ACCOUNTING 202
INTRO TO FINANCIAL ACCOUNTING
03 CREDITS
Tuesday & Thursday
9:45 AM – 11:00 AM

INSTRUCTOR: Deacon Hanson
OFFICE: Hale Na‘auao, Rm. 137
OFFICE HOURS: Tuesdays & Thursdays: 2:50PM to 5:20PM
(or by appointment)
TELEPHONE: 236-9237 (O); 224-2278 (C)
EMAIL: dhanson@hawaii.edu
EFFECTIVE DATE: Fall 2010

WINDWARD COMMUNITY COLLEGE MISSION STATEMENT

Windward Community College is committed to excellence in the liberal arts and career development; we support and challenge individuals to develop skills, fulfill their potential, enrich their lives, and become contributing, culturally aware members of our community.

CATALOG DESCRIPTION
Introduction to practices and procedures used to report internal operations to management. Topics include manufacturing operations, budgeting, standard costs, cost-volume-profit analysis, product and process costing, statement of cash flows, and financial statement analysis. Taught as a Laulima hybrid course. (3 hrs. lect.)

Prerequisite ACC 201 with a grade of “C” or better or equivalent or consent of instructor.

Activities Required at Scheduled Times Other Than Class Times
Completion of chapter homework problems and reading assignments scheduled in the course syllabus.

STUDENT LEARNING OUTCOMES

The student learning outcomes are:

- Analyze, record, and report equity and long-term liability transactions related to partnerships and corporations from both an issuer and investor perspective using GAAP.
- Prepare and analyze the Statement of Cash Flows.
- Analyze financial statements using horizontal analysis, vertical analysis, and financial statement ratio techniques.
- Describe the concepts of managerial accounting and explain how they are applied to various business models.
- Analyze, record, and report the activities of a manufacturing company using process cost, job order cost, and standard cost accounting systems.
- Prepare information and reports that may be used by management to plan, direct, motivate, and control a business using Cost-Volume-Profit analysis, incremental analysis, and operational and capital budgeting techniques.
COURSE CONTENT

Concepts or Topics:

