

# ACCOUNTING 2020 MANAGERIAL ACCOUNTING

## SYLLABUS SPRING 2010

Instructor: Pat Greene, CPA

Cell: 561-307-1952

Home: 435-272-4821

E-mail: [lgreene@disie.edu](mailto:lgreene@disie.edu)

Office Location and Hours:

Udvar-Hazy Building by appointment.

### A. TEXT

Managerial Accounting – 13<sup>th</sup> edition – Garrison, Noreen, Brewer – ISBN 970-0-07-337961-6

### B. COURSE DESCRIPTION

Managerial Accounting is the second class in a series of two classes, which constitute the basic course in accounting fundamentals. Completion of the entire series is required of all majors in Accounting, Business Management, Economics, Finance and Marketing. This is an introductory course to profit planning, capital budgeting and financial statement analysis.

Prerequisites: ACCT 2010, CIS 1200. 3 lecture hours per week.

### C. COURSE OBJECTIVES

Chapter 1 – Managerial Accounting and the Business Environment

1. LO1 – Understand the role of management accountants in an organization.
2. LO2 – Understand the basic concepts underlying Lean Production, the Theory of Constraints (TOC), and Six Sigma.
3. LO3 – Understand the importance of upholding ethical standards.

Chapter 2 – Managerial Accounting and Cost Concepts

1. LO1 – Identify the major differences and similarities between financial and managerial accounting.
2. LO2 – Identify and give examples of each of the three basic manufacturing cost categories.
3. LO3 – Distinguish between product costs and period costs and give examples of each.
4. LO4 – Prepare an income statement including calculation of the cost of goods sold.
5. LO5 – Prepare a schedule of cost of goods manufactured.
6. LO6 – Understand the differences between variable costs and fixed costs.

7. LO7 – Understand the differences between direct and indirect costs.
8. LO8 – Understand cost classifications used in making decisions: differential costs, opportunity costs, and sunk costs.

#### Chapter 3 – Systems Design: Job-Order Costing

1. LO1 – Distinguish between process costing and job-order costing and identify companies that would use each costing method.
2. LO2 – Identify the documents used in a job-order costing system.
3. LO3 – Compute predetermined overhead rates and explain why estimated overhead costs (rather than actual overhead costs) are used in the costing process.
4. LO4 – Understand the flow of costs in a job-order costing system and prepare appropriate journal entries to record costs.
5. LO5 – Apply overhead cost to Work in Process using a predetermined overhead rate.
6. LO6 – Prepare schedules of cost of goods manufactured and cost of goods sold.
7. LO7 – Use T-accounts to show the flow of costs in a job-order costing system.
8. LO8 – Compute underapplied or overapplied overhead cost and prepare and prepare the journal entry to close the balance in Manufacturing Overhead to the appropriate accounts.

#### Chapter 4 – Systems Design: Process Costing

1. LO1 – Record the flow of materials, labor, and overhead through a process costing system.
2. LO2 – Compute the equivalent units of production using the weighted average method.
3. LO3 – Compute the cost per equivalent unit using the weighted average method.
4. LO4 – Assign costs to units using the weighted average method.

#### Chapter 5 – Cost Behavior: Analysis and Use

1. LO1 – Understand how fixed and variable costs behave and how to use them to predict costs.
2. LO2 – Use a scattergraph plot to diagnose cost behavior.
3. LO3 – Analyze a mixed cost using the high-low method.
4. LO4 – Assign costs to units using the weighted average method.

#### Chapter 6 – Cost-Volume-Profit Relationships

1. LO1 – Explain how changes in activity affect contribution margin and net operating income.
2. LO2 – Prepare and interpret a cost-volume-profit (CVP) graph and a profit graph.
3. LO3 – Use the contribution margin ratio (CM ratio) to compute changes to contribution margin and net operating income resulting from changes in sales volume.

4. LO4 – Show the effects on contribution margin of changes in variable costs, fixed costs, selling price and volume.
5. LO5 – Determine the level of sales needed to achieve a desired target profit.
6. LO6 – Determine the break-even point.
7. LO7 – Compute the margin of safety and explain its significance.

#### Chapter 7 – Variable Costing: A Tool for Management

1. LO1 – Explain how variable costing differs from absorption costing and compute unit product costs under each method.
2. LO2 – Prepare income statement using both variable and absorption costing.
3. LO3 – Reconcile variable costing and absorption costing net operating incomes and explain why the two amounts differ.
4. LO4 – Understand the advantages and disadvantages of both variable and absorption costing.

#### Chapter 8 – Activity-Based Costing: A Tool to Aid Decision Making

1. LO1 – Understand activity based costing and how it differs from a traditional costing system.
2. LO2 – Assign costs to cost pools using a first-stage decision allocation.
3. LO3 – Compute activity rates for cost pools.
4. LO4 – Assign costs to a cost object using a second-stage allocation.
5. LO5 – Use activity-based costing to compute product and customer margins.

