

ACCT G102: MANAGERIAL ACCOUNTING

Item	Value
Curriculum Committee Approval Date	10/15/2024
Top Code	050200 - Accounting
Units	4 Total Units
Hours	90 Total Hours (Lecture Hours 63; Lab Hours 27)
Total Outside of Class Hours	0
Course Credit Status	Credit: Degree Applicable (D)
Material Fee	No
Basic Skills	Not Basic Skills (N)
Repeatable	No
Open Entry/Open Exit	No
Grading Policy	Standard Letter (S)

Course Description

This course provides a study of how accounting and financial information is used to manage operations. The course content covers cost accounting concepts, cost structure, cost-volume-profit analysis, budgeting, responsibility reporting, and other management-related topics. PREREQUISITE: ACCT G101. Transfer Credit: CSU; UC. C-ID: ACCT 120. C-ID: ACCT 120.

Course Level Student Learning Outcome(s)

1. Course Outcomes
2. Define cost accounting elements that form the framework for cost accounting.
3. Implement job order cost systems, process cost systems, and activity-based costing.
4. Perform cost-volume-profit analysis.
5. Perform managerial functions through a series of managerial techniques: budgeting, resource allocation, performance evaluation, variance analysis, differential analysis, etc.

Course Objectives

- 1. Define cost accounting terminology, explain cost accounting concepts, and list cost classifications.
- 2. Perform the steps and journal entries for job order and process costing systems, and differentiate the purposes and uses of each system.
- 3. Implement activity-based costing to estimate and assign manufacturing overhead costs to products and services.
- 4. Evaluate an organization's cost structure to assess break-even point, target income, margin of safety, proper sales mix, and other cost performance metrics.
- 5. Analyze the effects of changes in an organization's costs and volume of business activity on profitability.
- 6. Identify relevant costs, conduct incremental analysis, and analyze results to assist in short-term decision making.
- 7. Prepare operating, financial, and capital budgets as part of an organization's budgeting and strategic planning process.

- 8. Apply performance evaluation and variance analysis across various responsibility centers and reporting units.
- 9. Employ capital budgeting techniques to assess the desirability of long-term projects.

Lecture Content

Statement of Cash Flows Classification: operating activities, investing activities, financing activities Reversal of accrual basis income items Reconciliation of balance sheet accounts Determination of cash flows from operating activities, investing activities, and financing activities Reconciliation of cash and cash equivalents to balance sheet Significant non-cash activities Supplemental cash flow information Managerial Accounting Compare and contrast managerial accounting with financial accounting Identify three functions of management Trends in managerial accounting Cost Accounting Concepts Product / manufacturing costs Product costs versus period costs Additional cost classifications How costs flow through a cost accounting system Raw materials used Cost of goods manufactured Cost of goods sold Gross profit and net income for manufacturing entities Inventory accounts for manufacturing entities: raw materials inventory, work-in-process inventory, finished goods inventory Job Order Costing Job cost sheets and other source documents Journal entries to record costs through a job order costing system Calculation of predetermined overhead rate Close over or under applied overhead Process Costing Differentiate between job order and process costing systems Preparation of process cost summary Physical units of production Equivalent units of production for materials, conversion costs Total costs and unit costs for materials, conversion costs Assignment of costs to units transferred out, units in ending inventory Reconciliation of costs in a process Activity-Based Costing (ABC) Recognize the need and practicality for a more specific costing mechanism Contrast ABC to traditional costing systems List activities, activity cost pools, and cost drivers Compute activity rates Assign overhead costs to products and services using ABC Classify activity levels by unit, batch, product, and facility Identify value-added and non-value-added activities Illustrate use of ABC in service industries. Describe the costs of failure and their impact on an organization Cost-Volume-Profit (CVP) Analysis Distinguish variable costs, fixed costs, and mixed costs within the relevant range Define components and assumptions of CVP analysis Prepare a contribution margin income statement Calculate and analyze contribution margin, break-even point, target income requirements, margin of safety, degree of operating leverage Analyze changes in costs and business activity level and their effects on profit Variable Costing Compare and contrast the difference between absorption costing and variable costing Demonstrate financial statement effects of alternate production level measures under absorption costing versus variable costing Discuss the merits of absorption costing versus variable costing for manufacturing entities Budgeting Summarize an organization's budgeting process as part of a tactical and strategic plan Devise operating budgets Prepare master budgets, capital budgets, and budgeted income statements and balance sheets Performance Evaluation and Responsibility Reporting Organize accounting information commensurate with departments, divisions, and other reporting structures bsp; Define responsibility centers Prepare profit and loss statements by responsibility center; generate other internal reports Compute return on investment (ROI), residual income, and other such ratios to analyze performance Flexible Budgeting, Standard Costing, and Variance Analysis Adjust static budgets to flexible budgets Differentiate between a standard and a budget Prepare budget performance reports Calculate materials variances, labor variances, and overhead variances Bifurcate variances into their price and volume

