

|   |  |
|---|--|
| Course #: Accounting 2020-01<br>Course Title: Managerial Accounting<br>Credit Hours: 3 semester hours<br>Meeting time: Tu, Th 7:30 am to 8:45 am<br>Location: Hazy 220<br>Term: Fall 2012 | Prof.: Derrick Esplin, CPA, CMA, MAcc<br>Office: Room 127, Udvar-Hazy Business Bldg.<br>Phone: 435-652-7926 / 435-619-4460 (cell)<br>Email: derrickesplin@dixie.edu<br>Office Hours: M,W, F 8:00 am – 10:00 am<br>and by appointment |
|---|--|

### **A. CLASS HOURS**

Accounting 2020 meets twice a week, on Tuesday and Thursday mornings, from 7:30 A.M. to 8:45 A.M. in Room #220 in the Hazy Building. These periods will be devoted to introductory lectures of new material, review of homework problems and chapter quizzes.

### **B. TEXT**

Managerial Accounting - 14<sup>th</sup> edition – Garrison, Noreen, Brewer

### **C. COURSE DESCRIPTION**

Required of students pursuing majors in the School of Business, and open to other interested students. Introduction to managerial accounting principles, including product costing, cost volume profit analysis, profit planning, capital budgeting and financial statement analysis. Prerequisites: ACCT 2010, CIS 1200 or CIS 1201. 3 lecture hours per week.

### **D. LEARNING OUTCOMES**

An understanding of business processes and a working knowledge of the accounting that provide services that provide reliable information to business decision makers.

- A. Students will analyze accounting situations, identify relevant accounting issues and recommend viable courses of action.

## **E. COURSE OBJECTIVES (all of the course objectives relate to learning outcome A).**

### Chapter 2 – Managerial Accounting and Cost Concepts

1. LO1 – Identify and give examples of each of the three basic manufacturing cost categories.
2. Distinguish between product costs and period costs and give examples of each.
3. Understand cost behavior patterns including variable costs, fixed costs and mixed costs.
4. Analyze a mixed cost using a scattergraph plot and the high-low method.
5. Prepare income statements for a merchandising company using the traditional and contribution formats.
6. Understand the differences between direct and indirect costs.
7. Understand cost classifications used in making decisions: differential costs, opportunity costs and sunk costs.

### Chapter 3 – Job-Order Costing

1. Compute a predetermined overhead rate.
2. Apply overhead costs to jobs using a predetermined overhead rate.
3. Compute the total cost and average cost per unit of a job.
4. Understand the flow of costs in a job-order costing system and prepare appropriate journal entries to record costs.
5. Use T-accounts to show the flow of costs in a job-order costing system.
6. Prepare schedules of costs of goods manufactured and costs of goods sold in an income statement.
7. Compute underapplied or overapplied overhead cost and prepare the journal entry to close the balance in Manufacturing Overhead to the appropriate accounts.

### Chapter 4 – Process Costing

1. Record the flow of materials, labor and overhead through a process costing system.
2. Compute the equivalent units of production using the weighted-average method.
3. Compute the cost per equivalent unit using the weighted-average method.
4. Assign costs to units using the weighed-average method.
5. Prepare a cost reconciliation report.

### Chapter 5 – Cost-Volume-Profit Relationships

1. Explain how changes in activity affect contribution margin and net operating income
2. Prepare and interpret a cost-volume-profit (CVP) graph and a profit graph.

3. Use the contribution margin ratio (CM ratio) to compute changes in contribution margin and net operating income resulting from changes in sales volume.
4. Show the effects on net operating income of changes in variable costs, fixed costs, selling price, and volume.
5. Determine the level of sales needed to achieve a desired target profit.
6. Determine break-even point.
7. Compute margin of safety and explain its significance.
8. Compute degree of operating leverage at a particular level of sales and explain how it can be used to predict changes in net operating income.
9. Compute the break-even point for a multiproduct company and explain the effects of shifts in the sales mix on contribution margin and the break-even point.

#### Chapter 6 – Variable Costing and Segment Reporting: Tools for Management

1. Explain how variable costing differs from absorption costing and compute unit product costs under each method.
2. Prepare income statements using both variable and absorption costing.
3. Reconcile variable costing and absorption costing net operating incomes and explain why the two amounts differ.
4. Prepare a segmented income statement that differentiates traceable fixed costs from common fixed costs and use it to make decisions.

#### Chapter 8 – Profit Planning

1. Understand why organizations budget and the processes they use to create budgets.
2. Prepare a sales budget, including a schedule of expected cash collections.
3. Prepare a production budget.
4. Prepare a direct materials budget, including a schedule of expected cash disbursements for purchases of materials.
5. Prepare a direct labor budget.
6. Prepare a manufacturing overhead budget.
7. Prepare a selling and administrative budget.
8. Prepare a cash budget.
9. Prepare a budgeted income statement.
10. Prepare a budgeted balance sheet.

### Chapter 9 – Flexible Budgets and Performance Analysis

1. Prepare a flexible budget.
2. Prepare a report showing activity variances.
3. Prepare a report showing revenue and spending variances.
4. Prepare a performance report that combines activity variances and revenue and spending variances.
5. Prepare a flexible budget with more than one cost driver.
6. Understand common errors made in preparing performance reports based on budgets and actual results.

### Chapter 10 – Standard Costs and Variances

1. Compute the direct materials quantity and price variances and explain their significance.
2. Compute the direct labor efficiency and rate variances and explain their significance.
3. Compute the variable manufacturing overhead efficiency and rate variances and explain their significance.

