

**BAD 2 Course Outline as of Fall 2021****CATALOG INFORMATION**

Dept and Nbr: BAD 2                      Title: MANAGERIAL ACCOUNTING  
 Full Title: Managerial Accounting  
 Last Reviewed: 10/12/2020

Units		Course Hours per Week		Nbr of Weeks	Course Hours Total	
Maximum	4.00	Lecture Scheduled	4.00	17.5	Lecture Scheduled	70.00
Minimum	4.00	Lab Scheduled	0	6	Lab Scheduled	0
		Contact DHR	0		Contact DHR	0
		Contact Total	4.00		Contact Total	70.00
		Non-contact DHR	0		Non-contact DHR	0

Total Out of Class Hours: 140.00

Total Student Learning Hours: 210.00

Title 5 Category: AA Degree Applicable

Grading: Grade or P/NP

Repeatability: 00 - Two Repeats if Grade was D, F, NC, or NP

Also Listed As:

Formerly:

**Catalog Description:**

This course focuses on the use of accounting information by managers in making internal decisions relating to product/service costing, cost behavior, pricing, cost analysis and control, operational and capital budgeting and responsibility reporting. Students use decision making techniques and models which assist managers in planning, directing, and controlling operations. These objectives comply with the California Core Competency Model developed by the California Society of Certified Public Accountants' Committee on Accounting Education. This course will prepare the transfer degree and certificate students for business or accounting programs.

**Prerequisites/Corequisites:**

Course Completion of BAD 1

**Recommended Preparation:****Limits on Enrollment:****Schedule of Classes Information:**

Description: This course focuses on the use of accounting information by managers in making

internal decisions relating to product/service costing, cost behavior, pricing, cost analysis and control, operational and capital budgeting and responsibility reporting. Students use decision making techniques and models which assist managers in planning, directing, and controlling operations. These objectives comply with the California Core Competency Model developed by the California Society of Certified Public Accountants' Committee on Accounting Education. This course will prepare the transfer degree and certificate students for business or accounting programs. (Grade or P/NP)

Prerequisites/Corequisites: Course Completion of BAD 1

Recommended:

Limits on Enrollment:

Transfer Credit: CSU;UC.

Repeatability: Two Repeats if Grade was D, F, NC, or NP

## **ARTICULATION, MAJOR, and CERTIFICATION INFORMATION:**

<b>AS Degree:</b>	<b>Area</b>	Effective:	Inactive:
<b>CSU GE:</b>	<b>Transfer Area</b>	Effective:	Inactive:

<b>IGETC:</b>	<b>Transfer Area</b>	Effective:	Inactive:
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<b>CSU Transfer:</b>	Transferable	Effective:	Fall 1981	Inactive:
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<b>UC Transfer:</b>	Transferable	Effective:	Fall 1981	Inactive:
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### **CID:**

CID Descriptor: ACCT 120      Managerial Accounting

SRJC Equivalent Course(s):      BAD2

### **Certificate/Major Applicable:**

Both Certificate and Major Applicable

## **COURSE CONTENT**

### **Student Learning Outcomes:**

At the conclusion of this course, the student should be able to:

1. Analyze, record, summarize and report the effects of transactions in managerial accounting and interpret the accounting information for internal decision making purposes.
2. Complete and use managerial and cost accounting documents and reports to plan, evaluate, and control the operations of a company and interpret those reports for management.
3. Use computer technology in such applications as Word, Excel, and PowerPoint to complete assignments.
4. Demonstrate critical thinking skills, analytical skills, interpersonal and collaborative skills, and the ability to write business reports.

### **Objectives:**

At the conclusion of this course, the student should be able to:

1. Explain the difference between financial and managerial accounting, the role of managerial accounting and the primary informational needs of managers.
2. List the different types of ethical codes of conduct and acts such as those adopted by Institute of Management Accountants (IMA), individual companies, International Federation of Accountants Codes (IFAC), and the Sarbanes-Oxley Act of 2002 explaining the necessity of

- each in light of recent financial scandals.
3. Define various cost terms and explain their use for different decision purposes and prepare and explain the differences between a traditional and contribution margin income statement.
  4. Compare job-order costing and process costing system designs for manufacturing or service departments including calculating predetermined overhead rates, overhead cost application, equivalent units, etc.
  5. Distinguish between and define product and period costs and calculate product costs through preparing a schedule of cost of goods manufactured, cost of goods sold, and the income statement.
  6. Explain cost behavior and perform cost-volume-profit analysis from information provided on the contribution income statement and use as a predictive tool.
  7. Identify the steps in developing activity based costing (ABC) systems and explain the difference between traditional and ABC product costs.
  8. Contrast variable and absorption costing related to internal and external reporting and decision making.
  9. Examine segment reporting and decentralization as major determinates in responsibility accounting for wide applications in making decisions and evaluating performance of segments.
  10. Complete operational budgets including the flexible budget and explain their roles in planning and controlling operational costs; calculate and explain activity, revenue and spending variances.
  11. Describe the development of standard costs and calculate and interpret direct material, direct labor, variable overhead and fixed overhead cost variances.
  12. Identify and use relevant costs and benefits in making special decisions such as make/buy, joint product, add/drop product lines, special orders, and utilization of constrained resources.
  13. Identify and use relevant costs and benefits in making capital budgeting decisions using time value of money calculations.
  14. Apply analytical, interpersonal, and communication skills in problem solving.

