



**COWLEY COLLEGE
& Area Vocational Technical School**

COURSE PROCEDURE FOR

**MANAGERIAL ACCOUNTING
ACC 1165 3 Credit Hours**

Student Level:

This course is open to students on the college level in the sophomore year.

Catalog Description:

ACC 1165 - MANAGERIAL ACCOUNTING (3 hrs)

The study of management tools for business decision making, including the evaluation of financial condition and performance of business. Emphasis is given to the process of formulating and utilizing sound accounting data to evaluate alternatives involved in managerial decision-making necessary for planning, execution, and control of a business enterprise.

Prerequisites:

Minimum grade of C in ACC 1160 Principles of Accounting II

Controlling Purpose:

This course is designed to help the student increase their knowledge concerning Managerial Accounting and its importance in managing risk, implementing strategy through planning, budgeting and forecasting, and decision support.

Learner Outcomes:

Upon completion of the course, the student will have an understanding of essential management tools for decision making purposes with a business environment.

Units Outcomes and Clock Hours of Instruction for Core Curriculum:

The following outline defines the minimum core content not including the final examination period. Instructors may add other material as time allows.

Units of Instruction

Approximate Clock Hours

- | | |
|---|----|
| 1. Fundamentals of Managerial Accounting | 3 |
| 2. Cost Concepts and Analysis | 12 |
| 3. Information Analysis for Planning and Capital Investment Decisions | 15 |
| 4. Measurements for Management Control | 15 |

Evaluation Key:

- A = All major and minor goals have been achieved and the achievement level is considerably above the minimum required for doing more advanced work in the same field.
- B = All major goals have been achieved, but the student has failed to achieve some of the less important goals. However, the student has progressed to the point where the goals of work at the next level can be easily achieved.
- C = All major goals have been achieved, but many of the minor goals have not been achieved. In this grade range, the minimum level of proficiency represents a person who has achieved the major goals to the minimum amount of preparation necessary for taking more advanced work in the same field, but without any major handicap of inadequacy in his background.
- D = A few of the major goals have been achieved, but the student's achievement is so limited that he is not well prepared to work at a more advanced level in the same field.
- F = Failing, will be computed in GPA and hours attempted.
- N = No instruction or training in this area.

UNIT 1: Managerial Accounting: An overview

Outcomes: Upon completion of this unit, the students will be able to describe, identify, and explain why managerial accounting is important to the future careers of all business students. Students will understand the answers to three questions: (1) What is managerial accounting? (2) Why does managerial accounting matter to your career? (3) What skills do managers need to succeed? They will also learn the importance of ethics in business and corporate social responsibility.

A	B	C	D	F	N	Specific Competencies
						Demonstrate the ability to:
						Explain the differences between managerial and financial accounting.
						Explain the three vital tasks of planning, controlling, and decision making in managerial accounting.
						Understand the skills necessary to be successful in managerial accounting.
						Identify and explain the management tools used for continuous improvement.
						Identify the standards of ethical conduct for management accountants.

UNIT 2: Managerial Accounting and Cost Concepts

Outcomes: Upon completion of this unit, the students will be able to explain how managers need to rely on different cost classifications for different purposes. The four main purposes emphasized include preparing external financial reports, predicting cost behavior, assigning costs to cost objects, and decision making.

A	B	C	D	F	N	Specific Competencies
						Demonstrate the ability to:
						Identify and give examples of each of the three basic manufacturing cost categories.
						Distinguish between product costs and period costs and give examples of each.
						Understand cost behavior patterns including variable costs, fixed costs, and mixed costs.
						Analyze a mixed cost using a scattergraph plot and the high-low method.
						Prepare income statements for a merchandising company using the traditional and contribution formats.
						Understand the differences between direct and indirect costs.
						Understand cost classifications used in making decisions: differential costs, opportunity costs, and sunk costs.

UNIT 3: Job-Order Costing

Outcomes: Upon completion of this unit, the students will be able to define, explain, and prepare costing systems for jobs and projects.

A	B	C	D	F	N	Specific Competencies
						Demonstrate the ability to:
						Compute a predetermined overhead rate.
						Apply overhead costs to jobs using a predetermined overhead rate.
						Compute the total cost and average cost per unit of a job.
						Understand the flow of costs in a job-order costing system and prepare appropriate journal entries to record costs. Use T-accounts to show the flow of costs in a job-order costing system.
						Prepare schedules of cost of goods manufactured and cost of goods sold and an income statement.

						Compute underapplied or overapplied overhead cost and prepare the journal entry to close the balance in Manufacturing Overhead to the appropriate accounts.
						Understand the implications of basing the predetermined overhead rate on activity at capacity rather than on estimated activity for the period.
						Properly account for labor costs associated with idle time, overtime, and fringe benefits.

UNIT 4: Process Costing

Outcomes: Managers need to assign costs to products to facilitate external financial reporting and internal decision making. Upon completion of this unit, the students will be able to describe, identify, explain, and prepare forms associated with process costing systems.

