

Date Adopted: \_\_\_\_\_

Date Reviewed: August 2009

Date Revised: August 2009

## **BUS 242 – Principles of Accounting II**

### **I. BUS 242 – Principles of Accounting II– 3 Semester Hours**

#### **II. Course Description**

This course is a continuation of BUS 241. In addition to a study of financial accounting, this course also places emphasis upon managerial accounting, with coverage of corporations, statement analysis introductory cost accounting, and use of accounting information for planning, control, and decision making.

#### **III. Prerequisite**

BUS 241

#### **IV. Textbook**

Textbook: Accounting Principles (Current Edition)

Working Papers 1-14

Publisher: Southwestern

Authors: Warren, Reeve, Fess

#### **V. Course Objectives**

1. The student will gain an understanding of notes payable and other current liabilities.
2. The student will gain an understanding of corporations: organization and operation.
3. The student will gain an understanding of stockholder equity, earnings and dividends.
4. The student will gain an understanding of long-term liabilities, investment in bonds, and present value.
5. The student will gain an understanding of cash flow statements prepared by the direct and indirect methods.
6. The student will be introduced to analyzing financial statements.
7. The student will be introduced to general manufacturing accounting.
8. The student will be introduced to job order and process accounting systems.

#### **VI. Course Outline of Topics**

1. The student will gain an understanding of notes payable and other current liabilities.  
The student will be able to:
  - a) describe and illustrate accounting for short-term notes payable.
  - b) describe and illustrate accounting for product warranties.
2. The student will gain an understanding of corporations: organization and operation.  
The student will be able to:
  - a) identify basic corporation characteristics which have accounting implications.
  - b) describe and illustrate the accounting for stockholders' equity.
  - c) describe and illustrate the preparation of financial statements for partnerships.
3. The student will gain an understanding of stockholder equity, earnings and dividends.  
The student will be able to:
  - a) identify and illustrate alternative terminology used in preparing the stockholders' equity section of the balance sheet.
  - b) describe and illustrate the accounting for corporate income taxes.
  - c) describe and illustrate the accounting for unusual items in the financial statement.

- d) describe and illustrate the computation of earnings per share.
  - e) describe and illustrate the accounting for appropriations of retained earnings and the preparation of a retained earnings statement.
  - f) describe and illustrate the accounting for dividends, including cash dividends, stock dividends, and liquidating dividends.
  - g) describe and illustrate the accounting for stock splits.
4. The student will gain an understanding of long-term liabilities, investment in bonds, and present value.
- The student will be able to:
- a) describe and illustrate the impact of borrowing on a long-term basis as a means of financing corporations.
  - b) describe the characteristics of bonds.
  - c) describe and illustrate the concept of present value and how it relates to bonds.
  - d) describe and illustrate the accounting for bonds payable.
  - e) describe and illustrate the accounting for bond sinking funds.
  - f) describe and illustrate the accounting for long-term investments in bonds.
5. The student will gain an understanding of cash flow statements prepared by the direct and indirect methods.
- The student will:
- a) prepare a cash flow statement using the direct method of cash flows from operations.
  - b) prepare a cash flow statement using the indirect method of cash flows from operations.
  - c) include a cash flow from investing and financing in the cash flow statement.
6. The student will be introduced to analyzing financial statements.
- The student will:
- a) prepare both horizontal and vertical statement analyses.
  - b) prepare common size statements.
  - c) prepare the following solvency analysis: (a) current ratio; (b) acid-test ratios; (c) accounts receivable turnover; (d) merchandise inventory turnover.
  - d) prepare the following profitability analysis: (a) profit margin; (b) return on common stockholder equity; (c) price earnings ratio; (d) dividend yield.
7. The student will be introduced to general manufacturing accounting.
- The student will:
- a) describe the basic differences in financial statements of manufacturing and merchandising firms.
  - b) identify the unique accounts that a manufacturing company uses.
  - c) prepare a cost of goods manufactured statement.
  - d) explain the process for assigning costs to the different manufacturing inventories.
  - e) prepare the adjusting and closing entries for a manufacturing company.
8. The student will be introduced to job order and process accounting systems.
- a) explain the conditions under which the job order cost system is used and prepare entries to account for the flow of costs in a job order cost system.
  - b) explain how costs for individual jobs are accumulated and how controlling accounts are used in job order cost systems.
  - c) explain under what conditions the process cost system is used and prepare entries to account for the flow of costs in such a system.
  - d) calculate the equivalent finished units produced during a period and explain how the concept of equivalent finished units is used in process accounting.

## **VII. Evaluation and Assessment**

Evaluation and assessment will be determined by the instructor and specified on the instructor's class syllabus. Grades will be based upon following scale: A = 90 – 100%, B = 80 – 89%, C = 70 – 79%, D = 60 – 69%, and F = below 60%.

## **VIII. Attendance**

Students are expected to attend all classes for which they are registered. Students who are unable to attend class regularly, regardless of the reason or circumstance, should withdraw from that class before poor attendance interferes with the student's ability to achieve the objectives required in the course. Withdrawal from class can affect eligibility for federal financial aid.

## **IX. Statement on Discrimination/Harassment**

The College and the Alabama State Board of Education are committed to providing both employment and educational environments free of harassment or discrimination related to an individual's race, color, gender, religion, national origin, age, or disability. Such harassment is a violation of State Board of Education policy. Any practice or behavior that constitutes harassment or discrimination will not be tolerated.

## **X. Americans with Disabilities**

The Rehabilitation Act of 1973 (Section 504) and the Americans with Disabilities Act of 1990 state that qualified students with disabilities who meet the essential functions and academic requirements are entitled to reasonable accommodations. It is the student's responsibility to provide appropriate disability documentation to the College. The ADA Accommodations Office is in FSC 305 (205-856-7731).