

**The University of Akron**  
**G. W. Daverio School of Accountancy, Fall 2018**  
**6200:202 Accounting Principles II**

CLASS TIMES:	M&W 5:45 to 7:00 P.M. Room 121 (Section 800)
	T&TH 10:15 to 11:30 A.M. Room 121 (Section 001)
	T&TH 11:45 to 1:00 P.M. Room 121 (Section 002)
Instructor	- Edward Conrad, Ph.D.
Office	- CBA 242. Phone: 972-6051, Fax: 972-8597
E-mail	- econrad@uakron.edu
Office Hours	- M&W 4:30 to 5:30 P.M., 7:00 to 8:00 P.M., and by appointment
	T&TH 1:00 to 3:00 P.M., and by appointment

**Required Text:** *Principles of Accounting II*, Garrison, Noreen, and Brewer – 16th Edition ISBN: 13:978-1-259-30741-6. (Hard copy of book and access to Connect available at the bookstore. Ebook and Connect available from McGraw-Hill online.)

*Connect*, McGraw-Hill (needed to complete homework assignments and LearnSmart assignments which are both required for the class).

**Supplemental Material:** Class materials will be available on Brightspace, and I will post your grades to Brightspace. The address for Brightspace is: <https://brightspace.uakron.edu/d21/home>. Use your UAnet ID and password to logon.

**Bulletin Description: 6200:202 ACCOUNTING PRINCIPLES II 3 credits**

Prerequisite: 6200:201. Information needs of management. Analysis of cash flow and financial statements. Study of product costing systems; standard costs; planning, budgeting, and control systems; overhead cost allocation; cost-volume-profit analysis; relevant costing; and capital budgeting.

**College of Business Administration's Mission:** The College of Business Administration promotes economic efficiency and the free enterprise system by preparing competent and responsible business leaders through comprehensive educational programs, relevant research, and professional service. In our free society, effective leaders are indispensable, and effective business leaders are indispensable to the free enterprise system. The CBA educates a vital component of the region's business leaders and has prepared competent and responsible business leaders working throughout the world.

**School of Accountancy's Mission:** 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 masters-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.

**Course Learning Objectives:** Managerial accounting concentrates on information used by managers within the firm to make business decisions. Unlike financial accounting, there are no clear-cut rules and specific procedures. Rather, the emphasis is on the type of information most relevant in a particular situation.

After successfully completing this course, students will:

- a. Recognize and appreciate the differing information needs of internal management and external users of financial information.
- b. Understand fundamental managerial accounting terminology and concepts such as cost, different cost for different purposes, product cost accumulation systems, master budgets and flexible budgets, variance analysis, capital budgeting, responsibility centers, and performance evaluation.
- c. Comprehend the role of managerial accounting in planning, controlling, making decisions, and evaluating performance.
- d. Apply appropriate managerial accounting concepts, methods and techniques to support planning, controlling, and decision-making in organizations.

The course will cover the specific topics and outcomes listed below.

#### 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

#### Cost Concepts

- Identify and provide an example of each of the three basic manufacturing cost categories (direct material, direct labor, manufacturing overhead)
- Identify and provide examples of prime and conversion costs
- Compute and analyze cost of goods manufactured
- 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
- 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

#### Cost Behavior

- Utilize various methods (e.g., regression, high-low, visual inspection, graphs) to estimate cost equations and categorize mixed costs into fixed and variable components
- Use of cost equations to compute and predict costs
- Apply the concept of relevant range in estimating costs

### Job-Order Costing

- Identify and provide an example of 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)

### Process Costing

- Distinction between job-order and process systems
- When to use process costing
- Processing departments and the flow of cost in process costing systems

### 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
- Apply CVP to managerial decisions, planning and control
- Understand how sales mix affects contribution margin, the breakeven point and other CVP estimates

### 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
- Understand fundamental human factors in 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

### Flexible Budgets and Variance Analysis

- Understand the characteristics of a flexible budget
- Know the deficiencies of a static for planning, controlling and decision-making purposes
- Understand how a flexible budget works and the variances that may be computed from a flexible budget

### 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

### Performance Evaluation and 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

### Costs and 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 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)

**CBA Learning Goals and Expectations:** Each student who graduates from the College of Business Administration will:

- Master integrated business knowledge
- Analyze data using quantitative techniques
- Be informed decision makers
- Develop leadership and collaboration competencies
- Use writing and oral communication skills to persuade and to mobilize action
- Demonstrate a global perspective and cross-cultural awareness
- Recognize and understand how to address ethical concerns

**Coverage of Ethics:** Students should recognize the importance of ethics when making managerial accounting decisions. This will be brought to their attention throughout the semester. In addition, ethical questions and concerns may be included in homework questions.