- Identify the principal characteristics, advantages and disadvantages of the partnership form of business.
- Record partners’ investments of cash and other assets when a partnership is formed.
- Compute and record the income or losses that partners share, based on stated ratios, capital balance ratios, and partners’ salaries and interest.
- Record a person’s admission to a partnership.
- Record a person’s withdrawal from a partnership.
- Compute the distribution of assets to partners when they liquidate their partnership.
- Identify the components of stockholders’ equity.
- Account for cash and stock dividends.
- Identify the characteristics of preferred stock, including the effect on distribution of dividends.
- Account for issuance of stock for cash and other assets.
- Account for treasury stock.
- Account for the exercise of stock options.
- Identify the issues related to evaluating the quality of a company’s earnings.
- Prepare a corporate income statement including statement of stockholders’ equity.
- Show the relationship among income taxes expense, deferred income taxes, and net of taxes.
- Describe the disclosure on the income statement of discontinued operations, extraordinary items, and accounting changes.
- Compute earnings per share.
- Account for stock splits.
- Calculate book value per share.
- Identify management issues related to issuing long-term debt.
- Identify and contrast the major characteristics of bonds.
- Record the issuance of bonds at face value and at a discount or premium.
- Use the straight-line and effective interest methods to amortize bond discounts and premiums.
- Account for bonds issued between interest dates and make year-end adjustments.
- Account for the retirement of bonds and the conversion of bonds into stock.
- Explain the basic features of mortgages payable, installment notes payable, long-term leases, and pensions and other postretirement benefits as long-term liabilities.
- State the principle purposes and uses of the statement of cash flows.
- Identify the principal components of the classifications of cash flows, and state the significance of noncash investing and financing transactions.
- Use the indirect and direct methods to determine cash flows from operating activities.
- Determine cash flows from investing activities and financing activities.
- Prepare a statement of cash flows using the indirect and direct methods.
- Describe and discuss financial performance evaluation by internal and external users.
- Describe and discuss the standards for financial performance evaluation.
- State the sources of information for financial performance evaluation.
- Apply horizontal analysis, trend analysis, and vertical analysis to financial statements.
- Apply ratio analysis to financial statements, in a comprehensive evaluation of a company’s financial performance.
- State how managers use information about costs in the management cycle.
- Identify various approaches managers use to classify costs.
• Define and give examples of the three elements of product cost and compute a product’s unit cost for a manufacturing organization.
• Describe the flow of product-related activities, documents, and costs through the Materials Inventory, Work in Process Inventory, and Finished Goods Inventory accounts.
• Prepare a statement of cost of goods manufactured and an income statement for a manufacturing organization.
• Define cost allocation and explain how cost objects, cost pools, and cost drivers are used to apply manufacturing overhead.
• Distinguish between the different types of product costing systems and identify the information each provides.
• Explain the cost flow in a job order costing system for a manufacturing company.
• Prepare a job order cost card and compute a job order’s product unit cost.
• Explain the product flow and the cost flow in a process costing system.
• Prepare a process cost report.
• Define cost behavior and explain how managers use this concept in the management cycle.
• Identify specific types of variable and fixed cost behavior, and discuss how operating capacity and relevant range relate to cost behavior.
• Define mixed cost, and use the high-low method to separate the variable and fixed components of a mixed cost.
• Define cost-volume-profit analysis and discuss how managers use this analysis.
• Compute break-even point in units of output and in sales dollars.
• Define contribution margin and use the concept to determine a company’s break-even point for a single product and for multiple products.
• Apply cost-volume-profit analysis to estimated levels of future sales and to changes in costs and selling expenses.
• Define budgeting and explain its role in the management cycle.
• Describe the master budget process for different types of organizations, and list the guidelines for preparing budgets.
• Prepare a budgeted income statement and supporting operating budgets.
• Prepare a cash budget.
• Prepare a budgeted balance sheet.
• Define standard costs and describe how managers use standard cost in the management cycle.
• Identify the six elements of, and compute, a standard unit cost.
• Describe how to control costs through variance analysis.
• Compute and analyze direct materials, direct labor, and manufacturing overhead variances.
• Define and prepare a flexible budget.
• Explain how variances are used to evaluate managers’ performance.
• Explain how managers make short-run decisions during the management cycle, and identify the steps in the management decision cycle.
• Define and explain incremental analysis and its related concepts.
• Prepare evaluations of alternatives for make-or-buy decisions, special order decisions, product mix decisions, and sell or process-further decisions.
• Identify the types of projected costs and revenues used to evaluate alternatives for capital investments.
• Apply the concept of the time value of money.
• Analyze capital investment proposals using the net present value method.
• Analyze capital investment proposals using the accounting rate-of-return method and the payback period method.
**Skills and Competencies:**
In order to successfully pass this course, you will need to possess and apply the following skills/competencies:

- Reading skills - required in order to grasp the essential business and accounting terminology and techniques needed to understand accounting objectives and concepts.
- Analytical/technical skills (critical thinking) – needed to successfully solve the assigned homework assignments and the exam problems.
- Desire to learn and a willingness to work hard - involves the discipline to attend all classes and the completion of all homework assignments on a regular basis.
- Interpersonal skills – ability to work with others trying to grasp accounting concepts and solving homework problems.
- Time management skills – completing your reading assignments and solving homework problems require a great deal of time. Budget your time carefully.

**LEARNING RESOURCES**


2. Access to WileyPlus on-line course site. The class section URL is:


   You will be able to access the WileyPlus website with your purchased access code.