A	B	C	D	F	N	Specific Competencies
						Demonstrate the ability to:
						Record the flow of materials, labor, and overhead through a process costing system.
						Compute the equivalent units of production using the weighted-average method.
						Compute the cost per equivalent unit using the weighted-average method.
						Assign costs to units using the weighted-average method.
						Prepare a cost reconciliation report.
						Compute the equivalent units of production using the FIFO method.
						Compute the cost per equivalent unit using the FIFO method.
						Assign costs to units using the FIFO method.
						Prepare a cost reconciliation report using the FIFO method.
						Allocate service department costs to operating departments using the direct method.
						Allocate service department costs to operating departments using the step-down method.

UNIT 5: Cost-Volume-Profit Relationships

Outcomes: Upon completion of this unit, the students will be able to define, identify, and use components of cost behavior analysis.

A	B	C	D	F	N	Specific Competencies
						Demonstrate the ability to:
						Explain how changes in activity affect contribution margin and net operating income.
						Prepare and interpret a cost-volume-profit (CVP) graph and a profit graph.
						Use the contribution margin ratio (CM ratio) to compute changes in contribution margin and net operating income resulting from changes in sales volume.
						Show the effects on net operating income of changes in variable costs, fixed costs, selling price, and volume.
						Determine the level of sales needed to achieve a desired target profit.
						Determine the break-even point.
						Compute the margin of safety and explain its significance.
						Compute the degree of operating leverage at a particular level of sales and explain how it can be used to predict changes in net operating income.
						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.

UNIT 6: Variable Costing and Segment Reporting: Tools for Management

Outcomes: Upon completion of this unit, the students will be able to define, identify, and use components of variable costing and segment reporting.

A	B	C	D	F	N	Specific Competencies
						Demonstrate the ability to:
						Explain how variable costing differs from absorption costing and compute unit product costs under each method.
						Prepare income statements using both variable and absorption costing.
						Reconcile variable costing and absorption costing net operating incomes and explain why the two amounts differ.
						Prepare a segmented income statement that differentiates traceable fixed costs from common fixed costs and use it to make decisions.

UNIT 7: Activity-Based Costing: A tool to Aid Decision Making

Outcomes: Upon completion of this unit, the students will be able to define and identify Activity-Based Costing and understand its purpose in providing managers with cost information for strategic decision making

A	B	C	D	F	N	Specific Competencies
						Demonstrate the ability to:
						Understand activity-based costing and how it differs from a traditional costing system.
						Assign costs to cost pools using a first-stage allocation.
						Compute activity rates for cost pools.
						Assign costs to a cost object using a second-stage allocation.
						Use activity-based costing to compute product and customer margins.
						Prepare an action analysis report using activity-based costing data and interpret the report.
						Use activity-based costing techniques to compute unit product costs for external reports.

UNIT 8: Profit Planning

Outcomes: Upon completion of this unit, the students will be able to define, identify, and prepare budgets as they apply to management's role in the budgeting process.

A	B	C	D	F	N	Specific Competencies
						Demonstrate the ability to:
						Understand why organizations budget and the processes they use to create budgets.
						Prepare a sales budget, including a schedule of expected cash collections.
						Prepare a production budget, direct materials budget, including a schedule of expected cash disbursements for purchases of materials, direct labor budget, manufacturing overhead budget.
						Prepare a selling and administrative expense budget.
						Prepare a cash budget.
						Prepare a budgeted income statement and budgeted balance sheet.

UNIT 9: Flexible Budgets and Performance Analysis

Outcomes: Upon completion of this unit, the students will be able to describe, discuss, and prepare measures of performance management and evaluation including flexible budgets.

A	B	C	D	F	N	Specific Competencies
						Demonstrate the ability to:
						Prepare a flexible budget.
						Prepare a report showing activity variances.
						Prepare a report showing revenue and spending variances.
						Prepare a performance report that combines activity variances and revenue spending variances.
						Prepare a flexible budget with more than one cost driver.
						Understand common errors made in preparing performance reports based on budgets and actual results.

UNIT 10: Standard Costs and Variances

Outcomes: Upon completion of this unit, the students will be able to define, explain, and prepare standard costing and variance analysis in controlling costs as well as demonstrates how to compute direct materials, direct labor, and variable overhead variances.

A	B	C	D	F	N	Specific Competencies
						Demonstrate the ability to:
						Compute the direct materials quantity and price variances and explain their significance.
						Compute the direct labor efficiency and rate variances and explain their significance.
						Compute the variable manufacturing overhead efficiency and rate variances and explain their significance.
						Compute and interpret the fixed overhead volume and budget variances.
						Prepare journal entries to record standard costs and variances.

UNIT 11: Performance Measurement in Decentralized Organizations

Outcomes: Upon the completion of this unit, students will be able to understand and explain how responsibility accounting systems, return on investment (ROI), residual income, operating performance measures, and the balanced scorecard are used to help control decentralized organizations.

