



The University of Akron
George W. Daverio School of Accountancy
College of Business Administration

Accounting Principles II – 6200:202 Fall, 2014

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REQUIRED TEXT AND CLASS NOTES: *Accounting Principles II 6200:202*; ISBN 978-0-07-759264-6 which is available at the UA bookstores. (This is a UA customized version of *Managerial Accounting*, 15th Edition, Garrison, Noreen and Brewer; McGraw Hill; ISBN 978-0-07-811100-6.) Power point class notes which will be used for class discussions are available in Springboard.

MISSION STATEMENT OF THE DAVERIO SCHOOL OF ACCOUNTANCY: The George W. Daverio School of Accountancy provides students with the educational background to become competent and responsible accounting professionals. With a rich history of (i) accounting education that serves both traditional and non-traditional students and (ii) close relationships with the professional community in Northern Ohio, we emphasize undergraduate and master-level education with an applied focus. The School offers a Bachelor of Science degree in Accountancy, a Master of Science in Accountancy, and a Master of Taxation. The School stresses a learning environment that places primary importance on student success through effective teaching, complemented by faculty scholarship, interaction with the professional community, and service.

STATEMENT OF COURSE OBJECTIVES: Managerial accounting focuses on the type of information needed within the organization to make decisions. This information can be expressed as either dollars and cents or physical counts. Therefore, the objective of this course is to familiarize you with the requisite technical skills for problem solving; for example, determining unit product costs, budgeting, performance reporting, allocating resources efficiently within the firm, and maximizing profits while maintaining the ability to meet long-term goals. The techniques in this course can be practiced in almost all business endeavors. Please see the attached list of Course Learning Objectives outlined for each chapter covered in this course.

BULLETIN DESCRIPTION: Prerequisite: Financial Accounting 6200:201. Information needs of management. Study of product costing systems, standard costs, planning, budgeting, and control systems; activity-based costing and activity-based management; cost-volume profit analysis; relevant costing; and capital budgeting.

COVERAGE OF INTERNATIONAL ACCOUNTING: Comparison of international accounting methods will be discussed when relevant to specific topics covered in the course.

COVERAGE OF ETHICS IN THIS COURSE: The importance of personal competence, professional judgment, and ethical behavior of accounting professionals and business people will be discussed throughout the course. The subject of adequate disclosure will be explained along with the codes of

professional conduct of the American Institute of Certified Public Accountants and the Institute of Management Accountants.

SPRINGBOARD INFORMATION: The address for Springboard is <http://springboard.uakron.edu/index.asp>. Grades, supplemental materials, announcements and power point slides for each chapter will be posted. You should print the power point slides for use in note taking in class as we discuss each chapter. Please check this site frequently for any announcements, etc.

ATTENDANCE POLICY: Attendance is mandatory for this course and will be taken during each class. Students who regularly attend classes, participate in class discussions, and do the exercises and problems assigned learn more and receive better grades. About 10% of your total points will be from the class attendance.

DETERMINATION OF GRADES: Grades will be determined by calculating the percentage of the student's accumulated points to the total points available. Total points available in this course will be as follows: (subject to change, if necessary):

3 Mid-term Exams (90 minutes each)	300	59%
Comprehensive Final Exam (115 minutes)	140	27%
Project	20	4%
Attendance	<u>50</u>	<u>10%</u>
TOTAL	510	100%

Final grades will be assigned according to the University Grading Scale as follows:

A	93-100
A-	90-92
B+	87-89
B	83-86
B-	80-82
C+	77-79
C	73-76
C-	70-72
D+	67-69
D	63-66
D-	60-62
F	below 60

EXAMS: We will have three mid-term examinations during the semester as well as a comprehensive common final exam. Three examinations will be of equal weight and will consist of 40 multiple-choice questions. The final examination is worth 140 points or 27% of your grade with 50 multiple choice questions.

All mid-term exams will be administered at the Assessment Center, which is located in Schrank Hall North 152, (phone: 330-972-6511 or email testing@uakron.edu). The exam will be available on a first-come, first-serve walk-in basis during the lab hours of the designated exam dates on the syllabus. You will have a 2-day time period during which you may take each exam. It is your responsibility to take the exam during this time period.