If you do not wish to purchase a hard-copy text book, WileyPlus has an electronic version of the text at the website. You can purchase online access to Wiley plus at:

ASSESSMENT TASKS AND GRADING

<table>
<thead>
<tr>
<th>Task</th>
<th>Weightage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homework completion(^A)</td>
<td>30%</td>
</tr>
<tr>
<td>Group Presentation (see below for group presentation grade breakdown)</td>
<td>20%</td>
</tr>
<tr>
<td>Midterm Examination</td>
<td>25%</td>
</tr>
<tr>
<td>Final Examination</td>
<td>25%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Group Presentation:**
In the first class meeting, students will form groups of three to five. Under the instructor’s direction, each group will blindly select a problem from the textbook. The group will do a thorough work-up of the selected problem, and present their solution and analysis to the class. Presentations will be graded on:

1. Content (25%).
2. Accuracy and completeness of material presented (25%).
3. Creativity (use of visual aids, reference material, etc) (25%).
4. Participation by all group members (25%).

Note: This exercise is a group activity, all group members must participate in presenting the material. This is an opportunity to demonstrate your understanding of the subject matter.

**Grading:**
You overall course grade will be based on the total percentage earned as follows:

- 90% - 100%     A
- 80% - 89%      B
- 70% - 79%      C
- 60% - 69%      D
- < 60%          F

\(^A\) All assigned homework must be submitted via the WileyPlus online portal. WileyPlus allows you to unlimited attempts at each homework problem. Tentative due dates have been assigned in the course outline, but you will have all semester to complete your homework assignments. You are encouraged to follow the schedule in the course outline, as it is very easy to fall behind to the point where catching up is very difficult.

Students’ individual letter grades will be given at **the end of the course** and will be based on their overall success in percentage terms, weighted as shown above. **Note:** Grade percentages shown at the Laulima website are unofficial, and may differ significantly from the student’s final course grade. Students who wish to assess their progress during the semester should arrange to meet with the instructor. Letter grades will be assigned to final student points as follows:

- A  90% or better weighted average
- B  80% or better, but less than 90%
- C  70% or better, but less than 80%
- D  60% or better, but less than 70%
- F  below 60%
- I  Incompletes will not be given
- C/NC  Credit/No Credit option is available for this course.
- W  Withdrawal grade will only be given if official withdrawal is processed according to published procedures and no later than the deadline date. (See current schedule and college catalog)
Additional Information

1. It has been shown that success in an introductory accounting class is highly correlated with attendance and homework completion. The students who attend class as scheduled and come prepared to class, having completed all of the assigned homework, tend to do very well in this class.

2. All homework that is to be graded must be submitted to the instructor via the WileyPlus online portal. Tentative deadlines have been assigned to all assignments. However, WileyPlus allows you the whole semester for each homework submission. You are encouraged to keep up with the tentative deadlines, as it will be very difficult to catch up at the end of the semester.

3. The midterm examination and the final examination will be administered via Laulima. Each examination submission must be made by its respective deadline. There will be no make-up examinations whatsoever.

4. The office hours shown may be changed during the semester for the following reasons; to accommodate the majority of students’ schedules, change in the instructor’s non-teaching assignments, etc. Any changes in office hours will be announced to the class prior to the changes.

Course Outline - Tentative

The course will follow a weekly schedule. All homework is due by the end of the semester, but students are encouraged to keep pace with the course using the following outline as target deadlines for homework completion. No homework will be accepted after the semester ends.

