

CHAPTER 1: INTRODUCTION TO ACCOUNTING

LEARNING OBJECTIVES

- Recognize the primary statements used and the key areas of accounting.
- Recognize major accounting rule-making organizations.
- Identify the global focus in financial reporting.
- Identify the basic accounting principles.
- Identify the different types of business entities.

TOPICS COVERED

- Nature and Scope of Accounting
- Accounting: The Basis for Decision Making
- The Major Areas of Accounting
- Private Accounting
- Public Accounting
- Governmental Accounting
- Major Accounting Rule-Making Organizations
- American Institute of CPAs
- Financial Accounting Standards Board (FASB)
- Securities and Exchange Commission (SEC)
- The International Accounting Standards Board (IASB)
- Public Company Accounting Oversight Board (PCAOB)
- Governmental Accounting Standards Board (GASB)
- Other Organizations
- The Global Trends and Developments in Financial Reporting
- The Basic Accounting Principles
- Historical Cost
- Conservatism
- Consistency
- Comparability
- Going Concern
- Matching
- Realization
- Accrual
- Materiality
- Disclosure
- Objectivity
- Timeliness
- Relevant
- Stable Dollar
- Accounting Period
- Entity
- The Concept of the Business Entity
- Sole Proprietorship
- Partnership
- Corporation
- Presenting Accounting Information through Financial Statements
- Balance Sheet
- Owners' Equity
- Income Statement
- Statement of Cash Flows

CHAPTER 2: UNDERSTANDING THE FINANCIAL STATEMENTS

LEARNING OBJECTIVES

- Recognize the primary purpose and use of different accounting financial statements.
- Identify the format of the income statement.

TOPICS COVERED

- The Income Statement and Balance Sheet
- Revenue
- Expenses
- Net Income (Loss)
- Assets
- Liabilities
- Equity
- The Statement of Cash Flows
- FASB Requirements
- Accrual Basis of Accounting
- Operating Activities
- Investing Activities
- Financing Activities
- Considerations of Certain Cash Receipts and Cash Payments
- Notes to Financial Statements

CHAPTER 3: RECORDING FINANCIAL INFORMATION AND ACCOUNTING CONVENTIONS

LEARNING OBJECTIVES

- Recognize the double entry system and the accounting equation.
- Recognize the system of debits and credits.
- Identify different depreciation methods and calculate depreciation rates.

TOPICS COVERED

- Double Entry and the Accounting Equation
- The Accounting Equation
- The Account

- Ledger
- A Chart of Accounts
- The System of Debits and Credits
- The "How and Why" of Debits and Credits
- Journals
- Types of Depreciation Methods
- Straight-Line Method
- Sum-of-the-Years'-Digits (SYD) Method
- Double-Declining-Balance (DDB) Method
- Units of Production Method
- Which Method to Use

CHAPTER 4: ANALYSIS OF THE FINANCIAL STATEMENTS

LEARNING OBJECTIVES

- Recognize the benefits of financial statement analysis, and how key ratios are applied.
- Distinguish among trend analysis, vertical analysis, and horizontal analysis.
- Recognize various ratios used in financial analysis.

TOPICS COVERED

- Who Uses Financial Analysis?
- Internal Managers
- External Users
- Horizontal and Vertical Analysis
- Financial Statement Analysis
- Trend Analysis
- Ratio Analysis
- Liquidity Analysis
- Working Capital
- Accounts-Receivable Ratios
- Inventory Ratios
- Interrelationship of Liquidity and Activity to Earnings
- Measuring a Company's Ability to Pay Its Long-Term Debt
- Profitability Ratios
- Earnings per Share
- Evaluating Stock as an Investment
- Book Value and Market Value for Selected Companies
- Limitations of Ratio Analysis

CHAPTER 5: WHAT IS MANAGEMENT ACCOUNTING?

LEARNING OBJECTIVES

- Recognize the benefits of and applications of management accounting and different management systems.
- Identify how to classify different costs in management accounting.

TOPICS COVERED

- Financial Accounting versus Management Accounting
- The Work of Management
- Cost Accounting versus Management Accounting
- Controllership
- Managerial Accounting in the New Production Environment
- Total Quality Management and Quality Costs
- Continuous Improvement (CI) and Benchmarking
- Business Process Reengineering (BPR)
- Just-in-Time and Lean Production
- Theory of Constraints (TOC) and Bottlenecks Management
- Cost Classifications and Profit Concepts
- Costs by Management Function
- Product Costs and Period Costs
- Direct Costs and Indirect Costs
- Direct Costs of Nonmanufacturing Firms
- Variable Costs, Fixed Costs, and Mixed Costs
- Unit Costs and Total Costs
- Costs for Planning, Control, and Decision Making
- Merchandising vs Manufacturing Organizations
- Income Statements and Balance Sheets - Manufacturer
- The Contribution Income Statement

CHAPTER 6: PRODUCT COSTING METHODS: JOB ORDER COSTING, PROCESS COSTING, AND ACTIVITY-BASED COSTING

LEARNING OBJECTIVES

- Recognize basic assumptions and uses of different cost systems.

