

**I. CATALOG DESCRIPTION:**

- A. Department Information:  
Division: Business & Information Technology  
Department: Accounting  
Course ID: ACCT 201  
Course Title: Principles of Accounting II  
Units: 4  
Lecture: 4 Hours  
Laboratory: None  
Prerequisite: ACCT 200 or ACCT 100 and ACCT 101
- B. Catalog Description:  
Examination of the basic principles and practices of financial and managerial accounting relevant to partnerships and corporations. Application of these concepts in the fields of cost; income tax; department and branch accounting; income projections and decision making; and financial statement preparation and analysis.
- C. Schedule Description:  
Examination of the basic principles and practices of financial and managerial accounting relevant to partnerships and corporation and the application of these concepts.

**II. NUMBER OF TIMES COURSE MAY BE TAKEN FOR CREDIT: One**

**III. EXPECTED OUTCOME FOR STUDENTS:**

Upon completion of the course the student should be able to:

- A. Explain a current liability and identify the major types of current and other liabilities;
- B. Identify the requirements for the financial statement presentation and analysis of current liabilities;
- C. Explain why bonds are issued and identify the types of bonds;
- D. Prepare the entries for the issuance of bonds and interest expense;
- E. Identify the requirements for the financial statement presentation and analysis of long-term liabilities;
- F. Distinguish among operating, investing, and financing activities;
- G. Prepare a statement of cash flows using one of two approaches: (a) the indirect method or (b) the direct method;
- H. Use the statement of cash flows to evaluate a company;
- I. Explain the accounting for debt investments and stock investment;
- J. Indicate how debt and stock investments are valued and reported in the financial statements;
- K. Discuss the need for comparative analysis and identify the tools of financial statement analysis;
- L. Explain and apply horizontal and vertical analysis
- M. Identify and compute ratios and describe their purpose and use in analyzing a firm's liquidity, solvency, and profitability;
- N. Discuss the limitations of financial statement analysis;
- O. Explain the difference between a merchandising and a manufacturing income statement and balance sheet;
- P. Indicate how cost of goods manufactured is determined;
- Q. Describe the flow of costs in a job order cost accounting system;
- R. Prepare entries for jobs completed and sold;
- S. Distinguish between variable and fixed costs and explain the meaning and importance of the relevant range and mixed costs;
- T. Indicate the meaning of contribution margin and the ways it may be expressed and

- identify the three ways that the break-even point may be determined;
- U. Give the formulas for determining sales required to earn target net income;
- V. Explain the difference between absorption costing and variable costing;
- W. State the essentials of effective budgeting and identify the budgets that comprise the master budget;
- X. Describe the sources for preparing the budgeted income statement;
- Y. Evaluate the usefulness of static budget reports;
- Z. Explain the development of flexible budgets and the usefulness of flexible budget reports.

**IV. CONTENT:**

- A. Current Liabilities
  - 1. Types of Current Liabilities
  - 2. Financial Statement Presentation and Analysis
- B. Long-Term Liabilities
  - 1. Bond basics
  - 2. Accounting for Bond Issues
  - 3. Accounting for Bond Retirements
  - 4. Financial Statement Presentation and Analysis
  - 5. Other Issues in Analysis
- C. Dividends
- D. Retained Earnings Restrictions
- E. Stockholders' Equity Presentation
- F. Measuring Corporate Performance
- G. Reporting and Analyzing Investments
  - 1. Why Corporations Invest
  - 2. Accounting for Debt Investments
  - 3. Accounting for Stock Investments
  - 4. Valuation and Reporting of Investments
- H. Statement of Cash Flows
  - 1. The Statement of Cash Flows: Purpose and Format
  - 2. Statement of Cash Flows-Indirect Method
    - a) First Year of Operations-1997
    - b) Second Year of Operations-1998
    - c) Summary of Conversion to Net Cash Provided by Operating Activities-Indirect Method
  - 3. Statement of Cash Flows-Direct Method
    - a) First Year of Operations-1997
    - b) Second Year of Operations-1998
    - c) Using Cash Flows to Evaluate a Company
- I. Financial Analysis: The Big Picture
  - 1. Earning Power and Irregular Items
  - 2. Comparative Analysis
  - 3. Ratio Analysis
  - 4. Limitations of Financial Analysis
- J. Managerial Accounting Basics
- K. Managerial Cost Concepts
- L. Manufacturing Costs In Financial Statements
- M. Contemporary Developments in Managerial Accounting
- N. Job Order Cost Accounting
  - 1. Cost Accounting Systems
  - 2. Job Order Cost Flow
  - 3. Reporting Job Cost Data
  - 4. Under- or Over applied Manufacturing Overhead
- O. Cost-Volume-Profit Relationships
  - 1. Cost Behavior Analysis

