

# BUS 0203 - MANAGERIAL ACCOUNTING

## Catalog Description

Formerly known as BUS 3

Prerequisite: Completion of BUS 202 with grade of "C" or better

Hours: 54 lecture

Description: Examination of how managers use accounting information in decision-making, planning, directing operations, and controlling operations. 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. (C-ID ACCT 120) (CSU, UC)

## Course Student Learning Outcomes

- CSLO #1: Develop a costing system using traditional costing and activity based costing and determine the effect each approach has on decision making.
- CSLO #2: Determine how costs behave with changes in activity and how cost behavior patterns impact decision making.
- CSLO #3: Calculate production cost variances and investigate possible causes of the variances.
- CSLO #4: Evaluate ethical cases in accounting and recommend appropriate courses of action.

## Effective Term

Fall 2020

## Course Type

Credit - Degree-applicable

## Contact Hours

54

## Outside of Class Hours

108

## Total Student Learning Hours

162

## Course Objectives

Through written activities and computations, the student will:

1. Identify and illustrate the primary activities and information 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;
2. Define and illustrate various cost terms, concepts, and behaviors, and evaluate their relevancy for different decision-making purposes;
3. Distinguish between product and period costs and prepare and evaluate a Schedule of Cost of Goods Manufactured, Schedule of Cost of Goods Sold, and Income Statement;
4. Prepare traditional and contribution-margin income statements and define related terms;

5. Explain cost-volume-profit analysis, degree of operating leverage, and safety margin and employ each as an analytical tool;
6. 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;
7. Discuss the impact of technology on the business environment, its implications for product and service costs, and the development of activity-based costing and management;
8. Explain the purposes of budgeting, prepare a master budget and its component schedules, and relate the budget to planning and control;
9. Explain the development and use of standard costs and flexible budgets, prepare and interpret variance analysis reports and relate them to responsibility accounting and control;
10. 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;
11. Compare and contrast absorption costing and variable costing, prepare income statements using both methods, and reconcile the resulting net incomes;
12. Define relevant costs and benefits and prepare analyses related to special decisions;
13. Explain the nature of capital expenditure decisions and apply and evaluate various methods used in making these decisions; including the time value of money and
14. Identify the ethical implications inherent in managerial accounting and reporting and be able to apply strategies for addressing them.

## General Education Information

- Approved College Associate Degree GE Applicability
- CSU GE Applicability (Recommended-requires CSU approval)
- Cal-GETC Applicability (Recommended - Requires External Approval)
- IGETC Applicability (Recommended-requires CSU/UC approval)

## Articulation Information

- CSU Transferable
- UC Transferable

## Methods of Evaluation

- Classroom Discussions
  - Example: 1. Once students calculate the net present value and internal rate of return for a project, discuss the pros and cons for each project and what decision should be made. Students will present their decisions in class and the instructor will grade based on completion, tools used in the decision making process, and accuracy.
- Essay Examinations
  - Example: 1. Describe the differences between financial and managerial accounting and who uses each. The instructor will read each students' essay and provide feedback for review in class.
- Objective Examinations
  - Example: 1. Using multiple choice questions, the student will respond to topics about different production and management methods. Standard Grading. Example Question: When making a production or management decision, which of the following costs are not considered? a) relevant cost b) opportunity costs c) sunk costs d) all of the above costs would be considered.
- Problem Solving Examinations

- Example: 1. Given a list of estimated revenues and expenses, prepare all the budgets within a master budget. The instructor will grade each students' statement and provide feedback for review in class.
- Skill Demonstrations
  - Example: 1. Prepare a flexible budget using a given set of numbers. This problem will be graded by the publisher's assignment software and the student's grade will be transferred to the course management system.

## Repeatable

No

## Methods of Instruction

- Lecture/Discussion
- Distance Learning

Lecture:

1. Instructor lectures on job costing manufacturing operations and then guides students through in-class practice.
2. Instructor sets up and monitors in-class group projects, including evaluating relevant revenues and costs to make decisions.
3. Prepare the journal entries to allocate overhead to different departments.
4. Given a set of account balances, prepare a contribution format income statement.

Distance Learning

1. Using the publisher's software, calculate the net present value of two operating projects. Instructor will evaluate work online.
2. Using the class discussion board, students discuss how to apply responsibility accounting to evaluate opportunities for improvement. Instructor will monitor discussions and add comments where appropriate.

## Typical Out of Class Assignments

### Reading Assignments

1. Read the chapter that covers activity-based costing. Be ready to discuss the pros and cons of implementing such a system.
2. Read the chapter that covers capital budgeting. Be prepared to discuss how the time value of money concept applies to budgeting for long term projects.

### Writing, Problem Solving or Performance

1. Based on the exercise assigned at the end of the chapter, calculate the amount of overhead to be applied and determine if the result is over applied or under applied.
2. Define the terms "break-even point" and "margin of safety." Based on the information provided in the exercise assigned at the end of the chapter, calculate the break-even point and margin of safety. Explain what each of these measures indicates for the company.

## Other (Term projects, research papers, portfolios, etc.)

### Required Materials

- Introduction to Managerial Accounting
  - Author: Brewer, Garrison, and Noreen
  - Publisher: McGraw Hill
  - Publication Date: 2016
  - Text Edition: 7th
  - Classic Textbook?: No
  - OER Link:
  - OER:

## Other materials and-or supplies required of students that contribute to the cost of the course.