I. **OVERVIEW**

The following information will appear in the 2009 - 2010 catalog

**BUSAD-202 Managerial Accounting**

*Prerequisite: Satisfactory completion of BUSAD 201.*

Examination of how managers use accounting information in decision-making, planning, directing operations, and controlling. Focus on cost terms and concepts, cost behavior, cost structure, and cost-volume-profit analysis. Examination of profit planning, standard costs, operations and capital budgeting, cost control, and accounting for costs in manufacturing organizations. Field trips are not required. Course is applicable to the associate degree.

II. **LEARNING CONTEXT**

Given the following learning context, the student who satisfactorily completes this course should be able to achieve the goals specified in Section III, Desired Learning:

A. **COURSE CONTENT**

1. **Required Content:**

   1. Decision making: relevant cost and benefits
   2. Basic cost management concepts
   3. Cost-volume-profit analysis
   4. Job-order and process costing
   5. Activity-based costing
   6. Profit planning and budgeting
   7. Standard costing and flexible budgeting
   8. Responsibility accounting and segment reporting
   9. Absorption and variable costing
   10. Capital expenditure decisions
   11. Ethical issues relating to business management and managerial accounting

2. **Recommended Content:**

   1. Financial Statement Analysis
   2. Statement of Cash Flows

B. **ENROLLMENT RESTRICTIONS**

1. **Prerequisites**

   Satisfactory completion of BUSAD 201.

2. **Requisite Skills**

   Before entering the course, the student will be able to:

   a. Explain the nature and purpose of generally accepted accounting principles (GAAP);
   b. Explain and apply the components of the conceptual framework for financial accounting and reporting, including the qualitative characteristics of accounting information, the assumptions underlying accounting, the basic principles of financial accounting, and the constraints and...
limitations on accounting information;
c. Define and use accounting and business terminology;
d. Explain what a system is and how an accounting system is designed to satisfy the needs of specific businesses; summarize the purpose of a journal and a ledger;
e. Apply transaction analysis, input transactions into the accounting system, process this input, and prepare and interpret the four basic financial statements;
f. Distinguish between cash basis and accrual basis accounting and their impact on the financial statements, including the matching principle;
g. Identify and illustrate how the principles of internal controls are used to manage and control the firm's resources and minimize risk;
h. Identify and illustrate issues relating to long-term asset acquisition, use, depreciation, and disposal;
i. Identify and illustrate issues relating to long-term liabilities including valuation of debt, issuance, and retirement;
j. Explain the importance of operating, investing and financing activities reported in the Statement of Cash Flows when evaluating solvency and liquidity of the firm;
k. Interpret company activity, profitability, and liquidity through selection and application of appropriate financial analysis tools; and

C. HOURS AND UNITS

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<th>INST METHOD</th>
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D. METHODS OF INSTRUCTION (TYPICAL)

Instructors of the course might conduct the course using the following method:

1. Lectures, discussion, or other presentations, which develop theoretical material.
2. Demonstrations of accounting techniques, applications and problem solving strategies by both the instructor and students.
3. Applications of material to specific problems.
4. Homework assignments and/or in-class exercises require students to analyze a given problem, select an appropriate procedure to solve the problem, apply the procedure, and evaluate the adequacy of both the result of the procedure and the procedure itself.

E. ASSIGNMENTS (TYPICAL)

1. EVIDENCE OF APPROPRIATE WORKLOAD FOR COURSE UNITS

Time spent on coursework in addition to hours of instruction (lecture hours)

Weekly homework assignments and/or in-class exercises require students to analyze a given problem, select an appropriate procedure to solve the problem, apply the procedure, and evaluate the adequacy of both the result of the procedure and the procedure itself.
This course requires a minimum workload as follows:

Weekly hand-written or computer assisted homework assignments of no less than 5 problems or exercises (9-12 hours per week).

Discussion and analysis of common ethical issues found in the accounting and business environment for each chapter (1-3 hours per week).