components Total Materials Variance: Materials Price Variance, Materials Quantity Variance Total Labor variance: Labor Rate Variance, Labor Efficiency Variance Total Overhead Variance: Overhead Controllable Variance, Overhead Volume Variance Time Value of Money Definitions, concepts, and practical applications in business Future value of a lump sum (single sum) Present value of a lump sum (single sum) Determining the interest rate Determining the time factor Future value of an annuity Present value of an annuity Determining the annuity amount (PMT) Bond pricing, cash equivalent price Capital Budgeting Identify relevant costs Reconcile between net income and net cash flows Techniques without time value of money considerations: Accounting rate of return Payback period Techniques with time value of money considerations: Break-even time Net present value Profitability index Internal rate of return Job Order Costing and/or Process Costing in a Computerized Cost Accounting System Medium: QuickBooks Enterprise Online, Microsoft Dynamics, Netsuite, or other open-source enterprise resource planning (ERP) software Tracking of costs through the system Integration of purchasing, materials management, work-in-process costs, and inventory management systems Responsibility Reporting in a Computerized Accounting Information System Medium: QuickBooks Enterprise Online, Microsoft Dynamics, Netsuite, or other open-source enterprise resource planning (ERP) software Profit and loss statements, production reports by department, departmental/divisional reports Time Value of Money Using Applications Medium: Excel or other open-source spreadsheet application Usage of finance calculator and/or spreadsheet applications to calculate present values, future values, and other time value of money determinants Capital budgeting techniques (payback period, break-even time, net present value, internal rate of return) Discounted cash flows

Lab Content

Cost Accounting Systems Implementation Medium: Excel or other open-source spreadsheet applications Input and track product costs in Job Order Costing system Input and track product costs in Process Costing system Use ABC to allocate manufacturing overhead costs Cost-Volume-Profit Analysis Medium: Excel or other open-source spreadsheet applications Perform break-even analysis and calculate target income Analyze and interpret margin of safety and sales mix Budgeting Techniques Medium: Excel or specialized budgeting software Prepare operating budgets including sales, production, and expense budgets Compile financial and capital budgets as part of the strategic planning process Use variance analysis to compare actual results to budgeted figures Decision-Making Analysis Medium: Excel or other open-source spreadsheet applications Conduct differential cost analysis for short-term decision making Evaluate relevant costs for special orders, make-or-buy decisions, and pricing strategies Performance Evaluation Variance Analysis Medium: Excel or specialized performance evaluation tools Calculate and analyze variances for materials, labor, and overhead Apply variance analysis across different responsibility centers (cost, revenue, profit, investment centers) Use variance results to assess managerial performance Capital Budgeting Techniques Medium: Excel or other open-source spreadsheet applications Apply net present value (NPV), internal rate of return (IRR), and payback period techniques Evaluate long-term capital investments and projects Statement of Cash Flows (Managerial Perspective) Medium: Excel or other open-source accounting software Classify and reconcile cash flows related to operating, investing, and financing activities Demonstrate non-cash activities and supplemental cash flow information

Method(s) of Instruction

- Lecture (02)
- DE Live Online Lecture (02S)

- DE Online Lecture (02X)
- Lab (04)
- DE Live Online Lab (04S)
- DE Online Lab (04X)

Reading Assignments

Textbook Cases Periodicals, journals, articles, and other readings as appropriate

Writing Assignments

Cost accounting projects Job order costing system Process costing system Activity-based costing Compilation of income statements and managerial reports Financial statement analysis

Out-of-class Assignments

Assignments through the publisher portal Additional adaptive exercises, readings, and videos as appropriate

Demonstration of Critical Thinking

Students will demonstrate critical thinking and problem-solving skills by studying cases, analyzing activity-based costing applications, and preparing projects involving job order costing and process costing systems. Demonstrations will be shown by completing assignments, participating in discussions, and completing required exams and quizzes.

Required Writing, Problem Solving, Skills Demonstration

Case studies based on the usage of accounting information to make business decisions, cost-volume-profit analysis, incremental analysis, and variance analysis all require students to demonstrate problem solving based on their knowledge of accounting skills and techniques. Preparation of job cost sheets, process cost summaries, contribution margin income statements, and other internal reporting in a computerized format reflect displays of student skills in these areas.

Eligible Disciplines

Accounting: Master's degree in accountancy or business administration with accounting concentration OR bachelor's degree in business with accounting emphasis or business administration with accounting emphasis or economics with an accounting emphasis AND master's degree in business, business administration, business education, economics, taxation, or finance OR the equivalent. Master's degree required. (NOTE: A bachelor's degree in accountancy or business administration with accounting concentration, with a CPA license is an alternative qualification for this discipline)

Textbooks Resources

1. Required Wild. Financial and Managerial Accounting with Connect, 9th ed. McGraw Hill, 2022
2. Required Mitchell Franklin, Patty Graybeal, Dixon Cooper. Principles of Accounting, Volume 2: Managerial Accounting, ed. OpenStax, 2023