

**COURSE NUMBER:** BUSN-221  
**COURSE TITLE:** Managerial Accounting  
**CREDIT HOURS:** 3  
**INSTRUCTOR:** Carolyn Nelson  
**OFFICE LOCATION:** Office 121, Weinberg Hall  
**OFFICE HOURS:** As Posted  
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**PREREQUISITES:** Financial Accounting or by instructor permission  
**REQUIRED TEXTS:** *Introduction to Managerial Accounting, 5th<sup>d</sup> ed., Brewer, Garrison, Noreen*

**COURSE DESCRIPTION:** This course uses accounting information in the financial decision making process. It is for the student who already has some background on how financial information is collected and reported. This course is designed to teach students how to use financial information as a management tool.

The course will include the basic study of cost concepts and cost behavior. Using financial information in planning and controlling will be examined carefully. The study will conclude with analyzing financial information as a tool to drawing conclusions and implications about current and fiscal operations.

**EXPECTED LEARNER  
OUTCOMES:**

Upon successful completion of this course, the student should be able to:

Part 1 – Managerial Accounting Perspective

1. Discuss organizational structure and how it is used to meet management objectives.
2. Discuss the four basic functions of management.

3. Describe the organizational structure used within the business community.

#### Part II – Cost Terms, Concept, and Classifications

4. Identify the five general categories used to collect cost data.
5. Discuss the Statement of Cost of Goods Manufactured and its uses.
6. Study Just in Time Inventory System and discuss its advantages.
7. Introduce common cost classifications used by management to collect cost information.

#### Part III – Systems Design: Job Order Costing

8. Explain the importance of unit costing.
9. Discuss differences between Job Order and Process Cost Accounting Systems.
10. Discuss the basic procedures used in Job Order Cost Accounting Systems.
11. Study the use of predetermined factory overhead rates.
12. Demonstrate Accounting Procedures used in a job order cost accounting system.

#### Part IV – Systems Design: Activity Based Costing

13. Understand the basic approach and how it differs from conventional costing.
14. Compute activity rates.
15. Compute product costs.
16. Record the flow of costs.

#### Part V – Systems Design: Process Costing

17. Compare Job Order Cost Accounting to process cost accounting.
18. Discuss the importance of equivalent units as used in process cost.
19. Discuss the production report.
20. Study accounting procedures used in a process cost accounting system.

#### Part VI – Cost Behavior: Analysis and Use

21. Analyze cost behavior systems and the relationship between levels of production and unit cost.
22. Study the relationship between fixed cost and unit cost.
23. Identify the relevant range and its uses in cost analysis.
24. Survey various methods used to identify mixed cost.
25. Discuss contribution margin as used in cost reporting.

#### Part VII – Cost, Profit & Volume Relationship

26. Demonstrate how changes in activities affect net profit.
27. Examine break-even analysis as management decision making tool.
28. Discuss the relationship between the sales mix and break-even.

#### Part VIII – Profit Planning

29. Introduce basic budget planning and procedures.
30. Outline procedures necessary to prepare a master budget.

#### Part IX – Pricing of Products and Service

31. Discuss some of the common techniques used to determine the selling price of a product.
32. Demonstrate various methods that may be used to determine the selling price of a product.
33. Discuss some of the common problems faced in price determination.

#### Part X – Capital Budgeting Decision

34. Introduce basic concepts of a capital investment decision.
35. Study concept of present value and its applications in capital decisions.
36. Review other methods used in making capital investment decisions.

#### Part XI – “ How Well Am I Doing” Statement of Cash Flows

37. Introduce the statement of cash flows.
38. Discuss the techniques used to build a Statement of Cash Flow.

39. Study the preparation of a Statement of Cash Flow.

Part XII – “How Well Am I Doing” Financial Statement Analysis

40. Discuss the need for financial statement analysis.

41. Demonstrate some of the common tools used in financial statement analysis.

**LEARNING TASKS  
& ACTIVITIES:**

This class will be taught by a combination of lecture, class discussion and student exercises from selected text chapters. Lecture will be used to introduce new concepts. Class discussion will be used to clarify the concepts. Problems and exercises will be assigned to demonstrate the practical application of the topic under discussion.