A	B	C	D	F	N	Specific Competencies
						Demonstrate the ability to:
						Compute return on investment (ROI) and show how changes in sales, expenses, and assets affect ROI.
						Compute residual income and understand its strengths and weaknesses.
						Compute delivery cycle time, throughput time, and manufacturing cycle efficiency (MCE).
						Understand how to construct and use a balanced scorecard.
						Determine the range, if any, within which a negotiated transfer price should fall.
						Charge operating departments for services provided by service departments.

UNIT 12: Differential Analysis: The Key to Decision Making

Outcomes: Upon the completion of this unit, students will be able to distinguish the difference between relevant and irrelevant data and will be able to correctly use relevant data in analyzing alternatives used in a wide range of decision-making situations.

A	B	C	D	F	N	Specific Competencies
						Demonstrate the ability to:
						Identify relevant and irrelevant costs and benefits in a decision.
						Prepare an analysis showing whether a product line or other business segment should be added or dropped.
						Prepare a make or buy analysis.
						Prepare an analysis showing whether a special order should be accepted.
						Determine the most profitable use of a constrained resource.
						Determine the value of obtaining more of the constrained resource.
						Prepare an analysis showing whether joint products should be sold at the split-off point or processed further.

UNIT 13: Capital Budgeting Decisions

Outcomes: Upon the completion of this unit, students will be able to define, explain, and identify how managers plan significant cash outlays on projects that have long-term implications and the importance of several tools that can be used by managers to help make these types of investment decisions.

A	B	C	D	F	N	Specific Competencies
						Demonstrate the ability to:
						Evaluate the acceptability of an investment project using the net present value method.
						Evaluate the acceptability of an investment project using the internal rate of return method.
						Evaluate an investment project that has uncertain cash flows.
						Rank investment projects in order of preference.
						Determine the payback period for an investment.
						Compute the simple rate of return for an investment.
						Understand present value concepts and the use of present value tables.
						Include income taxes in a capital budgeting analysis.

UNIT 14: Statement of Cash Flows

Outcomes: Upon completion of this unit, the students will be able to successfully demonstrate the ability to describe the principal purposes and uses of the statement of cash flows as well as analyze the statement of cash flows.

A	B	C	D	F	N	Specific Competencies
						Demonstrate the ability to:
						Classify cash inflows and outflows as relating to operating, investing, or financing activities.
						Prepare a statement of cash flows using the indirect method to determine the net cash provided by operating activities.
						Compute free cash flow.
						Use the direct method to determine the net cash provided by operating activities.

UNIT 15: Financial Statement Analysis

Outcomes: Upon completion of this unit, students will be able to successfully demonstrate the ability to analyze financial statements and assess the financial health of a company.

A	B	C	D	F	N	Specific Competencies
						Demonstrate the ability to:
						Prepare and interpret financial statements in comparative and common-size form.
						Compute and interpret financial ratios that would be useful to a common stockholder.
						Compute and interpret financial ratios that would be useful to a short-term creditor.
						Compute and interpret financial ratios that would be useful to a long-term creditor.

Projects Required:

Students will be required to complete an accounting web based project offered through PKL Software which simulates the data entry process for journalizing and posting transactions using a job-order costing method and JIT inventory practices in a manufacturing company.

Textbook:

Contact Bookstore for current textbook.

Materials/Equipment Required:

PKL Software package available through the bookstore

Calculator

Attendance Policy:

Students should adhere to the attendance policy outlined by the instructor in the course syllabus.

Grading Policy:

The grading policy will be outlined by the instructor in the course syllabus.

Criterion Based Evaluation:

Grades are based on the following and special projects as assigned.

Unit Exams

Homework

Projects

Final Exam

Maximum class size:

Based on classroom occupancy

Course Time Frame:

Total clock hours per week: 3

Course Timeframe:

The U.S. Department of Education, Higher Learning Commission and the Kansas Board of Regents define credit hour and have specific regulations that the college must follow when developing, teaching and assessing the educational aspects of the college. A credit hour is an amount of work represented in intended learning outcomes and verified by evidence of student achievement that is an institutionally-established equivalency that reasonably approximates not less than one hour of classroom or direct faculty instruction and a minimum of two hours of out-of-class student work for approximately fifteen weeks for one semester hour of credit or an equivalent amount of work over a different amount of time. The number of semester hours of credit allowed for each distance education or blended hybrid courses shall be assigned by the college based on the amount of time needed to achieve the same course outcomes in a purely face-to-face format.

Refer to the following policies:

[402.00 Academic Code of Conduct](#)

[263.00 Student Appeal of Course Grades](#)

[403.00 Student Code of Conduct](#)

Disability Services Program:

Cowley College, in recognition of state and federal laws, will accommodate a student with a documented disability. If a student has a disability, which may impact work in this class which requires accommodations, contact the Disability Services Coordinator.