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**Course Outline for BUSN 1B**  
**PRINCIPLES OF ACCOUNTING II**  
**Effective: Fall 2008**

**I. CATALOG DESCRIPTION:**

BUSN 1B — PRINCIPLES OF ACCOUNTING II — 4.00 units

Emphasis on analysis and use of accounting within the business organization. Focus on corporations: stockholders' equity, long-term liabilities, investments, funds and cash flows, financial statement analysis, managerial accounting, job order and process cost accounting, cost-volume profit analysis, break-even analysis, budgeting, standard costs, activity-based costing, other cost management tools and capital budgets.

4.00 Units Lecture

**Prerequisite**

BUSN 1A - Principles of Accounting I  
with a minimum grade of C

**Grading Methods:**

**Discipline:**

	<b>MIN</b>
<b>Lecture Hours:</b>	72.00
<b>No Unit Value Lab</b>	18.00
<b>Total Hours:</b>	90.00

**II. NUMBER OF TIMES COURSE MAY BE TAKEN FOR CREDIT: 1**

**III. PREREQUISITE AND/OR ADVISORY SKILLS:**

**Before entering the course a student should be able to:**

**A. BUSN1A**

1. Describe the Accounting and Business Environment;
2. Record business transactions;
3. Apply the adjusting process;
4. Complete the accounting cycle;
5. Identify and demonstrate a understanding of merchandising operation;
6. Identify and demonstrate a understanding of accounting information systems;
7. Identify and demonstrate a comprehension of a business' internal control and cash;
8. Account for receivables;
9. Identify and measure plant assets and intangibles;
10. Record current liabilities and payroll;
11. Identify and demonstrate a knowledge of the benefits and accounting of partnerships.

**IV. MEASURABLE OBJECTIVES:**

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

- A. Identify differences between accounting for corporations as contrasted to other business forms;
- B. Record transactions affecting Shareholders' Equity including stock, dividends, and retained earnings;
- C. Journalize transactions affecting Long Term Liabilities such as bonds Payable and the impact of interest expense;
- D. Account for short term and long term corporate investments in securities and bonds;
- E. Prepare a Statement of Cash Flows using the direct and indirect methods;
- F. Analyze and interpret financial statements using ratios, trends and other analytical tools;
- G. Explain the role of managerial accounting (versus financial accounting) and the primary informational needs of managers;
- H. Compare and contrast various costing systems including job order costing, process costing and activity bases costing;
- I. Perform cost-volume-profit analysis, break-even analysis and other cost management procedures; and use them as a predictive tool;
- J. Identify the components of a master budget and explain responsibility accounting;
- K. Prepare flexible budgets using standard costs and product costing;
- L. Develop an activity-based costing system and use it in decision making;
- M. Prepare capital budgets and explain how payback, ROR and NPV are used in decision-making.