### Chapter 11 – Performance Measurement in Decentralized Organizations

1. Compute return on investment (ROI) and show how changes in sales, expenses, and assets affect ROI.
2. Compute residual income and understand its strengths and weaknesses.
3. Compute delivery cycle time, throughput time, and manufacturing cycle efficiency (MCE).
4. Understand how to construct and use a balance scorecard.

### Chapter 12 – Differential Analysis: The Key to Decision Making

1. Identify relevant and irrelevant costs and benefits in a decision.
2. Prepare an analysis showing whether a product line or other business segment should be added or dropped.
3. Prepare a make or buy analysis.
4. Prepare an analysis showing whether a special order should be accepted.
5. Determine the most profitable use of a constrained resource.
6. Determine the value of obtaining more of the constrained resource.
7. Prepare an analysis showing whether joint products should be sold at the split-off point or processed further.

### Chapter 13 – Capital Budgeting Decisions

1. Evaluate the acceptability of an investment project using the net present value method.
2. Evaluate the acceptability of an investment project using the internal rate of return method.

3. Evaluate an investment project that has uncertain cash flows.
4. Rank investment projects in order of preference.
5. Determine the payback period for an investment.
6. Compute the simple rate of return for an investment.

#### Chapter 14 - Statement of Cash Flows

1. Classify cash inflows and outflows as relating to operating, investing or financing activities.
2. Prepare a statement of cash flows using the indirect method to determine the net cash provided by operating activities.
3. Compute free cash flow.

#### Chapter 15 - Financial Statement Analysis

1. Prepare and interpret financial statements in comparative and common-size form.
2. Compute and interpret financial ratios that would be useful to a common stockholder.
3. Compute and interpret financial ratios that would be useful to a short-term creditor.
4. Compute and interpret financial ratios that would be useful to a long-term creditor.

## **F. EXAMINATIONS & QUIZZES**

Four examinations are given in Managerial Accounting 2020. All exams, with the exception of the final, will be taken in the Testing Center on the scheduled days. A chapter quiz will be administered in class at the end of each chapter. **Except under very unusual circumstances, no late quizzes and/or exams will be allowed!**

## **G. HOMEWORK**

Homework is to be typed using a word processor or spreadsheet application. Homework will be randomly called for and points assigned. We will correct homework each day so as to give instant feedback. Preparation and review of homework will be most beneficial as students prepare for quizzes and exams. Reading the text is crucial for understanding the concepts presented in this course. You are required to read the chapters that will be discussed in class **prior** to the class discussions. These class discussions assume that you are well prepared to discuss the topic(s) of the day. You will be randomly called on in class to provide valuable input to the class discussion.

## H. GRADING

Grading is not on a curve. Your grade will be based on the percentage of total points earned.

|    |                 |            |
|----|-----------------|------------|
| 1. | EXAMS           | 70%        |
| 2. | CHAPTER QUIZZES | 10%        |
| 3. | HOMEWORK*       | <u>20%</u> |
|    | TOTAL           | 100%       |

|    |               |    |              |
|----|---------------|----|--------------|
| A  | 93.0 – 100.0% | C  | 73.0 – 76.9% |
| A- | 90.0 – 92.9%  | C- | 70.0 – 72.9% |
| B+ | 87.0 – 89.9%  | D+ | 67.0 – 69.9% |
| B  | 83.0 – 86.9%  | D  | 63.0 – 66.9% |
| B- | 80.0 – 82.9%  | D- | 60.0 – 62.9% |
| C+ | 77.0 – 79.9%  | F  | BELOW 60%    |

**\*Homework will not be graded on its accuracy. It will be graded on the effort made.**

**If you could do all the homework correctly, you would not need the course.**

### **Reasonable Accommodation Statement:**

Students with medical, psychological, learning or other disabilities desiring reasonable academic adjustment, accommodations, or auxiliary aids to be successful in this class will need to contact the DISABILITY RESOURCE CENTER Coordinator ( BaakoWahabu) for eligibility determination. Proper documentation of impairment is required in order to receive services or accommodations. DRC is located at the ground floor of the Financial Aid Office. Visit or call 652-7516 to schedule appointment to discuss the process. DRC Coordinator determines eligibility for and authorizes the provision of services.

### **DMAIL Statement**

Important class and college information will be sent to your Dmail email account. This information includes your DSC bill, financial aid/scholarship notices, notification of dropped classes, reminders of important dates and events, and other information critical to your success in this class and DSC. All DSC students are automatically assigned a Dmail email account. If you don't know your user name and password, go to

[www.dixie.edu](http://www.dixie.edu) choose MyDSC& Logins and then Login to Student-Mail. And follow the instructions. You will be held responsible for information sent to your Dmail email. So please check it often.

### **DSC Policy Links:**

Reference to “Policy for Absences Related to College Functions”:

<http://www.dixie.edu/humanres/policy/sec5/523.html>

Disruptive behavior policy/ classroom expectations:

<http://www.dixie.edu/humanres/policysec3/334.html>

Academic dishonesty/ Academic Integrity policy:

<http://www.dixie.edu/humanres/policysec3/334.html>

### **RESOURCES:**

**Available Resources:** Library, Computer Lab, Testing Center and Tutoring Center statements and links (as appropriate):

Library – <http://library.dixie.edu>

Computer Labs – located in the basement of the library. The Smith Computer Center, and the Hazy Building, room 200.

Testing Center – <http://new.dixie.edu/testing>

Tutoring Center – <http://dsc.dixie.edu/tutoring/>

**SEE NEXT PAGE FOR SCHEDULE & ASSIGNMENTS**