#### Chapter 9 – Profit Planning

1. LO1 – Understand why organizations budget and the process they use to create budgets.
2. LO2 – Prepare a sales budget, including a schedule of expected cash collections.
3. LO3 – Prepare a production budget.
4. LO4 – Prepare a direct materials budget, including a schedule of expected cash disbursements for purchases of materials.
5. LO5 – Prepare a direct labor budget
6. LO6 – Prepare a manufacturing overhead budget.
7. LO7 – Prepare a selling and administrative expense budget.
8. LO8 – Prepare a cash budget.
9. LO9 – Prepare a budgeted income statement.
10. LO10 – Prepare a budgeted balance sheet.

#### Chapter 10 – Flexible Budgets and Performance Analysis

1. LO1 – Prepare a flexible budget.
2. LO2 – Prepare a report showing activity variances.
3. LO3 – Prepare a report showing revenue and spending variances.
4. LO4 – Prepare performance report that combines activity variances and revenue and spending.

#### Chapter 11 – Standard Costs and Operating Performance Measures

1. LO1 – Explain how direct materials standards and direct labor standards are set.
2. LO2 – Compute the direct materials price and quality variances and explain their significance.
3. LO3 – Compute the direct labor rate and efficiency variances and explain their significance.
4. LO4 – Compute the variable manufacturing overhead rate and efficiency variances.
5. LO5 – Compute delivery cycle time, and manufacturing cycle efficiency (MCE).

#### Chapter 13 – Relevant Costs for Decision Making.

1. LO1 – Identify relevant and irrelevant costs and benefits in a decision.
2. LO2 – Prepare an analysis showing whether a special order should be accepted.
3. LO3 – Prepare a make or buy analysis.
4. LO4 – Prepare an analysis showing whether a special order should be accepted.
5. LO5 – Determine the most profitable use of a constrained resource and the value of obtaining more of the constrained resource.
6. LO6 – Prepare an analysis showing whether joint products should be sold at the split-off point or processed further.

#### Chapter 14 – Capital Budgeting Decisions

1. LO1 – Evaluate the acceptability of an investment project using the net present value method.
2. LO2 – Evaluate the acceptability of an investment project using the internal rate of return method.
3. LO3 – Evaluate an investment project that has uncertain cash flows.
4. LO4 – Rank investment projects in order of preference.
5. LO5 – Determine the payback period for an investment.
6. LO6 – Compute the simple rate of return for an investment.

#### Chapter 15 – “How Well Am I Doing?” State of Cash Flows

1. LO1 – Classifying changes in noncash balance sheet accounts as sources or uses of cash.
2. LO2 – Classify transactions as operating, investing, or financing activities.
3. LO3 – Prepare a statement of cash flows using the indirect method to determine the net cash provided by operating schedules.
4. Compute free cash flow.

#### Chapter 16 – “How Well Am I Doing? Financial Statement Analysis

1. LO1 – Prepare and interpret financial statements in comparative and common-size form.
2. LO2 – Compute and interpret financial ratios that would be useful to a common stockholder.

3. LO3 – Compute and interpret financial ratios that would be useful to short term creditors.
4. LO4 – Compute and interpret financial ratios that would be useful to long term creditor.

## D. CLASS HOURS

Accounting 2020 meets once a week, Tuesday, 5:15 PM to 7:45 PM in Udvar-Hazy Building Room 230. Class hours will be devoted to introductory lectures of new material, review of homework problems and chapter quizzes.

## E. EXAMINATIONS AND QUIZES

Five examinations are given in Managerial Accounting 2020. All exams 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 early or late quizzes and/or exams will be allowed!**

## F. 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 class period so as to give instant feedback. Preparation and review of homework will be most beneficial as students prepare for quizzes.

## G. GRADING

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

1. EXAMS	73%		
2. CHAPTER QUIZES	22%		
3. HOMEWORK*	5%		
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.

Jan 12, 2010	Chapter 1	
Jan 19, 2010	Chapter 2	
Jan 26, 2010	Chapter 3	Test 1
Feb 2, 2010	Chapter 4	
Feb 9, 2010	Chapter 5	
Feb 16, 2010	Chapter 6	Test 2
Feb 23, 2010	Chapter 7	
Mar 2, 2010	Spring Break	
Mar 9, 2010	Chapter 8	
Mar 16, 2010	Chapter 9	Test 3
Mar 23, 2010	Chapter 10	
Mar 30, 2010	Chapter 11	
Apr 6, 2010	Chapter 12	Test 4
Apr 13, 2010	Chapter 14	
Apr 20, 2010	Chapter 15	
Apr 27, 2010	Chapter 16	
May 4, 2010	Final Exam	Test 5

Please note: If you are a student with a medical, psychological or a learning difference and requesting reasonable academic accommodations due to the disability, you must provide an official request of accommodations to your Professor for the Disability Resource Center within the first two weeks of the beginning of classes. Students are to contact the center on the main campus to follow through with, and receive assistance in the documentation process to determine appropriate accommodations related to their disability. You may call 652-7516 for an appointment and further information regarding the American with Disabilities Act (ADA) of 1990 per Section 504 of the Rehabilitation Act of 1973.

### 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 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.