

**Virginia Western Community College**  
**ACC 212**  
**Principles of Accounting II**

**Prerequisites**

ACC 211

**Course Description**

Introduces accounting principles with respect to cost and managerial accounting. Focuses on the application of accounting information with respect to product costing, as well as its use within the organization to provide direction and to judge performance.

**Semester Credits: 4 Lecture Hours: 4 Lab/Clinical/Internship Hours: 0****Required Materials****Textbook:**

Financial and Managerial Accounting (6th edition) (loose-leaf with binder) with Connect code for 365 days by Wild, Shaw, Chiapetta, McGraw-Hill. (Chapters 14-24). ISBN: 9781259687570

**Other Required Materials:**

Calculator (4 function)

**Course Outcomes**

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

**I. Managerial accounting and cost concepts**

1. Distinguish managerial accounting from financial accounting
2. Describe the various cost classifications.
3. Explain manufacturing in JIT environment.

**II. Manufactured product costing**

1. Explain manufacturing costs.
2. Record the flow of manufacturing costs in job order and process cost accounting systems.
3. Calculate pre-determined overhead rates and over and under applied overhead.

**III. Activity based costing**

1. Assign costs to cost pools
2. Calculate activity rates for cost pools.
3. Assign overhead to cost objects using activity rates

**IV. Cost-volume-profit and variable costing**

1. Estimate fixed and variable costs using appropriate methods.
2. Compute unit cost under both absorption and variable costing.
3. Reconcile income between variable and absorption costing methods.
4. Perform cost-volume-profit analysis.
5. Explain the significance of Operating Leverage

**V. Performance measurement and responsibility accounting**

1. Prepare departmental and segmented income statements with allocated service department costs where appropriate.
2. Evaluate investment center performance by computing the profit margin, investment turnover, residual income, and rate of return on investment (ROI).
3. Describe the balanced scorecard approach.

**VI. Budgeting**

1. Describe the budgeting process and the benefits it provides.
2. Prepare a master budget.
3. Prepare a flexible budget

**VII. Standard Costs and Variance Analysis**

1. Explain the use and development of standard costs.
2. Calculate direct material, direct labor and manufacturing overhead variances

**VIII. Relevant Costs**

1. Describe relevant costs that are helpful in decision-making.
2. Prepare analyses of manufacturing decisions such as make or buy, special orders, sell or process further, retain or eliminate a product or service.
3. Explain the Theory of Constraints in relationship to limited resources.

**IX. Capital budgeting**

1. Evaluate capital investment proposals by using accounting rate of return, payback method, net present value, internal rate of return and profitability index.

**Topical Description**

Chapter 14: Managerial Accounting Concepts and Principles

Chapter 15: Job Order Costing and Analysis

Chapter 16: Process Costing and Analysis

Chapter 17: Activity Based Costing and Analysis

Chapter 18: Cost Behavior and CVP Analysis

Chapter 19: Variable Costing and Performance Reporting

Chapter 20: Master Budgets and Performance Planning

Chapter 21: Flexible Budgets and Standard Costs

Chapter 22: Performance Measurement and Responsibility Accounting

Chapter 23: Relevant Costing for Managerial Decisions

Chapter 24: Capital Budgeting and Investment Analysis

**Notes to Instructors**

There will be a **department-wide comprehensive final exam** given in this course. This exam will be used as an **Institutional Effectiveness Assessment**.