PRINCIPLES OF ACCOUNTING II
ACC 2120

Class Hours: 3.0  Credit Hours: 3.0
Laboratory Hours: 0.0  Revised: Spring 05

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 Course Materials:

Required:
2. Accounting paper, 2-column and 4-column
4. IBM formatted 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</td>
<td>Bond Basics</td>
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<tr>
<td>2-3</td>
<td>The Statement of Cash Flows</td>
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<td>4</td>
<td>Financial Statement Analysis</td>
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<td>5</td>
<td>Managerial Accounting</td>
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<td>6</td>
<td>Job Order Cost Accounting</td>
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<tr>
<td>7-8</td>
<td>Ch. 1, 2, 3 – Excel 2002/Computer Applications</td>
</tr>
</tbody>
</table>
9 Process Cost Accounting
10 Cost-Volume-Profit Analysis
11 Budgetary Planning
12 Budgetary Control and Responsibility Accounting
13 Performance Evaluation Through Standard Costs
14 Incremental Analysis and Capital Budgeting
15 Final Exam

II. Course Objectives*:

A. Understand debt financing through the issuance of bonds payable. I
B. Understand the statement of cash flows. I
C. Develop a basic understanding of techniques used to analyze financial statements. I, II, III, V
D. Develop a basic understanding of accounting for manufacturing operations. I, III, V
E. Understand the use of cost accounting systems and techniques. I, III, V
F. Understand the effects that volume of activity has on costs and profits, as well as methods of determining and analyzing these effects. III, V
G. Develop an understanding of the master budget and how managers use budgets for planning purposes. II, III, V
H. Understand how accounting information is used to evaluate performance and make decisions. II, III, V
I. 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 bonds and why they are used for debt financing.  
2. Understand the sale of bonds at face value, a discount, and a premium.  
3. Record the issuance of bonds of at face value, at a discount, and at a premium.  
4. Record bond interest expense and premium or discount amortization.  
5. Show the balance sheet presentation of bonds issuances.  
6. Describe the statement of cash flows, and define cash and cash equivalents.  
7. State the principal purposes and uses of the statement of cash flows.  
8. Identify the principal components of the classifications of cash flows, and state the significance of noncash investing and financing transactions.  
9. Use the indirect method to determine cash flows from operating activities.  
10. Determine cash flows from (a) investing activities and (b) financing activities.  
11. Use the indirect method to prepare a statement of cash flows.  
12. Calculate, and explain, ratios relevant to the statement of cash flows.  
13. Describe the objectives of financial statement analysis.  
14. Describe the standards for financial statement analysis.  
15. State the sources of information for financial statement analysis.  
16. Apply horizontal analysis and vertical analysis to financial statements.  
17. Apply ratio analysis to financial statements with emphasis on evaluating liquidity, profitability, and long-term solvency.  
19. Identify the important questions a manager must consider before requesting or preparing a management report.  
20. Classify manufacturing costs as direct materials, direct labor, or manufacturing overhead.  
21. Explain the difference between period and product costs.  
22. Compare accounting for inventories and cost of goods sold in merchandising and manufacturing organizations.  

23. Prepare a statement of cost of goods manufactured and an income statement for a manufacturing organization. D

24. Identify the similarities and differences between a job order and a process cost accounting system. E

25. Describe the flow of product-related activities, documents, and costs through the Materials Inventory, Work in Process Inventory, and Finished Goods Inventory accounts in a job order cost system. E

26. Prepare journal entries in a job order cost accounting system. E

27. Explain the importance of a job order cost sheet. E

28. Allocate overhead to the production process. E

29. Calculate a predetermined overhead rate. E

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

31. Describe the process costing system and identify the reasons for its use. E

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

33. Prepare a production cost report: (a) compute the physical unit flow, (b) compute equivalent units of production, (c) compute unit production costs, and (d) prepare a cost reconciliation schedule. E

34. Define cost behavior. F

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

36. Define mixed cost, and use the high-low method to separate a mixed cost into its variable and fixed components. F

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

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

39. Define contribution margin and use the concept to determine a company’s breakeven point for a single product. F

40. Define and calculate the margin of safety and the margin of safety ratio. F

41. Calculate a breakeven point in units of output and in sales dollars factoring in an income objective, or target net income. F

42. Apply cost-volume-profit analysis to estimated levels of future sales and to changes in costs and selling prices. F

43. Apply cost-volume-profit analysis to a service business. F

44. Define budgeting and explain its role in the management cycle. G
45. Explain the basic principles of budgeting. G

46. Describe the master budget process for different types of organizations, and list the guidelines for preparing budgets. G

47. Prepare the following operating budgets for a manufacturing firm: sales budget, production budget, direct materials budget and direct labor budget. G

48. Explain the types of costs reported on a manufacturing overhead budget and selling and administrative expense budget. G

49. Prepare a cash budget. G

50. Define and prepare a flexible budget. G

51. Define standard costs and describe how managers use standard costs in the management cycle. H

52. State the purposes for using standard costs. H

53. Identify the six elements of a standard unit cost. H

54. Describe how to control costs through variance analysis. H

55. Compute and analyze direct materials variances. H

56. Compute and analyze direct labor variances. H

57. Compute and analyze manufacturing overhead variances. H

58. Explain how variances are used to evaluate managers’ performance. H

59. Discuss the role of cost information in short-run decision analysis and the management cycle. H

60. Identify the steps in the management decision cycle and discuss the role of relevant decision information and incremental analysis in short-run decision analysis. H

61. Prepare decision analyses in a manufacturing organization for (a) make or buy and (b) special order decisions. H

62. Open Excel software, create or open a spreadsheet, and print and save a spreadsheet. I

63. Enter data in a spreadsheet, edit data, and properly format data in a spreadsheet. I

64. Use formulas and functions in a spreadsheet. I

*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. Four major exams are 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:

<table>
<thead>
<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>
</tr>
<tr>
<td>72 - 78</td>
<td>C</td>
</tr>
<tr>
<td>65 - 71</td>
<td>D</td>
</tr>
<tr>
<td>Below 65</td>
<td>F</td>
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VI. Policies:

A. 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. [NOTE: No differentiation is noted for excused/unexcused absences. These will be treated as an absence.] (Pellissippi State, 2004-2006 Catalog, page 83)

B. 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 which 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. (Pellissippi State, 2004-2006 Catalog, pages 62-63)

C. Accommodations for disabilities:

If you need accommodation because of a disability, if you have emergency medical information to share, or if you need special arrangements in case the building must be evacuated, please inform the instructor immediately. Privately after class or in the instructor's office.

To request accommodations students must register with Services for Students with Disabilities: Goins 127 or 131, Phone: (865) 539-7153 or (865) 694-6751 Voice/TDD.

D. Other Policies:

Computer Usage Guidelines:

College-owned or -operated computing resources are provided for use by students of Pellissippi State. All students are responsible for the usage of Pellissippi State’s computing
resources in an effective, efficient, ethical and lawful manner. (Pellissippi State, 2004-2006 Catalog, pages 67-70)