**ASSESSMENT OF  
OUTCOMES:**

**ATTENDANCE** is important, because class concepts build on each other.

**ABSENCES:** Regular attendance is expected. **Any student who has 7 unexcused absences will be dropped from the class for excessive absences, see Student Handbook under “Attendance Policy”.**

College sponsored events will be counted as excused absences provided students complete all necessary assignments as designated by the instructor. Excused absences are to include academic competition, judging team competition, music events, official athletic events, field trips, and other College-sponsored events as approved by the Vice President for Learning.

**TARDY:** You are counted tardy anytime that you come in after the attendance has been taken. Three tardies make an unexcused absence.

**ELECTRONICS:** Cell phones, iPods, and/or any other electronic devices are not allowed to be turned on during class time and should be out of sight. If you are caught using one of these devices you will be counted an unexcused absence for the class.

**SLEEPING:** You must be more than just physically present in class. You must pay attention—not talking to your neighbor, appearing to sleep, or doing work not related to this class. You must bring to class and use the assigned text. Uncooperative students will be dismissed from class for the day and counted absent.

**Be courteous to the class.** If lecture has started and the door is closed, do not stand at the door and knock. Consider yourself absent for the class. You will be counted as an unexcused absence. If the door is still open, come in quietly. You will be counted tardy.

Once class begins, you cannot get up and leave without specific permission from the instructor. If you have to leave without permission, do not return. You will be counted absent.

Be respectful to yourself, your classmates and your instructor. We can all work towards a good semester.

**Daily Work** will be assigned and students will be held responsible for completion. Students should come to class prepared to discuss exercises.

**Quizzes** will be given periodically throughout the semester. No makeup quizzes will be given.

**Projects** will be assigned to students throughout the semester to practice skills learned in class.

**Exams** use conceptual and computational questions to test the student's comprehension and application of accounting concepts. While there is some new vocabulary to master, the emphasis of the course is on problem solving, analytical thinking, and conceptual understanding. The exam format will be a combination of multiple choice questions, matching, and problems. Students will take four unit exams covering material discussed in the "expected learner outcomes" section of the syllabus. If a student misses an exam, it is their responsibility to schedule time to take it.

**Grades** will be based on the following:

Exams	40%
Projects	20%
Quizzes	5%
Daily Work	<u>35%</u>
Total	100%

Grades will be assigned as follows:

90% - 100%	A
80% - 89%	B
70% - 79%	C
60% - 69%	D
59% or less	F

**ADDITIONAL  
INFORMATION:**

**Student Responsibilities** include, but are not limited to, being prepared, being in class, and participating in discussions. If the student misses class for any reason, it is up to the student to find out what was missed. All materials discussed in class are subject to examination.

**Disabilities** that require any accommodation or other assistance should make an appointment to speak with me as soon as possible.

**Plagiarism and cheating** are not acceptable.

**In class group work** will be assigned occasionally to prepare a solution to a comprehensive exercise.

**THIS SYLLABUS IS SUBJECT TO REVISION WITH PRIOR NOTICE TO THE STUDENT BY THE INSTRUCTOR.**

# Managerial Accounting Competencies

## I. MANAGERIAL ACCOUNTING PERSPECTIVE

### DISCUSS ORGANIZATIONAL STRUCTURE AND KNOW IT IS USED TO MEET MANAGEMENT OBJECTIVES

1. Explain how an organization is defined and its limits determined. (Understanding)
2. Discuss some of the factors that will determine a company's objectives. (Understanding)
3. Define managerial accounting and explain its role in assisting a company in reaching its objectives. (Knowledge)
4. Compare managerial accounting to financial accounting. (Application)

### DISCUSS THE FOUR BASIC FUNCTIONS OF MANAGEMENT

5. Define the planning function of management. (Knowledge)
6. Describe the process that managers use to organize and direct. (Knowledge)
7. List the techniques a manager might use in controlling the organizational activities. (Knowledge)
8. Discuss why decision making is an integral part of the management process and not a separate function. (Understanding)

### DESCRIBE THE ORGANIZATIONAL STRUCTURE USED WITHIN THE BUSINESS COMMUNITY

9. Define the line and staff positions used on an organizational chart. (Knowledge)
10. Explain the relationship between line and staff positions in meeting management objectives. (Understanding)