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2. Cost-Volume-Profit Analysis
3. Variable Costing
- P. Budgetary Planning
  1. Budgeting Basics
  2. Preparing the Operating Budgets
  3. Preparing the Financial Budgets
  4. Budgeting in Nonmanufacturing Companies
- Q. Budgetary Control and Responsibility Accounting
  1. The Concept of Budgetary Control
  2. Static Budget Reports
  3. Flexible Budgets
  4. The Concept of Responsibility Accounting
  5. Types of Responsibility Centers

**V. METHODS OF INSTRUCTION:**

- A. Lecture
- B. Demonstration - with overhead or blackboard
- C. Discussion
- D. Groupwork
- E. Research project (Written)
- F. Video
- G. Tutors
- H. Applications
- I. Homework

**VI. TYPICAL ASSIGNMENTS:**

- A. Reading, writing, problem solving
  1. Read lesson and answer questions.
  2. Complete Brief Exercises.
  3. Complete Exercise. Prepare the operating activity section-indirect method.
  4. Complete Comparative Analysis.

**VII. EVALUATION(S):**

- A. Methods of Evaluation
  1. Students are evaluated on their ability to apply course concepts to what they read.
  2. Quizzes and examinations
  3. Group presentations
  4. Research project
  5. Objective and subjective examinations. Typical questions include:  
Sample Test Questions
    - a) Multiple Choice  
Sweeney Company had inventory of \$220,000 and \$180,000 on December 31, 1999, respectively. Cost of goods sold for 1999 was \$1,460,000. average days in inventory is approximately  
\_\_50.0.  
\_\_7.3.  
\_\_45.1.  
\_\_8.1.
    - b) Written Answer  
Prepare a statement of cash flows for 1999 using the indirect method.  
Calculate each of the following for 1999:  
Current cash debt coverage ratio  
Cash return on sales ratio  
Cash debt coverage ratio

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Explain why it is necessary to convert accrual-based net income to cash-basis income when preparing a statement of cash flow.

- B. Frequency of Evaluation
  - 1. Weekly homework assignments
  - 2. Final examination

**VIII. TYPICAL TEXT(S):**

Albrecht, W. Steve and Stice, Earl K. and Stice, James D. and Skousen, K. Fred. Financial Accounting: Tools. New York: John Wiley and Sons, Inc., 2000.

McQuaig, Daniel and Bille, Patricia. College Accounting, Boston: Houghton-Mifflin Company, 2000.

Albrecht, W. Steve and Skausen, K. Fred and Stice, James D. and Swain, Marte R. Management Accounting, Cincinnati: South-Western Publishing, 2000.

Weygandt, Kieso, Kimmel. Accounting Principles, Custom Edition, New York John Wiley and Sons, Inc., 2000.

**IX. OTHER SUPPLIES REQUIRED OF STUDENTS:**

- A. Calculator
- B. Software
- C. Working papers
- D. Red Pencil
- E. 6-8 Scantrons (The small 50 questions per side type.)