**V. CONTENT:**

- A. Corporations
  1. Nature and formation

2. Differences from other forms of business organization
3. Accounting for paid-in-capital through common stock and preferred stock
4. Cash and stock dividends, treasury stock, retained earnings, and income reporting
5. Income statement categories including continuing operations, discontinued operations, extraordinary items prior period adjustments, and primary and diluted earnings per share
6. Balance sheet and statement of retained earnings
- B. Long term debt
  1. Bond types and characteristics
  2. Accounting for the issuing, converting and retiring of bonds
  3. Amortizing discounts and premiums on bonds using the straight-line and effective-interest method
  4. Bonds versus stock
  5. Leases and long-term notes payable
- C. Investment in corporate securities and bonds
  1. Marketable securities and stock price
  2. Trading investments, available-for-sale investments, equity-method investments
  3. Consolidated balance sheet and income statement
  4. Investing in bonds, notes and related topics
  5. Foreign currency transactions
- D. Statement of cash flows
  1. Operating, investing and financing activities
  2. Indirect method for operating activities
  3. Direct method for operating activities
  4. Interpretation of cash flow statements
- E. Financial statement analysis
  1. Standards for financial analysis
  2. Horizontal and vertical analysis
  3. Benchmarking
  4. Ratios and other analytical tools in decision making
- F. Managerial accounting
  1. Primary activities and informational needs of managers
  2. Service, merchandising and manufacturing environments and the value chain
  3. Determining costs and impact on financial statements
  4. Ethical standards and decision guidelines
- G. Job order costing
  1. Product costs; process or job costing
  2. In a manufacturing or service environment
  3. Accounting for materials and labor
  4. Allocating manufacturing overhead
  5. Accounting for competition and the sale of finished goods
- H. Process Costing
  1. Differences between job order and process costing
  2. In first department with no beginning inventory
  3. In additional departments
  4. Managers using a production cost report
- I. Cost-volume-profit analysis
  1. Variable, fixed and mixed costs relationships
  2. Break even analysis
  3. Sensitivity analysis
- J. Master budget and responsibility accounting
  1. Budget preparation and use
  2. Components of the master budget
  3. Unit and company wide budgets
  4. Responsibility accounting performance reports
- K. Flexible budgets and standard costs
  1. Preparation and use of flexible budgets
  2. Using standard costs
  3. Variances analysis including direct labor and material variances and overhead variances
  4. Standard cost accounting systems
- L. Activity-based costing and other cost management tools
  1. Developing an activity-based costing system
  2. Activity-based management and decision making
  3. Just-in-time systems
  4. Continuous improvement and managing quality
- M. Special business decisions and capital budgeting
  1. Decision making process in business
  2. Preparing and using a capital budget
  3. Using payback, rate-of-return, and net present value to make capital budget decisions

#### VI. METHODS OF INSTRUCTION:

- A. Lecture and demonstration of accounting principles
- B. Discussion of student questions
- C. Interactive exercises and problem solving
- D. Publishers website for activities and assessments
- E. PowerPoint, video and compute-images when appropriate
- F. Outside/internet research
- G. Group activities

#### VII. TYPICAL ASSIGNMENTS:

- A. In-class assigned problems 1. Write the journal entries to amortized the bond discount using the effective-interest method
2. Calculate the diluted EPS (earnings per share) for the described situation B. Homework assignments 1. read the first half of the chapter and complete Starters 1 – 6, Exercises 2 & 3, and Problems 3 & 5 having to do with horizontal, vertical and ratio analysis 2. At the publisher's website, complete the mid-chapter assessment for chapter 15 C. Quizzes 1. At the publisher's website, complete the end-of-chapter assessment for chapter 21 2. Fill in the blank with the proper accounting term regarding process costing D. Progress exams and final exam 1. T or F – a budget is a quantitative expression of a plan that helps managers coordinate and implement the plan 2. Given a certain set of data, prepare a schedule of cost of goods manufactured for the ABC Company for the year ending 12/31/07

#### VIII. EVALUATION:

#### A. Methods

1. Exams/Tests
2. Quizzes
3. Class Participation
4. Class Work
5. Home Work
6. Other:
  - a. Methods:
    1. Instructors should select the appropriate method on evaluating students using a variety of assignments, quizzes and tests
    2. Class participation and in-class assigned problems
    3. Homework assignments
    4. Quizzes
    5. Progress exams and final exam

#### B. Frequency

1. Frequency – spread throughout the semester
  - a. Class participation and assigned problems every week
  - b. Frequent homework assignments collected to assess learning progress
  - c. Periodic quizzes will be given
  - d. Regular progress exams and a final exam

#### IX. TYPICAL TEXTS:

1. Meg Pollard, Sherry T. Mills and Walter T. Harrison *Principles of Accounting.*, Prentice Hall, 2007.
2. Charles T. Horngren and Walter T Harrison *Accounting.* 7th ed., Prentice Hall, 2007.
3. Jerry J. Weygandt, Donald E. Kieso and Paul D. Kimmel *Principles of Accounting.* 7th ed., John Wiley & Sons, Inc, 2004.

#### X. OTHER MATERIALS REQUIRED OF STUDENTS:

- A. Basic four function calculator
- B. Computer and Internet access