**Attendance and Participation:** A student is expected to attend all meetings of a class for which he or she is registered (University Policy). Students with poor attendance usually end up repeating the course. For many students, learning this material presents a challenge, and class attendance is very important in the learning process. Points for any in-class engagement activities or quizzes that are not received because of a student's absence from class cannot be made up at a later time and therefore will be lost.

### **Assignments:**

**LEARNSMART AND HOMEWORK (CONNECT):**

There are two parts to the assignments: (1) LearnSmart modules, and (2) homework exercises and problems. You are responsible for completing both of these in Connect, which is the publisher's learning management system. The purpose of the LearnSmart modules is to help you understand each chapter's conceptual information. The LearnSmart modules are worth 50 points (10 chapters at 5 points each). Homework problems are also worth 50 points (10 chapters at 5 points each).

The LearnSmart and homework assignments must be completed by 11:59 p.m. the evening before the exam covering those chapters. You will not be able to work an assignment once the deadline has passed. Additionally, be sure to save your work before you exit Connect. Due dates for all homework assignments and exams are listed on the last page of this syllabus.

### **Connect:**

In order to access CONNECT you will need the following information:

Section 001 - <http://connect.mheducation.com/class/e-conrad-fall-2018-section-001-1015-to-1130-am>

Section 002 - <http://connect.mheducation.com/class/e-conrad-fall-2018-section-002-1145-to-100-pm>

Section 800 - <http://connect.mheducation.com/class/e-conrad-fall-2018-section-800-mw-545-to-700-pm>

Additional information about accessing Connect can be found in Brightspace under "Content" and "Connect." For assistance logging on or registering or for any technical problem throughout the semester, contact <https://mhedu.force.com/CXG/s/ContactUsWebForm> or call 1-800-331-5094.

**Quizzes:** Quizzes are worth 50 points (10 quizzes at 5 points each), and may be given throughout the semester. The professor will determine when to give a quiz. You must be present the day of the quiz to receive credit. Please note that **make-up quizzes will not be given** under any circumstances (other than University sponsored events).

**Tutoring:** Tutoring is available within the School of Accountancy office and it is free. A graduate assistant tutor will be available to answer your questions, but you must schedule an appointment in advance. When it becomes available additional information regarding tutoring will be provided in Springboard under the Announcements.

**Examinations:** There will be four exams plus a departmental comprehensive final exam. The four exams are each worth 100 points and will consist of 40 multiple-choice questions. The comprehensive final exam is worth 150 points, and will consist of 50 multiple choice questions. All exams will be administered in the assigned classroom; however, the final exam may be administered in a different classroom. Students will be asked to display their University of Akron ID by placing them on their desks during the exams.

Nothing other than the exam, a calculator, and writing instruments are permitted to be on the desk during examinations. 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.** You can review your exam after it has been graded. This will be done in my office and you will need to set up an appointment that is convenient for both you and me.

**Make-up Exams:** Please note that make-up exams will not be given under any circumstances (other than University sponsored events). If you fail to take an exam during its regularly scheduled time period you must notify me as soon as you know you will miss the exam. If you have a serious, unavoidable, and documentable reason (e.g., your hospitalization or death of an immediate family member), you will be allowed to substitute your grade on the comprehensive final exam for the missed exam (i.e., your final exam score will count double). This policy applies to one missed exam only; all others will be assigned a grade of zero. If you do not have a serious, unavoidable, and documentable reason for missing an exam then you will receive a grade of zero.