Students may not keep their exams. The School of Accountancy's policy regarding exams is: "Exams may not be removed from the classroom by students. All exams must be returned to the instructor after they have been graded and discussed." Exams will be held by the instructor for two weeks after the end of the semester after which time they will be destroyed.

MAKEUP EXAMS: There will be a 20% penalty for all makeup exams. (School of Accountancy's policy for Accounting Principles I and II.) The instructor **must** be notified in advance of the reason for the absence unless there are unusual circumstances preventing notification. No exceptions to this rule.

PICTURE ID REQUIREMENT: During examinations, students may be asked to display their University of Akron picture IDs by placing them on their desks.

CALCULATORS AND ELECTRONIC DEVICES: Approved calculators will be permitted during examinations, which are closed-book exams. Electronic audio or video devices and cell phones are not permitted during the taking of exams or during exam reviews. No cell phones may be used as calculators during exams.

STUDENTS' RESPONSIBILITY FOR CLASS PARTICIPATION AND ADVANCE

PREPARATION: Each student is responsible for reading the assigned material and for doing the homework assignments on time. A useful rule of thumb is to devote two or three hours of preparation time for each hour of class time. You should be prepared to discuss reading assignments and exercises/problems, answer questions, and participate in class activities.

HOMEWORK: Successful students generally complete homework assignments. Reading the chapter introduces you to the concepts and principles; doing homework assignments reinforces your knowledge of the subject. Specific homework assignments for each chapter are outlined on the attached list under "In-class **Exercises/Problems.**" Most of exercises and problems assigned will be covered in class and will not be collected for grading. However, you must make a good faith effort to complete them as much as you can prior to each class. You may want to pick a "study buddy" and try to work problems together. Answers to "Self-study **Questions**" for each chapter are provided in Springboard for your study.

Connect LearnSmart (Flash cards) and Exercises/Problems are optional. The link to Connect will be provided later when it becomes available.

SYLLABUS: Please utilize the syllabus as a guide. Do understand that the syllabus is subject to change. It is your responsibility to keep posted on syllabus changes that will be announced in class.

ACADEMIC DISHONESTY: Any form of cheating on examinations, projects, or other assignments will result in an F (0 points) for that examination or assignment.

INCOMPLETES: At the discretion of the instructor, a student may receive an "I" (Incomplete) grade if he/she has completed substantially all of the course and is unable, for an exceptionally extraordinary reason that is supported by appropriate evidence in writing, to complete some of the course requirements. A student who receives an "I" grade in this course must complete the remaining requirements by the end of the following semester. This means that an "I" grade that is not changed by the end of the following semester becomes a permanent "F".

WITHDRAWALS: Students who withdraw from this class must do so officially; otherwise, they will receive an "F" for the course.

DISABILITIES: Any student who feels he/she may need an accommodation based on the impact of a disability should contact the Office of Accessibility at 330-972-7928. The office is located in Simmons Hall, Room 105.

CELL PHONE USAGE: Use of cell phones and lap top computers in the classroom is not allowed. (Exception if you are using an eBook for the course). Cell phones should be turned off or muted.
NO TEXT MESSAGING DURING CLASS. Video taping and picture taking of this class will not be allowed unless the student has received prior written permission from the instructor.
Failure to adhere to these rules may result in reduction of your final grade in the course.