## **Topics and Scope:**

### **I. Introduction to Management Accounting**

- A. Role of financial versus managerial accounting
- B. Careers in managerial accounting including professional certifications
- C. Emerging issues such as use of technology and risk management in business and non-business organizations
- D. Professional ethics and codes of conduct including professional organizations and government legislation
- E. Critical thinking skills, analytical skills, interpersonal and collaborative skills
- F. Business reports

### **II. Basic Cost Terms and Concepts**

- A. Manufacturing and nonmanufacturing costs
- B. Product versus period costs including prime and conversion costs
- C. Cost classifications for predicting cost behavior including variable, fixed and mixed costs
- D. Analysis of mixed costs using scatter graph, high-low, and least-squares regression methods
- E. Traditional and contribution format income statements
- F. Cost classifications for assigning costs to cost objects including direct and indirect costs
- G. Cost classifications for decision making including differential, opportunity, and sunk costs

### **III. Job-order Costing**

- A. Process and overview
- B. Flow of costs through the accounting system

- C. Cost of goods manufactured schedule and cost of goods sold calculation
- D. Under-applied and over-applied overhead
- E. Job-order costing in service organizations
- F. Changes in information technology
- IV. Process Costing
  - A. Comparison of job-order and process costing
  - B. Flow of costs through the accounting system
  - C. Equivalent units of production under weighted average and FIFO cost flows
  - D. Computing and applying costs under weighted average and FIFO cost flows
  - E. Operation costing
- V. Cost-Volume-Profit Relationships
  - A. Contribution margin income statement, contribution margin per unit and ratio, and effect of changes in sales price, volume, variable unit cost and total fixed costs
  - B. Break-even point and target profit analysis
  - C. Margin of safety
  - D. Cost structure and operating leverage
  - E. Sales mix and break-even analysis in multi-product companies
- VI. Variable Versus Absorption Costing and Segment Reporting
  - A. Overview of variable and absorption costing
  - B. Variable costing and the contribution margin income statement
  - C. Absorption costing and the traditional income statement
  - D. Reconciliation of net operating income under variable and absorption costing
  - E. Segmented income statements using the contribution margin income statement
  - F. Traceable fixed costs versus common fixed costs
  - G. Levels of segmented income statements and relationship of traceable and common fixed costs
- VII. Activity-based Costing
  - A. ABC overview and emerging technology
  - B. Designing and implementing an ABC system
  - C. Comparison of traditional and ABC product costs
  - D. Process improvements and limitations of ABC
- VIII. Operational Budgets and Profit Planning
  - A. Purposes and types of budgets
  - B. The master budget as a planning tool
  - C. Assumptions and predictions used in the master budget
  - D. Behavioral impact of budgets
  - E. Prepare the master budget schedules through the budgeted financial statements
- IX. Flexible Budgets and Performance Analysis
  - A. Characteristics of a flexible budget and common errors
  - B. Limitations of the static planning budget
  - C. Flexible budget variances including activity, revenue and spending variances
  - D. Performance report combining activity, revenue and spending variances
  - E. Flexible budgets with multiple cost drivers
- X. Standard Costs and Variances
  - A. Setting standard costs: direct materials, direct labor, variable overhead and fixed overhead
  - B. Using standards in flexible budgets
  - C. Cost variance analysis: materials, labor, variable and fixed overhead
  - D. Controllability of variances and management by exception
  - E. Predetermined overhead rates and overhead analysis
  - F. Advantages of standard costing systems
  - G. Standard costing systems in the new manufacturing environment
- XI. Segment Performance Measurement in Decentralized Organizations

- A. Advantages and disadvantages of decentralization
  - B. Responsibility accounting
  - C. Evaluating investment center performance: return on investment and residual income
  - D. Operating performance measures: delivery cycle and manufacturing cycle efficiency
  - E. Balanced scorecard
  - F. Transfer pricing
- XII. Differential Analysis: The Key to Decision Making
- A. Identifying relevant costs and behaviors
  - B. Special decisions: special orders, make/buy, add/drop, scarce resource, and joint products
  - C. Behavioral issues in decision making
  - D. Use of qualitative facts in decision making
  - E. Risk aversion
- XIII. Capital Budgeting Decisions
- A. Discounted cash flow analysis: net present value and internal rate of return methods
  - B. Undiscounted approaches: payback and simple rate of return methods
  - C. Choosing the hurdle rate
  - D. Comparing two investment projects
  - E. Uncertain cash flows
  - F. Ranking investment projects
  - G. Post audit procedures
  - H. Effect of income taxes on capital budgeting decisions
  - I. Present value calculations and tables

**Assignment:**

1. Read text and other written materials (20 to 30 pages per week)
2. Homework involving problem solving and calculation skills
3. Group case research, report, analysis, and presentation
4. