

LAST REVIEW: 2010-11

(i.e. 2003-2004)

NEXT REVIEW: 2015-16

(i.e. 2008-2009)

STATUS: A

(A, I, D)

COURSE TITLE: Principles of Accounting II

COMMON COURSE NUMBER: ACG 2011

CREDIT HOURS: 3

CONTACT HOUR BREAKDOWN

(per 16 week term)

CLOCK HOURS:

(Voc. Course ONLY)

Lecture: **48**

Lab:

Clinic:

Other:

PREREQUISITE(S): ACG 2001

COREQUISITE(S): None

PRE/COREQUISITE(S): None

COURSE DESCRIPTION *(750 characters, maximum):*

As the second course of the series, this course concludes the study of financial accounting. Topics covered include plant assets, current liabilities, payroll, corporations, partnerships and cash flow statements, Advisement note: Students achieving less than a grade of C may experience academic difficulty in ACG 2071, Managerial Accounting. A grade of less than C is not transferable to upper division.

General Education Requirements – Associate of Arts Degree (AA), meets Area(s): Area

General Education Requirements – Associate in Science Degree (AS), meets Area(s): Area

General Education Requirements – Associate in Applied Science Degree (AAS), meets Area(s): Area

UNIT TITLES

1. Plant Assets and Intangible Assets
2. Current liabilities and payroll
3. Forms of Business Organization
4. Stockholders' Equity, Earnings, and Dividends
5. Long-Term Liabilities and Investments in Bonds
6. Investments in Stocks
7. Statement of Cash Flows
8. Financial Statement Analysis

EVALUATION:

Please provide a brief description (250 characters maximum) that details how students will be evaluated on the course outcomes.

Evaluation may include but is not limited to the following:

Exams, Quizzes, Presentations, Portfolios, Discussions, Class Participation, Attendance, Projects, Co-ops, Practicum, Internships, Externships, and Research Reports.

UNITS

Unit 1 - Plant Assets and Intangible Assets

General Outcome:

- 1.0 The student should be able to describe the accounting and reporting of plant and intangible assets and natural resources.

Specific Measurable Learning Outcomes:

Upon successful completion of this unit, the student shall be able to:

- 1.1 Prepare entries for cash and lump-sum purchases of property, plant and equipment.
- 1.2 Define "depreciation" as the term is used by accountants.
- 1.3 Identify factors that affect the determination of service life.
- 1.4 Compute depreciation by using the following methods:
 - 1.4.1 Straight-line
 - 1.4.2 Units-of activity
 - 1.4.3 Declining balance
- 1.5 Compute book value.
- 1.6 Journalize entries for disposal of property, plant and equipment assets for the following circumstances:
 - 1.6.1 Write-off
 - 1.6.2 Sale of the asset
 - 1.6.3 Trade-in of similar assets
- 1.7 Define "depletion" as the term is used by accountants.
- 1.8 Compute depletion for a given cost, residual value, and estimated output.
- 1.9 Journalize adjusting entries for the recording of:
 - 1.9.1 Depreciation
 - 1.9.2 Depletion
- 1.10 Identify and describe various types of intangible assets.
- 1.11 Calculate and record amortization of intangible assets

Common Course Number: ACG 2011

Unit 2 - Current Liabilities and Payroll**General Outcome:**

- 2.0** The students should be able to describe the accounting for payrolls, short-term financing devices, and other current liabilities.

Specific Measurable Learning Outcomes:

Upon successful completion of this unit, the student shall be able to:

- 2.1 Describe the occurrence and accounting for typical current liabilities.
- 2.2 Record in general journal form entries relating to notes payable.
- 2.3 Define contingent liabilities and discern when these should be recorded in the accounts, and when footnote disclosure is appropriate.
- 2.4 Record in general journal form transactions related to product warranties.
- 2.5 Describe payroll accounting.
- 2.6 Prepare general journal entries to accrue salaries and pay employees.
- 2.7 Prepare entries to accrue payroll-related taxes for employers.

Common Course Number: ACG 2011

Unit 3 - Forms of Business Organization

General Outcome:

- 3.0** The students should be able to describe and illustrate business organizational characteristics that have accounting implications.

Specific Measurable Learning Outcomes:

Upon successful completion of this unit, the student shall be able to:

- 3.1 Describe the distinguishing characteristics of a sole proprietorship.
- 3.2 Describe the distinguishing characteristics of a partnership.
- 3.3 Prepare journal entries to record the investments of partners, the distribution of net income or loss to the partners, and the liquidation of the partnership.
- 3.4 Prepare journal entries to record the withdrawal, either voluntarily or by death, of a partner from the partnership.
- 3.5 Prepare journal entries to reflect the admission of a new partner to the partnership.
- 3.6 Describe a "corporation" and explain how corporate management is structured.
- 3.7 List the advantages and disadvantages of being organized as a corporation.
- 3.8 Describe the rights possessed by common stockholders.
- 3.9 List and explain the steps followed in organizing a new corporation
- 3.10 Prepare journal entries to record issuing common stock
- 3.11 Define treasury stock and prepare journal entries to record the acquisition and sale of treasury stock.
- 3.12 Describe the major basic rights of common stockholders and compare them to those of preferred stockholders.
- 3.13 Describe the characteristics of preferred stock
- 3.14 Prepare a journal entry to issue preferred stock.
- 3.15 Prepare the stockholders' equity section of the balance sheet.
- 3.16 Define par value, stated value, market value.
- 3.17 Distinguish between authorized, issued and outstanding shares.
- 3.18 Describe and illustrate the accounting for organizational costs.