CLASS ASSIGNMENT SCHEDULE

Date	Chapter	Title and Coverage	Self-study Questions Required	In-class Exercises/ Problems Required	Connect Exercises/ Problems Optional
8/25	1	Managerial Accounting: An Overview Omit: <ul style="list-style-type: none"> Appendix on Corporate Governance (pp. 23 – 25) 	1, 3, 5, 9, 12, 14, 15		
8/27 9/3	2	Managerial Accounting and Cost Concepts Omit: <ul style="list-style-type: none"> Least Squares Regression Method (pp. 42 – 44) Appendix 2A: Least Squares Regression Computations (pp. 67 – 72) Appendix 2B: Cost of Quality (pp. 73 – 82) 	2, 3, 5, 6, 9, 10, 12, 14, 16	1, 2, 3, 5, 10, 18 Do Review Problems 1 & 2.	4, 6, 7, 14, 25
9/8 9/10 9/15	3	Job-Order Costing Omit: <ul style="list-style-type: none"> Allocating Overhead between accounts (pp. 106-7). Start again on page 107 with “General Model of Product Cost Flows.” Appendix 3A: Activity-Based Absorption Costing (pp. 130 – 138) Appendix 3B: The Predetermined Overhead Rate and Capacity (pp. 138 – 143) 	2, 3, 4, 5, 8, 9, 11	1, 2, 3, 6, 7, 10, 12, 13, 18, 19, 23, 25 Do Review Problem.	4, 11, 14, 15, 22, 26 (parts 1-3)
9/17	Exam 1	Chapters 1, 2, & 3.			
9/22 9/24	5	Cost-Volume-Profit Relationships	1, 3, 4, 5, 6, 7, 9	1, 2, 3, 4, 7, 8, 9, 10, 11, 12, 14, 25, 28 Do Review Problem.	5, 17, 18, 23, 26, 29
9/29 10/01	7	Activity-Based Costing: A Tool to Aid Decision Making Omit: <ul style="list-style-type: none"> Appendix 7A: ABC Action Analysis (pp. 331 – 341) 	1, 4, 5, 6, 8	1, 5, 18 Do Review Problem.	2, 3, 4, 7, 8, 16
10/6 10/8	8	Master Budgeting	1, 2, 4, 6, 9, 10	1, 2, 3, 4, 5, 6, 22, 27	14, 15, 16, 19 (show

10/13				(show cash budget; balance sheet; income statement) <i>Do Review Problem.</i>	class part 3), 25, 28
10/15	Exam 2	Chapters 5, 7, & 8.			
10/20 10/22 10/27	10	Standard Costs and Variances Omit: <ul style="list-style-type: none"> Appendix 10A: Predetermined Overhead Rates ... (pp. 459 – 471) Appendix 10B: Journal Entries to Record Variances (pp. 471 – 476) 	1, 2, 3, 4, 5, 8, 9	1, 2, 3, 6, 7, 11 <i>Do Review Problem.</i>	4, 8, 9, 12, 13, 15
10/29 11/3	11	Performance Measurement in Decentralized Organizations Omit: <ul style="list-style-type: none"> Appendix 11A: Transfer Pricing (pp. 512 – 524) Appendix 11B: Service Department Charges (pp. 524 – 530) 	1, 3, 4, 5, 6, 7, 8, 10	1, 2, 3, 5, 7, 13, 15, 20 <i>Do Review Problem.</i>	6, 9, 11, 12, 14, 18
11/5 11/10 11/12	12	Differential Analysis: The Key to Decision Making Omit: <ul style="list-style-type: none"> Managing Constraints to the end of the chapter (pp. 550 – 555) 	1, 2, 3, 5, 6, 8, 9	2, 3, 4, 5, 9, 14, 21, 28 <i>Do Review Problem.</i>	1, 8, 11, 15, 18, 22
11/17	Exam 3	Chapters 10, 11, 12.			
11/19 11/24 11/26	13	Capital Budgeting Decisions Omit: <ul style="list-style-type: none"> Appendix 13C: Income Taxes in Capital Budgeting Decisions (pp. 631 – 638) (No class on 11/27 due to Thanksgiving Holiday)	1, 2, 3, 4, 5, 6, 9, 10, 11, 12, 13, 14, 15	1, 2, 3, 4, 5, 6, 7 <i>Do Review Problem.</i>	
12/1	Final exam review				
12/11	Final Exam	Comprehensive. in the same class room.			