### EXPLAIN THE ROLE OF MANAGERIAL ACCOUNTING IN ASSISTING MANAGEMENT IN REACHING ITS GOALS

11. State why accounting information is critical to the management process. (Understanding)
12. Explain why management accounting data is usually described as internal in nature and financial accounting is external. (Application)
13. State why managerial accounting information is not limited to the generally accepted accounting principles. (Application)
14. Explain why managerial accounting is more segment oriented. (Understanding)

## II. COST TERMS, CONCEPT, AND CLASSIFICATIONS

### IDENTIFY THE FIVE GENERAL CATEGORIES USED TO COLLECT COST DATA

1. List and give examples of each of the three categories used to collect manufacturing cost. (Knowledge)
2. Distinguish between manufacturing and non-manufacturing cost. (Knowledge)
3. Distinguish between direct and indirect materials; direct and indirect labor. (Understanding)
4. Define manufacturing overhead and discuss what type of costs are included in this category. (Knowledge)
5. Non-manufacturing cost includes two categories. List and discuss the types of cost that would be included in each group. (Knowledge)
6. Differentiate between period and product cost. (Understanding)

### DISCUSS THE STATEMENT OF COST OF GOODS MANUFACTURED AND ITS USES

7. Describe differences between a Cost of Goods Sold report and a Cost of Goods Manufactured report. (Understanding)
8. Identify the three categories included in inventoriable cost, and explain what types of costs are included in each. (Knowledge)
9. Prepare a Statement of Cost of Goods Manufactured. (Application)
10. Explain how costs flow through the manufacturing system, from point of occurrence to point of sale. (Application)

### STUDY JUST IN TIME INVENTORY SYSTEM AND DISCUSS ITS ADVANTAGES

11. List the first five steps in the accounting cycle. (Knowledge)
12. List the advantages gained by using a JIT inventory system. (Knowledge)
13. Briefly explain the JIT philosophy and how it affects the manufacturing process. (Knowledge)

### INTRODUCE COMMON COST CLASSIFICATIONS USED BY MANAGEMENT TO COLLECT COST INFORMATION

14. Distinguish between fixed and variable cost and give examples of each. (Knowledge)
15. Distinguish between controllable and non-controllable cost. (Knowledge)
16. Explain how and when costs are identified as controllable. (Understanding)
17. Define differential cost, or incremental cost. (Knowledge)
18. Explain opportunity cost and give some examples of how opportunity cost will influence management decisions. (Understanding)
19. Identify sunk costs and explain why they should not be used in determining a company's future course of action. (Understanding)
20. Explain why idle time, overtime, and fringe benefits should not be included in direct labor cost. (Application)

### **III. SYSTEMS DESIGN: JOB ORDER COSTING**

#### **EXPLAIN THE IMPORTANCE OF UNIT COSTING**

1. Define unit cost. (Knowledge)
2. List the three basic purposes for which unit cost data is used. (Knowledge)

#### **DISCUSS DIFFERENCES BETWEEN JOB ORDER AND PROCESS COST ACCOUNTING SYSTEMS**

3. Define Job-Order Cost Accounting and give some examples when this accounting system would be used. (Knowledge)
4. Define Process Cost Accounting and give some examples when this accounting system would be used. (Knowledge)
5. Identify some of the similarities and differences between Job Order and Process Cost Accounting. (Understanding)

#### **DISCUSS THE BASIC PROCEDURES USED IN JOB ORDER COST ACCOUNTING SYSTEMS**

6. List and define the three basic elements in collecting costs in a Job Order Cost Accounting system. (Knowledge)
7. Explain the purpose of use of materials requisition form. (Knowledge)
8. Distinguish between direct and indirect labor cost. (Knowledge)
9. Describe a Job Cost Sheet and explain its purpose. (Knowledge)
10. Explain the relationship between the employee time ticket and the employee record card. (Understanding)
11. Define Manufacturing Overhead. (Knowledge)
12. Explain the purpose of Under/Over Applied Manufacturing Overhead. (Understanding)

