



UNIVERSITY OF PUERTO RICO
RIO PIEDRAS CAMPUS
SCHOOL OF BUSINESS ADMINISTRATION
DEPARTMENT OF ACCOUNTING

ACCOUNTING 3106
INTRODUCTION TO PRINCIPLES OF ACCOUNTING II

NUMBER OF CREDITS/HOURS: Three hours/credits

PREREQUISITE: ACCOUNTING 3105

COURSE DESCRIPTION:

Study of accounting as an information system and support function that allows decision making in a business. It emphasizes the use of accounting information in the planning and control functions within an organization. The nature of the costs is discussed, as well as their definition and how they are used for different purposes.

COURSE OBJECTIVES:

At the end of the course, the student will:

1. Understand the role of accounting in providing financial and managerial information in the decision making process.
2. Differentiate between relevant and not relevant information in the preparation and analysis of financial reports.
3. Apply techniques for financial statement analysis.
4. Identify the strengths and limitations of the internal control system of an organization.
5. Determine cost classifications and functions in different problem solving scenarios.
6. Use an operational budget as a tool in planning and control within an organization.
7. Explain recently developed techniques for the management and operation of an entity.
8. Work with others as part of a team.
9. Use electronic worksheets to solve accounting problems.
10. Analyze financial information obtained from databases.
11. Exhibit efficient oral and written communication.

OUTLINE AND TIME DISTRIBUTION

Subjects	Time Estimate
I. Introduction	1.5 hours
A. Course objectives	
B. Work Plan	
C. Student Evaluation	
II. Financial Statements Revisited	6 hours
A. Income Statement and Other Comprehensive Income	
B. Statement of Stockholders Equity	
C. Balance Sheet	
D. Cash Flow Statement	
1. Purpose and importance	
2. Structure	
a. Operational Activities (indirect method compared to direct method)	
b. Investing Activities	
c. Financing Activities	
3. Preparation of a Cash Flow Statement (indirect method).	
E. Notes to financial statements	
F. Annual Report	
G. Auditor's report	
H. Other aspects related to financial reports	
1. Consolidated Financial Statements	
2. Financial Statements of not-for-profit and government entities	
3. International aspects of information disclosure	
I. Corporate Governance	
III. Short term investments	3 hours
A. Debt	
1. Marketable securities	
2. Available for sale	
3. Held to maturity	
B. Equity	
IV. Financial Statement Analysis	
A. Purpose of the analysis	
B. Analysis techniques	
C. Interpretation of Data	

	D. Limitations of the analysis	
V.	Internal Control	3 hours
	<ul style="list-style-type: none"> A. Basic concepts of the system of internal control <ul style="list-style-type: none"> 1. Definition 2. Importance (the planning and control functions) <ul style="list-style-type: none"> a. Control environment b. Supervision c. Activities that promote control (protection of records and resources) d. Information and feedback e. Corrective action 3. Errors, irregularities and fraud 4. Importance of the attest function 	
VI.	Introduction to Managerial Accounting	1.5 hours
	<ul style="list-style-type: none"> A. New business tendencies <ul style="list-style-type: none"> 1. Quality 2. Computer science and technology 3. Just in time 4. Technology 5. Globalization B. Managerial process and decision making <ul style="list-style-type: none"> 1. Planning 2. Control 	
VII.	Cost Categories, Flows and Assignment	6 hours
	<ul style="list-style-type: none"> A. Product costs vs. period costs B. Normal cost vs. actual cost C. Cost behavior (fixed vs. variable costs) D. Accounting cycle of inventory in manufacturing entities E. Problems with the allocation of indirect manufacturing costs F. Service entities (compare with manufacturing entities). G. Activity Based Costing 	
VIII.	Analysis of costs in Decision Making	4.5 hours
	<ul style="list-style-type: none"> A. Cost-Volume-Profit analysis <ul style="list-style-type: none"> 1. Variable or fixed costs 2. Relevant Range 3. Contribution Margin 4. Margin of safety 5. Break even analysis 	

- a. Graphic
 - b. Equation
 - 6. Sensitivity analysis (brief)
 - 7. Limitations of the analysis
- B. Target Cost
- C. Special Orders
- D. Make or buy decision
- E. Importance of the cost-price relationship

- IX. Budgeting 3.0 hours
 - A. Definition
 - B. Advantages and limitations
 - C. Types (excluding cash budget)
 - D. Budget process (not in detail)
 - E. Static versus flexible budgets (differences and uses)
 - F. The use of budgets in the planning, control and performance evaluation of an entity.
 - G. Effects of budgeting on management behavior
 - H. Budget function in the services industry

- X. Performance evaluation in an organization 3.0 hours
 - A. Quality and its costs
 - B. Organizational levels and performance (discussed as measures of ROI, EVA and residual income.
 - C. Advantages and disadvantages of decentralization
 - D. Balanced scorecard
 - E. Benchmarking
 - F. Transfer price

