

BUTTE COLLEGE

COURSE OUTLINE

I. CATALOG DESCRIPTION

ACCT 4 - Managerial Accounting

4 Unit(s)

Prerequisite(s): ACCT 2

Recommended Prep: NONE

Transfer Status: CSU/UC

68 hours Lecture

This course provides students an in depth study of how managers use accounting information in decision-making, planning, directing operations and controlling. It focuses on cost terms and concepts, cost behavior, cost structure and cost-volume-profit analysis. Includes issues relating to cost systems, cost control, profit planning, and performance analysis in manufacturing and service environments. (C-ID ACCT 120).

II. OBJECTIVES

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

- A. 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;
- B. Define and illustrate various cost terms, concepts, and behaviors, and evaluate their relevancy for different decision-making purposes;
- C. 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;
- D. Prepare traditional and contribution-margin income statements and define related terms;
- E. Explain cost-volume-profit analysis, degree of operating leverage, and safety margin and employ each as an analytical tool;
- F. 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;
- G. 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;
- H. Explain the purposes of budgeting, prepare a master budget and its component schedules, and relate the budget to planning and control;
- I. 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;
- J. 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;
- K. Compare and contrast absorption costing and variable costing, prepare income statements using both methods, and reconcile the resulting net incomes.
- L. Define relevant costs and benefits and prepare analyses related to special decisions;
- M. 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
- N. Identify the ethical implications inherent in managerial accounting and reporting and be able to apply strategies for addressing them;

III. COURSE CONTENT

A. Unit Titles/Suggested Time Schedule

Lecture

Topics

Hours

1. Decision making: relevant costs and benefits	4.00
2. Basic cost management concepts	4.00
3. Cost-volume-profit analysis	5.00
4. Job-order and process costing	8.00
5. Activity-based costing	4.00
6. Profit planning and budgeting	5.00
7. Standard costing and flexible budgeting	8.00
8. Responsibility accounting, segment reporting, and performance analysis	4.00
9. Absorption and variable costing	2.00
10. Capital expenditure decisions	8.00
11. Financial statement analysis: reviewing ratios, trend analysis, horizontal analysis, and traditional versus contribution-margin income statements.	8.00
12. Ethical Issues	8.00
Total Hours	68.00

IV. METHODS OF INSTRUCTION

- A. Lecture
- B. Class Activities
- C. Homework: Students are required to complete two hours of outside-of-class homework for each hour of lecture
- D. Discussion
- E. Problem-Solving Sessions
- F. Lecture on theory and applications
- G. Directed discussion
- H. Homework and in-class assignments

V. METHODS OF EVALUATION

- A. Exams/Tests
- B. Quizzes
- C. Research Projects
- D. Papers
- E. Oral Presentation
- F. Homework
- G. Class participation
- H. Written Examinations
- I. In-class assignments
- J. Classroom participation
- K. Quizzes, test and final exams

VI. EXAMPLES OF ASSIGNMENTS

- A. Reading Assignments
 - 1. Read the chapter on Cost-Volume-Profit (CVP). Be prepared to discuss the the uses of a CVP Income Statement compared to a Traditional Income Statement in class.
 - 2. Read the chapter on capital budgeting, prepare assigned homework, and be prepared to discuss the time-value-of-money concepts in class.
- B. Writing Assignments
 - 1. After completing the Cookie Project, write a 8-10 page formal business report explaining your analysis of the challenges and opportunities found in this project.

2. Prepare a 6 page report exploring the financial positions of the two companies assigned. Be sure to include horizontal analysis for the last 4 years and financial ratios for both companies. Ultimately, make a recommendation as to which company is in better financial position.

C. Out-of-Class Assignments

1. Read the text chapter on Job Costing. Complete assigned homework problems in Excel or a similar spreadsheet program. Print and bring to class. Be prepared to discuss the differences between process costing and job costing.
2. Meet with your team and complete the Cookie Project analysis of ingredients. Prepare a listing of ingredients, appropriate amounts of each ingredient, a list of your suppliers and their prices on the ingredients. Be prepared to present your findings in class.

VII. **RECOMMENDED MATERIALS OF INSTRUCTION**

Textbooks:

- A. Brewer, P., Garrison, R. and Noreen, E. Introduction to Managerial Accounting. 6th Edition. McGraw-Hill Irwin, 2012.

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