<table>
<thead>
<tr>
<th>WEEK ENDING</th>
<th>CHAPTER / SUBJECT</th>
<th>HOMEWORK</th>
</tr>
</thead>
<tbody>
<tr>
<td>08/28/10</td>
<td>INTRODUCTIONS, CH 12, GROUP FORMATION</td>
<td>READ SYLLABUS, CH 12 &amp; CH 13</td>
</tr>
<tr>
<td>09/04/10</td>
<td>CH 12 STATEMENT OF CASH FLOW</td>
<td>CH 12 - PROBLEM SET A</td>
</tr>
<tr>
<td></td>
<td>CH 13 FINANCIAL ANALYSIS</td>
<td>CH 13 - PROBLEM SET A</td>
</tr>
<tr>
<td></td>
<td>GROUP PRESENTATION TOPIC DUE</td>
<td>READ CH 14</td>
</tr>
<tr>
<td>09/11/10</td>
<td>CH 12 &amp; CH 13 HW DUE</td>
<td>CH 14 - PROBLEM SET A</td>
</tr>
<tr>
<td></td>
<td>CH 14 MANAGERIAL ACCOUNTING</td>
<td>READ CH 15</td>
</tr>
<tr>
<td>09/18/10</td>
<td>CH 14 HW DUE</td>
<td>CH 15 PROBLEM SET A</td>
</tr>
<tr>
<td></td>
<td>CH 15 JOB COST ACCTG</td>
<td>READ CH 16</td>
</tr>
<tr>
<td>09/25/10</td>
<td>CH 15 HW DUE</td>
<td>CH 16 PROBLEM SET A</td>
</tr>
<tr>
<td></td>
<td>CH 16 PROCESS COST ACCT</td>
<td>READ CH 18</td>
</tr>
<tr>
<td>10/02/10</td>
<td>CH 16 HW DUE</td>
<td>CH 18 PROBLEMS A</td>
</tr>
<tr>
<td></td>
<td>CH 18 COST VOLUME PROFIT</td>
<td>READ CH 20</td>
</tr>
<tr>
<td>10/09/10</td>
<td>CH 18 HW DUE</td>
<td>STUDY FOR MID-TERM</td>
</tr>
<tr>
<td>10/16/10</td>
<td>MID-TERM CH 12, 13, 14, 15, 16, 18, &amp; 20</td>
<td>CH 20 PROBLEMS A</td>
</tr>
<tr>
<td></td>
<td></td>
<td>READ CH 21</td>
</tr>
<tr>
<td>10/23/10</td>
<td>PRESENTATIONS</td>
<td>CH 21 PROBLEM SET A</td>
</tr>
<tr>
<td></td>
<td></td>
<td>READ CH 22</td>
</tr>
<tr>
<td>11/06/10</td>
<td>CH 21 HW DUE</td>
<td>CH 22 PROBLEM SET A</td>
</tr>
<tr>
<td></td>
<td></td>
<td>READ CH 23</td>
</tr>
<tr>
<td>11/13/10</td>
<td>CH 22 STANDARD COSTS</td>
<td>CH 23 PROBLEM SET A</td>
</tr>
<tr>
<td></td>
<td></td>
<td>READ APPENDIX G</td>
</tr>
<tr>
<td>11/20/10</td>
<td>CH 23 HW DUE</td>
<td>APPENDIX G PROBLEM SET A</td>
</tr>
<tr>
<td></td>
<td>APPENDIX G PARTNERSHIPS</td>
<td>APPENDIX G PROBLEM SET A</td>
</tr>
<tr>
<td>11/27/10</td>
<td>APPENDIX G HW DUE</td>
<td>CATCH UP WITH HOMEWORK</td>
</tr>
<tr>
<td>12/04/10</td>
<td>REVIEW FOR FINAL EXAM</td>
<td>CATCH UP WEEK</td>
</tr>
<tr>
<td>12/11/10</td>
<td>NO CLASS - STUDY PERIOD</td>
<td>MERRY CHRISTMAS</td>
</tr>
<tr>
<td>12/17/10</td>
<td>FINAL EXAM CH 20 - 23 &amp; APPENDIX G</td>
<td></td>
</tr>
</tbody>
</table>

Academic Dishonesty

Students enrolled in this course are expected to abide by the academic honor code of the College. Acts of academic dishonesty will not be tolerated and will be dealt with in accordance with the College guidelines.
DISABILITIES ACCOMMODATION STATEMENT

If you have a physical, sensory, health, cognitive, or mental health disability that could limit your ability to fully participate in this class, you are encouraged to contact the Disability Specialist Counselor to discuss reasonable accommodations that will help you succeed in this class. Ann Lemke can be reached at 235-7448, lemke@hawaii.edu, or you may stop by Hale ʻAkoakoa 213 for more information.