#### **STUDY THE USE OF PREDETERMINED FACTORY OVERHEAD RATES**

13. Define predetermined factory overhead rate and explain how it is used. (Knowledge)
14. Explain why predetermined factory overhead rates are used instead of actual overhead cost. (Understanding)
15. Identify some of the common methods that are used to determine a predetermined factory overhead cost. (Knowledge)
16. Explain how predetermined factory overhead rates are used to apply manufacturing cost to production. (Understanding)
17. Define Activity Based Costing. (Knowledge)
18. Compute a predetermined factory overhead rate using direct labor and machine hours. (Application)

19. Apply overhead cost to production using predetermined factory overhead rates.  
(Application)
20. Explain the significance of the Over/Under-Applied Factory Overhead balance.  
(Application)

<b>DEMONSTRATE ACCOUNTING PROCEDURES USED IN A JOB ORDER COST ACCOUNTING SYSTEM</b>
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21. Describe the principle information found in each of the manufacturing accounting, Direct Materials, Direct Labor, Factory Overhead, and Work-in Process.  
(Knowledge)
22. Explain how the value for goods transferred into Finished is determined.  
(Knowledge)
23. Record the transactions to apply and transfer cost through the typical Job Order Cost Accounting System. (Application)
24. Explain the implications of a balance in the factory Overhead Account at the end of an accounting period and explain how this account should be closed. (Application)

#### **IV. SYSTEM DESIGN: ACTIVITY BASED COSTING**

<b>UNDERSTAND THE BASIC APPROACH AND HOW IT DIFFERS FROM CONVENTIONAL COSTING</b>
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1. Define an activity. (Knowledge)
2. Define a cost pool and identify how costs are accumulated. (Knowledge)

<b>COMPUTE ACTIVITY RATES</b>
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3. Calculate the total overhead costs and cost per activity using the information gained. (Application)

<b>COMPUTE PRODUCT COSTS</b>
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4. Calculate overhead applied based upon activity(ies). (Application)
5. Add overhead cost to the total product cost. (Application)

<b>RECORD THE FLOW OF COSTS</b>
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6. Record journal entries to track the flow of costs through the Accounting System.  
(Application)

#### **V. SYSTEM DESIGN: PROCESS COSTING**

### COMPUTE JOB ORDER COST ACCOUNTING TO PROCESS COST ACCOUNTING

1. List the similarities between Job Order and Process Cost accounting. (Knowledge)
2. List differences between Job Order and Process Cost Accounting. (Knowledge)
3. Define and distinguish between sequential and parallel processing. (Knowledge)

### DISCUSS THE IMPORTANCE OF EQUIVALENT UNITS AS USED IN PROCESS COST

4. Define equivalent units and explain why they are necessary in the Process Cost Accounting System. (Knowledge)
5. Explain the differences between using the FIFO method and the weighted average method to determine equivalent units. (Understanding)
6. Calculate equivalent units using (Application)
  - a. FIFO Method
  - b. Weighted Average Method

### DISCUSS THE PRODUCTION REPORT

7. Describe a Production Report and explain its function. (Knowledge)
8. List and identify the three separate sections of a Production report. (Knowledge)
9. Describe a quantity schedule and explain its purpose. (Knowledge)
10. Prepare a quantity schedule. (Application)
11. Calculate Unit Cost. (Application)
12. Prepare a Schedule of Cost Reconciliation. (Application)

### STUDY ACCOUNTING PROCEDURES USED IN A PROCESS COST ACCOUNTING SYSTEM

13. Record the transactions to apply and transfer cost through the typical Process Cost Accounting System. (Application)
14. Prepare a Production Report. (Application)

## **VI. COST BEHAVIOR: ANALYSIS AND USE**

### ANALYZE COST BEHAVIOR SYSTEMS AND THE RELATIONSHIP BETWEEN LEVELS OF PRODUCTION AND UNIT COST

1. Explain how changes in the level of activity affect unit cost. (Understanding)
2. Define fixed, variable, and mixed cost. (Knowledge)
3. Give examples of items that would be classified as “true variable” cost. (Knowledge)
4. Define “step variable” and give some examples of step variable cost. (Understanding)
5. Explain the meaning of the term “committed fixed cost”. (Knowledge)
6. Discuss how fixed cost can be discretionary and give some examples. (Understanding)