TOPICS COVERED

- Job Order Costing and Process Costing Compared
- DIFFERENCES BETWEEN JOB ORDER COSTING AND PROCESS COSTING
- Job Order Costing
- Job Cost Records
- Factory Overhead Application
- Predetermined Factory Overhead Rate
- Disposition of Under- and Over-Applied Overhead
- Plantwide versus Departmental Overhead Rates
- TOTAL PRODUCT COSTS AND PROFITS
- Activity-Based Costing
- Composition of Product Cost
- First-Stage Procedure
- Second-Stage Procedure
- Using Activity-Based Costing To Make Marketing Decisions
- A List of Activity-Based Costing (ABC) Software

CHAPTER 7: COST BEHAVIOR AND COST-VOLUME-PROFIT ANALYSIS

LEARNING OBJECTIVES

- Identify the benefits of developing a cost-volume profit analysis.
- Compute the sales necessary to break even or to achieve a target income.
- Perform a variety of "what-if" analyses using the contribution approach.

TOPICS COVERED

- A Further Look at Costs by Behavior
- Types of Fixed Costs Committed or Discretionary
- Analysis of Mixed (Semi-variable) Costs
- Relevant Range
- Engineering Analysis
- Account Analysis
- The High-Low Method
- Questions Answered by CVP Analysis
- Contribution Margin (CM)
- Break Even Analysis
- Graphical Approach
- Determination of Target Income Volume
- Impact of Income Taxes
- Margin of Safety
- Present
- Proposed
- Difference
- Sales Mix Analysis
- Deluxe
- Standard

CHAPTER 8: BUDGETING AND STANDARD COST SYSTEMS

LEARNING OBJECTIVES

- Identify the different budgets used in an organization and their purpose.
- Recognize characteristics of a standard costing system and different cost variances.

TOPICS COVERED

- Types of Budgets
- The Sales Budget
- Monthly Cash Collections from Customers
- The Production Budget
- Inventory Purchases – Merchandising Firm
- The Cash Budget
- The Budgeted Income Statement
- The Budgeted Balance Sheet
- Financial Modeling: Computer-Based and Spreadsheet Models for Budgeting
- Standard Costs and Variance Analysis
- General Model for Variance Analysis
- Materials Variances
- Labor Variances
- Variable Overhead Variances
- Nonfinancial Performance Measures

CHAPTER 9: RESPONSIBILITY ACCOUNTING

LEARNING OBJECTIVES

- Identify uses and attributes of a contribution margin approach.
- Recognize and compute return on investment (ROI) by means of the Du Pont formula.
- Identify how ROI and Residual Income (RI) measures affect the division's investment decision.

TOPICS COVERED

- Responsibility Accounting and Responsibility Center
- Control of Profit Centers
- Segmental Reporting for Profit Centers
- Control of Investment Centers
- Rate of Return on Investment (ROI)
- Operating assets
- The Breakdown of ROI -- Du Pont Formula
- ROI and Profit Planning
- Residual Income (RI)
- Residual Income and Economic Value Added
- Investment Decisions under ROI and RI

CHAPTER 10: RELEVANT COSTS AND SHORT-TERM DECISIONS

LEARNING OBJECTIVES

- Identify the costs that are relevant for different financial decisions.
- Recognize factors used in making a short-term profit maximization decision.

TOPICS COVERED

- Relevant Costs Defined
- Pricing a Special Order
- Outsourcing: The Make or Buy Decision
- The Sell-or-Process-Further Decision
- Keeping or Dropping a Product Line
- Product Mix Decisions in the Presence of Limited Resources
- Theory of Constraints
- You Should Remember

CHAPTER 11: CAPITAL BUDGETING DECISIONS

LEARNING OBJECTIVES

- Identify different attributes and ratios used in capital budgeting decisions.
- Calculate payback period for capital expenditures.

TOPICS COVERED

- What Are the Features of Investment Projects?
- Understanding the Concept of Time Value of Money
- What Is Present Value How Much Money Is Worth Now?
- Present Value of Mixed Streams of Cash Flows
- Present Value of an Annuity
- How Do You Measure Investment Worth?
- Payback Period
- Accounting Rate of Return
- Internal Rate of Return
- Net Present Value
- NPV versus IRR: Mutually Exclusive Projects