**Grading Policy:** Your grade is determined by comparing total points you have earned to the total points (700) available in the course. Your final grade will be based on the percentage of total points that you have earned (see the grading scale below). **No extra credit is available in this class.**

**Grading Scale:**

<b>Letter Grade</b>	<b>Percentage Range</b>
A	92 - 100
A-	90 - 91
B+	88 - 89
B	82 - 87
B-	80 - 81
C+	78 - 79
C	72 - 77

C-	70 - 71
D+	68 - 69
D	62 - 67
D-	60 - 61
F	Below 60

**Grading Components:**

Item	Number	Individual Points	Total Points
Exams	4	100	400
Final Exam	1	150	150
Homework(Connect)	10 out of 12	5	50
LearnSmart (Connect)	10 out of 13	5	50
Quizzes	10	5	50
Total			700

**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 (at least 75% of the work) and is unable, for an 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 last day of spring semester 2019 and prior to final exam week. I will not accept any material relating to this course after that date. This means that an "I" grade that is not changed by the end of spring 2019 becomes a permanent "F."

**Academic Dishonesty:** Academic dishonesty – It is important for you to be aware of The University of Akron’s policy on academic dishonesty. Academic dishonesty is unacceptable and will not be tolerated at UA. Cheating (i.e, copying problem solutions from a solution manual), forgery, dishonest conduct, plagiarism, and collusion in dishonest activities erode the University’s educational, research, and social roles. They cheapen the learning experience and its legitimacy not only for the perpetrators but also for the entire community. It is essential that UA students subscribe to the ideal academic integrity and accept individual responsibility for their work. Academic dishonesty of any form will not be tolerated in this class. Any form of cheating on exams, quizzes, or assignments will result in an F (zero points) for that exam, quiz, or assignment.

**GENERAL**

- 1) Assure your own success in this class. Keep up with the homework assignments, read chapters in advance of their discussion in class, and ask questions. Bring your text to class.
- 2) Please select a permanent seat by the third day of class.
- 3) Smoking is not permitted in this building, and food and drink is not to be brought to class.
- 4) The last day to withdraw from class is October 14, 2018. A withdrawal will be completed by the student through My Akron, and does not require the instructor’s signature.
- 5) Exams will be retained through the end of the 2019 spring semester. They will be destroyed after this date.

- 6) If a class is cancelled for any reason, that class day's Homework/Learn Smart assignment is still due on that day. If the in-class exam was scheduled the day the class was cancelled, the exam will be given in the next scheduled class.
- 7) The instructor reserves the right to change assignments and the order of coverage of certain chapters should it be necessary in order to achieve the objectives outlined for the course. If it is necessary to make such changes it will be announced in class.
- 8) Any student who feels she/he may need an accommodation based on the effect of a disability should contact the Office of Accessibility at 330-972-7928.

**Meeting Dates and Course Coverage for Monday/Wednesday Class (Subject to change – it is your responsibility to keep abreast of schedule adjustments.)**

<u>Date</u>	<u>Chapter</u>	<u>Homework Assignments*</u> <u>E = Exercise P = Problem, Q = Question</u>	
8/27	Prologue	<b>Q:</b> 1,3,4,5,11,15,16	<b>E:</b> 7
8/29,9/5	Chapter 1	<b>E:</b> 2,3,4,,6,7,8,9,10,12,15,16	<b>P:</b> 18,24
9/5	Appendix 1A	<b>E:</b> 1,2	
9/10,12	Chapter 2	<b>E:</b> 1,2,4,8,13,14	<b>P:</b> 17,20
9/17,19	Chapter 3	<b>E:</b> 1,3,4,6,7	<b>P:</b> 13,16
9/23	Homework for all chapters to be completed by 11:59 P.M.		
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9/24	Exam 1 – Prologue, Chapters 1, 2, 3, and Appendix 1A		
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9/26,10/1	Chapter 4	<b>E:</b> 1,2,3,4,5,6,8	
10/3,8	Chapter 5	<b>E:</b> 1,4,6,7,8,9,10,14,15,18	<b>P:</b> 20
10/8	Appendix 5A	<b>E:</b> 1,3,7	
10/10,15	Chapter 7	<b>E:</b> 1,2,3,4,5,9,11,14	<b>P:</b> 17
10/16	Homework for all chapters to be completed by 11:59 P.M.		
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10/17	Exam 2 – Chapters 4, 5, 7, and Appendix 5A		
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10/22,24	Chapter 8	<b>E:</b> 1,2,3,4,5,6,7,14,15	<b>P:</b> 21
10/29,31	Chapter 9	<b>E:</b> 2,3,4,8,10,11,12,13,14	
11/5,7	Chapter 10	<b>E:</b> 1,2,3,4,6,7	<b>P:</b> 9,12,14,15
11/11	Homework for all chapters to be completed by 11:59 P.M.		
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11/12	Exam 3 – Chapters 8, 9, and 10		
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11/14,19	Chapter 11	<b>E:</b> 1,2,3,6,11,12	<b>P:</b> 18
11/21,26	Chapter 12	<b>E:</b> 2,3,4,5,6,7,9,10,13,15	<b>P:</b> 18,23,25
11/28,12/3	Chapter 13	<b>E:</b> 1,2,4,5,6,7,8,11,13,14,15	<b>P:</b> 17,24
12/4	Homework for all chapters to be completed by 11:59 P.M.		
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12/5	Exam 4 – Chapters 11, 12, and 13		
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**Comprehensive Final Exam:** To be announced.