TEXTBOOK: COMPILATION

1. Financial Statements and Accounting Concepts/Principles: *Chapter 2 from Accounting: What the Numbers Mean, 11th Edition by Marshall, McManus, Viele, 2017* 1
2. Statement of Cash Flows: *Chapter 11 from Financial Accounting, Fifth Edition (with extra Appendix: International Financial Reporting Standards) by Spiceland, Thomas, Herrmann, 2019* 40
3. Corporate Governance, Notes to the Financial Statements, and Other Disclosures: *Chapter 10 from Accounting: What the Numbers Mean, 11th Edition by Marshall, McManus, Viele, 2017* 100
4. Financial Statement Analysis: *Chapter 12 from Financial Accounting, Fifth Edition (with extra Appendix: International Financial Reporting Standards) by Spiceland, Thomas, Herrmann, 2019* 126
5. Prologue: Managerial Accounting: An Overview: *Chapter from Introduction to Managerial Accounting, Eighth Edition (with Chapter 5 Supplement) by Brewer, Garrison, Noreen, 2019* 177
6. Managerial Accounting and Cost Concepts: *Chapter 1 from Introduction to Managerial Accounting, Eighth Edition (with Chapter 5 Supplement) by Brewer, Garrison, Noreen, 2019* 200
7. Job-Order Costing: *Chapter 4 from Managerial Accounting for Managers, Fourth Edition by Noreen, Brewer, Garrison, 2017* 239
8. Activity-Based Costing: *Chapter 4 from Introduction to Managerial Accounting, Eighth Edition (with Chapter 5 Supplement) by Brewer, Garrison, Noreen, 2019* 292
9. Cost-Volume-Profit Relationships: *Chapter 6 from Introduction to Managerial Accounting, Eighth Edition (with Chapter 5 Supplement) by Brewer, Garrison, Noreen, 2019* 330
10. Differential Analysis: The Key to Decision Making: *Chapter 11 from Introduction to Managerial Accounting, Eighth Edition (with Chapter 5 Supplement) by Brewer, Garrison, Noreen, 2019* 394
11. Master Budgeting: *Chapter 8 from Introduction to Managerial Accounting, Eighth Edition (with Chapter 5 Supplement) by Brewer, Garrison, Noreen, 2019* 450
12. Flexible Budgets, Standard Costs, and Variance Analysis: *Chapter 9 from Introduction to Managerial Accounting, Eighth Edition (with Chapter 5 Supplement) by Brewer, Garrison, Noreen, 2019* 508
13. Performance Measurement in Decentralized Organizations: *Chapter 10 from Introduction to Managerial Accounting, Eighth Edition (with Chapter 5 Supplement) by Brewer, Garrison, Noreen, 2019* 584

TEACHING STRATEGIES

1. Conferences
2. Web based assignments and assisted learning
3. Discussion of structured and unstructured problems and cases
4. Assignments that require access to electronic databases

LEARNING RESOURCES AND MINIMUM EQUIPMENT REQUIREMENTS

1. Projectors
2. PowerPoint presentations (or other form of electronic presentation)
3. Whiteboard
4. Teaching material prepared by the professor
5. Internet access
6. Newspapers and business magazines
7. Illustrative problems
8. Word processing and spreadsheet software
9. Access to McGraw Hill Connect

EVALUATION STRATEGIES

- Exams:
- Departmental exams will be offered

75%*

Other Activities**

25%

- Written assignment using word processing and one assignment using Excel
- Teamwork will be required. Students, in coordination with their professor, will offer reasonable accommodation to team members with disabilities.
- Oral presentation
- Research project (either financial statement analysis or budgets)
- Students with special needs will be evaluated in a differentiated manner, if necessary.

ASSESSMENT STRATEGIES

The following assessment strategies will be used, among others:

- Departmental exams
- Checklists

GRADING SYSTEM

The following grading system will be used for the final course grade:

Grade	Average
A	100 - 90
B	80 - 89
C	70 – 79
D	60 – 69
F	Less than 60

FUNCTIONAL DIVERSITY: COMPLYING WITH LAW 51

Students that receive vocational rehabilitation services should communicate with the professor at the beginning of the semester to plan any reasonable accommodation or necessary equipment in accordance with the recommendations of the Office of Disabled Persons of the Office of the Dean of Students. In addition, any student with special needs requiring any type of assistance or reasonable accommodation should communicate with their professor.

ACADEMIC INTEGRITY:

Academic dishonesty is subject to disciplinary actions.

ARTICLE 6.2 OF STUDENT'S BYLAWS AND CERTIFICATION 13, 2009 OF THE BOARD OF REGENTS.

DISCRIMINATION FOR REASON OF SEX AND GENDER IN ALL OF ITS MODALITIES IS PROHIBITED

CERTIFICATION 130, 2014-15 OF THE BOARD OF REGENTS