## STUDY THE RELATIONSHIP BETWEEN FIXED COST AND UNIT COST

7. Explain the difference between committed fixed cost and discretionary fixed cost. (Knowledge)
8. Explain why current cost trends have moved towards fixed cost. (Understanding)

## IDENTIFY THE RELEVANT RANGE AND ITS USES IN COST ANALYSIS

9. Define relevant range. (Knowledge)
10. Explain the weakness in the linearly assumption of the relevant range. (Application)
11. Calculate the relevant range of a product. (Application)
12. Explain how relevant range can be calculated when step variable costs are involved. (Understanding)

## SURVEY VARIOUS METHODS USED TO IDENTIFY MIXED COST

13. Define mixed cost. (Knowledge)
14. Calculate mixed cost using the high/low method. (Application)
15. Calculate mixed cost using the scattergraph method. (Application)
16. Calculate mixed cost using the least squares method. (Application)
17. Compare and discuss each of the three methods of calculating mixed cost. (Understanding)

## DISCUSS CONTRIBUTION MARGIN AS USED IN COST REPORTING

18. Define contribution margin. (Knowledge)
19. Explain the difference between using the Contribution Margin format and the tradition format in preparing an income statement. (Understanding)
20. Prepare an income statement using the contribution margin format. (Application)

## **VII. COST, PROFIT & VOLUME RELATIONSHIP**

### DEMONSTRATE HOW CHANGES IN ACTIVITIES AFFECT NET PROFIT

1. Define CVP analysis and explain how CVP analysis is an important tool to manage for profits. (Knowledge)
2. List the five factors that affect CVP analysis. (Knowledge)
3. Demonstrate how change is fixed and variable expenses affect the contribution margin. (Application)
4. Calculate the Contribution Margin Ratio (CM Ratio). (Application)
5. Explain why the CM ratio will vary from product to product. (Understanding)
6. Define the term operating leverage. (Knowledge)
7. Calculate the Degree of Operating Leverage and explain its significance. (Application)
8. Explain how targeted net income can be achieved using unit break-even analysis. (Understanding)

## EXAMINE BREAK-EVEN ANALYSIS AS MANAGEMENT DECISION MAKING TOOL

9. Define Break-Even. (Knowledge)
10. Calculate Break-Even using the equation approach. (Application)
11. Explain why it is important to calculate the Break-Even point in both dollars and units. (Understanding)
12. Calculate Break-Even using the contribution method. (Application)
13. Prepare a CVP graph and identify the break-even point. (Application)
14. Define Margin of Safety. (Application)
15. Calculate the Margin of Safety. (Application)
16. Explain how targeted net income can be achieved using unit break-even analysis. (Understanding)

## DISCUSS THE RELATIONSHIP BETWEEN THE SALES MIX AND BREAKEVEN

17. Define sales mix. (Knowledge)
18. Explain how a change in sales mix will affect the break even analysis. (Understanding)
19. Prepare a Sales Mix Report that involves more than one product. (Application)
20. Calculate average contribution margin using the sales mix approach with a company that has two or more products. (Application)
21. Calculate Break-Even point when multiple products are involved. (Application)

## VIII. PROFIT PLANNING

### INTRODUCE BASIC BUDGET PLANNING AND PROCEDURES

1. Define budget. (Knowledge)
2. List the advantages of using a budget. (Knowledge)
3. Outline basic budget procedures. (Knowledge)
4. Explain how budgeting fits into the management roles of planning and controlling. (Understanding)
5. List some of the common budget periods and give some examples of how they are used. (Knowledge)
6. Define Self Imposed budget (or participative budget) and list its advantages.
7. Define Zero Based Budgets and explain how this concept is used. (Knowledge)

### OUTLINE PROCEDURES NECESSARY TO PREPARE A MASTER BUDGET

8. Define master budget. (Knowledge)
9. Describe the procedures necessary to prepare a master budget. (Understanding)
10. Prepare a Sales Budget. (Application)
11. Prepare a Production Budget. ((Application)

12. Prepare a Direct Labor Budget. (Application)
13. Prepare a Manufacturing Overhead Budget. (Application)
14. Prepare a Selling and Administrative Expense Budget. (Application)
15. Prepare a set of budgeted Financial Statements. (Applications)
16. Prepare a Cash Budget. (Application)
17. Calculate the Economic Order Quality (EOQ). (Application)