\*Homework and LearnSmart are to be completed in Connect by McGraw-Hill, Inc. The homework and LearnSmart questions for the chapters covered on each exam are due at 11:59 p.m. the night before the scheduled exam in which those chapters are tested. There should be sufficient time to complete the homework and LearnSmart assignments prior to each exam; therefore, there will be **NO EXTENSION OF HOMEWORK OR LEARNSMART DUE DATES.**

Meeting Dates and Course Coverage for Tuesday/Thursday Class (Subject to change – it is your responsibility to keep abreast of schedule adjustments.)

<u>Date</u>	<u>Chapter</u>	<u>Homework Assignments*</u>	
		<u>E = Exercise P = Problem, Q = Question</u>	
8/28	Prologue	<b>Q:</b> 1,3,4,5,11,15,16	<b>E:</b> 7
8/30,9/4	Chapter 1	<b>E:</b> 2,3,4,,6,7,8,9,10,12,15,16	<b>P:</b> 18,24
9/4	Appendix 1A	<b>E:</b> 1,2	
9/6,11	Chapter 2	<b>E:</b> 1,2,4,8,13,14	<b>P:</b> 17,20
9/13,18	Chapter 3	<b>E:</b> 1,3,4,6,7	<b>P:</b> 13,16
9/19	Homework for all chapters to be completed by 11:59 P.M.		
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9/20	Exam 1 – Prologue, Chapters 1, 2, 3, and Appendix 1A		
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9/25,27	Chapter 4	<b>E:</b> 1,2,3,4,5,6,8	
10/2,4	Chapter 5	<b>E:</b> 1,4,6,7,8,9,10,14,15,18	<b>P:</b> 20
10/4	Appendix 5A	<b>E:</b> 1,3,7	
10/9,11	Chapter 7	<b>E:</b> 1,2,3,4,5,9,11,14	<b>P:</b> 17
10/15	Homework for all chapters to be completed by 11:59 P.M.		
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10/16	Exam 2 – Chapters 4, 5, 7, and Appendix 5A		
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10/18,23	Chapter 8	<b>E:</b> 1,2,3,4,5,6,7,14,15	<b>P:</b> 21
10/25,30	Chapter 9	<b>E:</b> 2,3,4,8,10,11,12,13,14	
11/1,6	Chapter 10	<b>E:</b> 1,2,3,4,6,7	<b>P:</b> 9,12,14,15
11/7	Homework for all chapters to be completed by 11:59 P.M.		
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11/8	Exam 3 – Chapters 8, 9, and 10		
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11/13,15	Chapter 11	<b>E:</b> 1,2,3,6,11,12	<b>P:</b> 18
11/20,27	Chapter 12	<b>E:</b> 2,3,4,5,6,7,9,10,13,15	<b>P:</b> 18,23,25
11/29,12/4	Chapter 13	<b>E:</b> 1,2,4,5,6,7,8,11,13,14,15	<b>P:</b> 17,24
12/5	Homework for all chapters to be completed by 11:59 P.M.		
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12/6	Exam 4 – Chapters 11, 12, and 13		
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**Comprehensive Final Exam:** To be announced.

\*Homework and LearnSmart are to be completed in Connect by McGraw-Hill, Inc. The homework and LearnSmart questions for the chapters covered on each exam are due at 11:59 p.m. the night before the scheduled exam in which those chapters are tested. There should be sufficient time to

complete the homework and LearnSmart assignments prior to each exam; therefore, there will be **NO EXTENSION OF HOMEWORK OR LEARNSMART DUE DATES.**