Common Course Number: ACG 2011

Unit 4 - Stockholders' Equity, Earnings, and Dividends

General Outcome:

- 4.0** The students should be able to develop the accounting for stockholders' equity, earnings, and dividends.

Specific Measurable Learning Outcomes:

Upon successful completion of this unit, the student shall be able to:

- 4.1 Explain "retained earnings."
- 4.2 Describe and prepare entries to restrict retained earnings.
- 4.3 Describe and record prior period adjustments.
- 4.4 Prepare a statement of retained earnings.
- 4.5 Prepare journal entries to record cash dividends.
- 4.6 Allocate dividends between preferred and common stockholders.
- 4.7 Explain the effect of stock dividends and stock splits on the stockholders' equity section of the balance sheet.
- 4.8 Prepare a comprehensive stockholders' equity section of the balance sheet, including all information needed for fair disclosure.
- 4.9 Explain "discontinued operations" and how they are reported on a corporate income statement.
- 4.10 Explain "extraordinary items" and how they are reported on a corporate income statement.
- 4.11 Explain "cumulative adjustments" (due to changes in accounting principles) and how they are reported on a corporate income statement.
- 4.12 Prepare a corporate income statement which includes income taxes, unusual items, and earnings per share.

Common Course Number: ACG 2011

Unit 5 - Long-Term Liabilities and Investments in Bonds

General Outcome:

- 5.0** The students should be able to develop the accounting for long-term obligations and investments in stocks and bonds.

Specific Measurable Learning Outcomes:

Upon successful completion of this unit, the student shall be able to:

- 5.1 Evaluate the alternatives for financing on a long-term basis.
- 5.2 Describe the differences among various types of bonds.
- 5.3 Record the entries associated with a bond issue sold at face value.
- 5.4 Explain the valuation of investments and financial statement presentation.
- 5.5 Record the entries for a bond issue sold at a discount and sold at a premium, using the straight-line amortization method.
- 5.6 Determine the items that impact the selling price of a bond.
- 5.7 Record the entries for the redemption of bonds.
- 5.8 Determine the carrying value of a bond.
- 5.9 Distinguish between a capital lease and an operating lease and record the entries associated with the capitalization of a lease.
- 5.10 Explain why a corporation would invest in the bonds of other corporations.
- 5.11 Account for investments in bonds:
 - 5.11.1 At acquisition
 - 5.11.2 While the corporation owns them
 - 5.11.3 At the time of sale

Common Course Number: ACG 2011

Unit 6 - Investments in Stocks

General Outcome:

- 6.0** The students should be able describe and illustrate the accounting for long-term investments in stocks.

Specific Measurable Learning Outcomes:

Upon successful completion of this unit, the student shall be able to:

- 6.1 Explain how and why a business may make investments in stocks of other corporations.
- 6.2 Prepare journal entries to record investments in stock by the cost method.
- 6.3 Prepare journal entries to record investments in stock by the equity method.
- 6.4 Prepare journal entries to record the sale of investments in stocks.
- 6.5 Explain the reasons for issuing consolidated financial statements.

Common Course Number: ACG 2011

Unit 7 - Statement of Cash Flows**General Outcome:**

- 7.0** The students should be able to prepare a Statement of Cash Flow by analyzing accounts and reporting the needed information to decision makers.

Specific Measurable Learning Outcomes:

Upon successful completion of this unit, the student shall be able to:

- 7.1 Explain the purpose of the Statement of Cash Flow.
- 7.2 Explain the meaning of the terms "cash" and "cash equivalents."
- 7.3 List and describe the elements of the Statement of Cash Flow.
- 7.4 Distinguish between the Direct and Indirect methods of preparing a Statement of Cash Flow
- 7.5 Calculate cash flows from operating activities by the indirect method.
- 7.6 Calculate cash flows from investing activities.
- 7.7 Calculate cash flows from financing activities.
- 7.8 Prepare a Statement of Cash Flow.
- 7.9 Explain the nature of non-cash activities.

Common Course Number: ACG 2011

Unit 8 - Financial Statement Analysis

General Outcome:

8.0 The students should be able to analyze financial statements and determine solvency and profitability.

Specific Measurable Learning Outcomes:

Upon successful completion of this unit, the student shall be able to:

- 8.1 Analyze comparative financial statements.
- 8.2 Calculate trend percentages.
- 8.3 Prepare common-size financial statements.
- 8.4 Calculate ratios that analyze a company's earnings performance:
 - 8.4.1 Rate of return on total assets
 - 8.4.2 Rate of return on common stockholders' equity
 - 8.4.3 Earnings per share
 - 8.4.4 Price-earnings ratio
 - 8.4.5 Dividend yield rate
- 8.5 Calculate ratios that analyze a company's long-term debt-paying ability:
 - 8.5.1 Times interest earned
 - 8.5.2 Debt to total assets ratio
 - 8.5.3 Stockholders' equity to total assets ratio
- 8.6 Calculate ratios that analyze a company's short-term debt-paying ability:
 - 8.6.1 Working capital
 - 8.6.2 Current ratio
 - 8.6.3 Quick ratio
 - 8.6.4 Inventory turnover
 - 8.6.5 Accounts receivable turnover