6200:202 – Accounting Principles II
Course Learning Objectives
Managerial Accounting (15th edition)
Garrison, Noreen, and Brewer

Managerial Accounting

- Describe the differences between financial and managerial accounting
- Explain and provide examples to the three pillars (planning, controlling, decision making) of managerial accounting
- Discuss the role of ethics in business and the approach used by managerial accountants
- Briefly discuss what is necessary for a firm to be successful long-term (pp. 11 – 18)

Cost Concepts

- Identify and provide an example of each of the three basic manufacturing cost categories (direct material, direct labor, manufacturing overhead)
- Understand what is meant by direct and indirect cost – provide an example of cost that would be considered both direct and indirect
- Explain the difference between period and product costs and provide an example of each
- Describe the difference between variable costs, fixed costs, and mixed costs – be able to graph each type of cost
- Explain what is meant by the term relevant range
- Graph and compute the variable cost and fixed cost using the high-low method
- Be able to distinguish between a traditional format income statement and a contribution format income statement
- Be able to define and provide examples for differential cost, opportunity cost, and sunk cost

Job-Order Costing

- Identify and provide an example of how the costs that are included in absorption costing
- Compute a predetermined overhead rate
- Apply overhead using a predetermined overhead rate
- Compute total cost and average cost/unit of a job
- Prepare journal entries to document the flow of costs in a job-order costing system
- Compute under- or over-applied overhead cost and close to cost of goods sold
- Compute a cost of goods manufactured (COGM) and a cost of goods sold (COGS)

Cost-Volume-Profit Relationships

- Be able to explain and use the profit equation showing how various levels of activity affect the profit
- Prepare and interpret a CVP graph and a profit graph
- Compute the contribution margin ratio and use it to determine profit
- Determine the level of sales needed to achieve a desired target profit
- Compute a breakeven point
- Compute the margin of safety and explain its significance
- Compute the operating leverage and explain how it can be used to predict changes in net operating income

Activity-Based Costing

- Understand how ABC is similar to and differs from traditional costing
- Develop cost pools using first stage allocation
- Compute activity rates for cost pools
- Assign costs to a cost object – second stage cost allocation
- Be able to compute product and customer margins

- Explain what is meant by undercosting and overcosting a product
- Understand the limitations of ABC

Master Budgeting

- List the advantages of budgeting
- Explain the importance of participative (self-imposed) budget
- Prepare a sales budget and a schedule of cash collections
- Prepare a production budget
- Prepare a direct material budget and a schedule of cash disbursements for purchasing the material
- Prepare a direct labor budget
- Prepare a manufacturing overhead budget
- Prepare a selling and administrative expense budget
- Understand the information available in a cash budget
- Be able to use the income statement and balance sheet to make decisions for the firm

Standard Costs and Variances

- Explain what is meant by the term standard cost
- Discuss the term variance and how it relates to standard cost
- Compare and contrast ideal and practical standards (found in footnote 1)
- Know how standards are developed
- Compute direct material price and quantity variances
- Compute direct labor rate and efficiency variances
- Compute variable overhead spending and efficiency variances
- Provide possible explanations for the direct materials, direct labor, and variable overhead variances

Responsibility Accounting

- Explain the term responsibility accounting and the role of cost centers, profit centers, and investment centers
- Compute the return on investment and show how changes in sales, expenses and assets affect the return on investment
- Compute residual income and understand its strengths and weaknesses
- Discuss the importance of nonfinancial measures and how this is achieved with delivery cycle time, throughput time, and manufacturing cycle efficiency
- Describe the balanced scorecard and explain how it can be used by all employees of a company

Short Term Decision Making

- Describe when a cost or benefit is considered relevant or irrelevant when making a decision
- Explain what an avoidable cost is and how it is relevant to making a decision
- Explain the role of sunk costs and future costs in decision making
- Be able to identify relevant costs when deciding between two options
- Analyze relevant costs using a differential analysis
- Analyze whether a product line or business segment should be added or dropped
- Prepare a make or buy analysis
- Prepare an analysis showing whether a special order should be accepted
- Determine the most profitable use of a constrained resource

Capital Budgeting

- Explain in plain English the term capital budgeting
- Discuss the term discounted cash flows and the techniques used in capital budgeting decisions
- Evaluate the acceptability of an investment project using the net present value (NPV) method
- Evaluate the acceptability of an investment project using the internal rate of return (IRR) method
- Determine the payback period of an investment and understand strengths and weakness of payback
- Compute the simple rate of return (accounting rate of return – ARR) of an investment

- Understand the criticisms of the simple rate of return (ARR)