2. **EVIDENCE OF CRITICAL THINKING**

   *Assignments require the appropriate level of critical thinking*

   **Sample problem (Process Costing)**

   A corporation manufactures water skis through two processes: Molding and Packaging. In the Molding Department fiberglass is heated and shaped into the form of a ski. In the Packaging Department, the skis are placed in cartons and sent to the finished goods warehouse. Materials are entered at the beginning of both processes. Labor and manufacturing overhead are incurred uniformly throughout each process. Using the company’s production and cost data, complete the following using both Weighted Average and First in First Out (FIFO):

   1. Compute the physical units of production for each department
   2. Determine the equivalent units of production for materials and conversion costs for each department.
   3. Compute the unit costs of production for each department.
   4. Determine the costs to be assigned to the units transferred out and in process for each department.
   5. Prepare a production cost report for each department

F. **TEXTS AND OTHER READINGS (TYPICAL)**


   2. **Other:** Periodicals & trade journals relating to specific accounting topics

III. **DESIRED LEARNING**

A. **COURSE GOAL**

   *As a result of satisfactory completion of this course, the student should be prepared to:*

   Prepare accounting reports, analyze and explain financial information from a managerial perspective, and make informed business predictions and decisions based on relevant data.

B. **STUDENT LEARNING GOALS**

   *Mastery of the following learning goals will enable the student to achieve the overall course goal.*

   1. **Required Learning Goals**

      *Upon satisfactory completion of this course, the student will be able to:*

      a. Identify and illustrate the primary activities and informational needs of managers and explain the role of the managerial accountant as a member of the management team; compare and contrast financial and managerial accounting;

      b. Define and illustrate various cost terms and concepts and evaluate their relevancy for different decision-making purposes;

      c. Distinguish between product and period costs; prepare and evaluate a Schedule of Cost of Goods Manufactured, Schedule of Cost of Goods Sold, and Income Statement;

      d. Prepare traditional and contribution-margin income statements; define related terms; explain cost-volume-profit analysis, degree of operating leverage and safety margin and employ each as an analytical tool;

      e. Describe the traditional types of product costing systems (including job-order and process),
illustrate the flow of costs in each, and prepare related accounting records and reports;

f. Discuss the impact of technology on the manufacturing environment and its implications for product costs and the development of activity-based costing and management; prepare activity-based cost reports;

g. Explain the purposes of budgeting; prepare a master budget and its component schedules and relate the budget to planning and control;

h. Explain the development and use of standard costs, prepare and interpret variance analysis reports and relate them to responsibility accounting and control;

i. Explain the nature of and need for segment reporting and the relationship with cost, revenue, profit, and investment centers; prepare and analyze related segment reports;

j. Compare and contrast absorption costing and variable costing, prepare income statements using both methods, and reconcile the resulting net incomes;

k. Define relevant costs and benefits, giving proper treatment to sunk costs, opportunity costs, and unit costs; prepare analyses of special decisions - accept or reject a special order; outsource a product or service; add or drop a service or product; and sell or process further a product; and

l. Explain the nature of capital expenditure decisions and apply and evaluate various methods used in making these decisions.

m. Identify ethical issues found in a business and/or within the accounting environment and be able to analyze them, identify key stakeholders, and formulate an appropriate response.

IV. METHODS OF ASSESSMENT (TYPICAL)

A. FORMATIVE ASSESSMENT

1. All of the above require students to:
   1. Demonstrate skill in performing accounting techniques
   2. Demonstrate a knowledge of accounting vocabulary
   3. Solve problems by identifying the question and the given information, selecting an appropriate procedure for solution, applying the procedure, and assessing the validity of the solution and the procedure.

2. Assigned homework

3. Practice set or comprehensive problem(s)

4. Tests given at regular intervals throughout the semester to include problem-solving exercises, interpretations, and/or essay questions.

B. SUMMATIVE ASSESSMENT

1. Final Examination which requires students to:
   a. Demonstrate skill in performing accounting techniques
   b. Demonstrate a knowledge of accounting vocabulary
   c. Solve problems by identifying the question and the given information, selecting an appropriate procedure for solution, applying the procedure, and assessing the validity of the solution and the procedure.