## **IX. STANDARD COSTS**

### **EXPLAIN HOW DIRECT MATERIAL STANDARDS AND DIRECT LABOR STANDARDS ARE SET**

1. Discuss the two types of variances for direct material and for direct labor. (Knowledge)
2. Calculate each variance. (Application)
3. Analyze if variance is favorable or unfavorable. (Application)

### **COMPUTE VARIABLE MANUFACTURING OVERHEAD VARIANCES**

4. Discuss the two measures of overhead variances. (Knowledge)
5. Calculate each variance. (Application)
6. Analyze if variance is favorable or unfavorable. (Application)

## **X. CAPITAL BUDGETING DECISION**

### **INTRODUCE BASIC CONCEPTS OF A CAPITAL INVESTMENT DECISION**

1. Define each of the two general categories of capital decisions. (Screening decisions and preference decisions) (Knowledge)
2. List the primary characteristics of a capital decision. (Knowledge)

### **STUDY CONCEPT OF PRESENT VALUE AND ITS APPLICATIONS IN CAPITAL DECISIONS**

3. Define present value. (Knowledge)
4. Calculate present value using formulas. (Application)
5. Calculate present value using tables. (Application)
6. Prepare a net present value analysis on two competing investment projects. (Application)
7. Prepare a net present value analysis when a least cost decision is involved. (Application)

### **REVIEW OTHER METHODS USED IN MAKING CAPITAL INVESTMENT DECISIONS**

8. Define time adjust rate of return. (Knowledge)
9. List the two limiting factors associated with using the time adjusted rate of return. (Knowledge)
10. Calculate the time adjusted rate of return. (Application)
11. Identify the major factors that must be included in a decision to invest in automated equipment. (Knowledge)
12. Explain how the cash payback method is different from other approaches to capital decisions. (Understanding)
13. Calculate a cash payback period. (Application)
14. Compare the simple rate of return to other capital decision methods. (Understanding)
15. Calculate a simple rate of return. (Application)

## **X. "HOW WELL AM I DOING" STATEMENT OF CASH FLOWS**

### **INTRODUCE THE STATEMENT OF CASH FLOWS**

1. Describe a Statement of Cash Flow. (Knowledge)
2. List the five common used of a Statement of Cash Flow. (Knowledge)
3. Define Cash as used in the Statement of Cash Flow. (Knowledge)
4. Define a comparative Balance Sheet and explain how it is used in the preparation of the Statement Of Cash Flow. (Knowledge)
5. Explain the similarities and differences between using the direct and indirect approaches. (Understanding)

### **DISCUSS THE TECHNIQUES USED TO BUILD A STATEMENT OF CASH FLOW**

6. Define and give examples of operating activities. (Knowledge)
7. Define and give examples of investing activities. (Knowledge)
8. Define and give examples of financing activities. (Knowledge)
9. Explain how changes in cash can be identified through the account analysis method. (Understanding)
10. Explain how changes in cash can be identified through the use of the working paper approach. (Application)
11. Explain how changes in current assets and current liabilities affect cash flow. (Application)

### **STUDY THE PREPARATION OF A STATEMENT OF CASH FLOW**

12. Prepare changes cash from operating activity using the indirect approach. (Application)
13. Prepare changes in cash from operating activities using the direct approach. (Application)
14. Prepare changes in cash from investing activities. (Application)
15. Prepare changes in cash from financing activities. (Application)

16. Explain how the accuracy of the Statement Of Cash Flows can be verified once it is completed. (Knowledge)

## **XI. “HOW WELL AM I DOING” FINANCIAL STATEMENT ANALYSIS**

### **DISCUSS THE NEED FOR FINANCIAL STATEMENT ANALYSIS**

1. Discuss limitations of financial statement analysis. (Knowledge)
2. Explain the need to look beyond the ratios. (Knowledge)

### **DEMONSTRATE SOME OF THE COMMON TOOLS USED IN FINANCIAL STATEMENT ANALYSIS**

1. Calculate ratios for stockholders and creditors. (Application)
2. Analyze ratios. (Application)