C
20. Describe the flow of product-related activities, documents, and costs through the Materials Inventory, Work in Process Inventory, and Finished Goods Inventory accounts. C
21. Prepare a statement of cost of goods manufactured and an income statement for a
manufacturing organization.

22. Define cost allocation and explain the process of manufacturing overhead allocation using cost objects, cost pools, and cost drivers.

23. Calculate product unit cost using the traditional allocation of manufacturing overhead costs.

24. Determine overapplied or underapplied overhead and describe its disposition at the end of the year.

25. Apply costing concepts to a service organization.

26. Discuss the role costing information plays in the management cycle and explain why product unit cost is important.

27. Distinguish between the different types of product costing systems and identify the information each provides.

28. Explain the cost flow in a job order costing system for a manufacturing company.

29. Prepare a job order cost card and compute a job order's product unit cost.

30. Apply job order costing to a service organization.

31. Describe the process costing system, discuss its role in the management cycle, and identify the reasons for its use.

32. Relate the patterns of product flows in a process costing environment to the process cost flow approaches.

33. Explain the role of the Work in Process inventory account(s) in a process costing system.

34. Prepare a process cost report: (a) Use a schedule of equivalent production to compute equivalent units of production, (b) use a unit cost analysis schedule to compute product unit cost for a specific time period, and (c) complete a cost summary schedule that assigns costs to units completed and transferred out during the period, and compute the ending balance in the Work in Process Inventory account.

35. Evaluate operating performance using product costing information.

36. Define cost behavior and explain how managers make use of this concept in the management cycle.

37. Identify specific types of variable and fixed cost behavior, and define and discuss the relationships of operating capacity and relevant range to cost behavior.

38. Define mixed cost, and use the high-low method to separate the variable and fixed components of a mixed cost.

39. Define cost-volume-profit analysis and discuss how managers use this analysis.

40. Compute a breakeven point in units of output and in sales dollars.

41. Define contribution margin and use the concept to determine a company's breakeven point for a single product.
42. Apply cost-volume-profit analysis to estimated levels of future sales and to changes in costs and selling prices. E
43. Apply cost-volume-profit analysis to a service business. E
44. Define budgeting and explain its role in the management cycle. F
45. Explain the basic principles of budgeting. F
46. Describe the master budget process for different types of organizations, and list the guidelines for preparing budgets. F
47. Prepare the following operating budgets for a manufacturing firm: sales budget, production budget, direct materials budget, direct labor budget, manufacturing overhead budget, and selling and administrative expense budget. F
48. Prepare a cash budget. F
49. Define standard costs and describe how managers use standard costs in the management cycle. G
50. State the purposes for using standard costs. G
51. Identify the six elements of a standard unit cost. G
52. Describe how to control costs through variance analysis. G
53. Compute and analyze direct materials variances. G
54. Compute and analyze direct labor variances. G
55. Define and prepare a flexible budget. G
56. Compute and analyze manufacturing overhead variances. G
57. Explain how variances are used to evaluate managers' performance. G
58. Discuss the role of cost information in short-run decision analysis and the management cycle. G
59. Identify the steps in the management decision cycle and discuss the role of relevant decision information and incremental analysis in short-run decision analysis. G
60. Prepare decision analyses in a manufacturing organization for (a) outsourcing and (b) special order decisions. G
61. Open Excel software, create or open a spreadsheet, and print and save a spreadsheet. H
62. Enter data in a spreadsheet, edit data, and properly format data in a spreadsheet. H
63. Use formulas and functions in a spreadsheet. H
*Letters after performance expectations reference the course objectives listed above.

V. Evaluation:

A. Testing Procedures:

The instructor's policy on exams, quizzes, homework, attendance, and grades will be provided in a supplement to the course syllabus. A minimum of four major exams is recommended.

B. Laboratory Expectations:

Computer based homework problems will be introduced in class sessions held in the computer lab. The student is expected to complete these assignments as specified by the instructor.

C. Field Work:

N/A

D. Other Evaluation Methods:

This information, if applicable, will be provided by the instructor in full detail during the first week of class via syllabus supplement.

E. Grading Scale:

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<tr>
<th>Score Range</th>
<th>Grade</th>
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<tbody>
<tr>
<td>92 - 100</td>
<td>A</td>
</tr>
<tr>
<td>89 - 91</td>
<td>B+</td>
</tr>
<tr>
<td>82 - 88</td>
<td>B</td>
</tr>
<tr>
<td>79 - 81</td>
<td>C+</td>
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<tr>
<td>72 - 78</td>
<td>C</td>
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<tr>
<td>65 - 71</td>
<td>D</td>
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<tr>
<td>Below 65</td>
<td>F</td>
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VI. Policies:

Attendance Policy:

Pellissippi State Technical Community College expects students to attend all scheduled instructional activities. As a minimum, students in all courses must be present for at least 75 percent of their scheduled class and laboratory meetings in order to receive credit for the course. Under the above policy, the maximum number of absences is twelve for a MWF class, eight for a TR class, and four for an evening class.

Academic Dishonesty:

Plagiarism, cheating, and other forms of academic dishonesty are prohibited. Students guilty of academic misconduct, either directly or indirectly through participation or assistance, are immediately responsible to the instructor of the class. In addition to other possible disciplinary sanctions that may be imposed through the regular Pellissippi State procedures as a result of academic misconduct, the instructor has the authority to assign an F or a zero for the exercise or examination or to assign an F in the course.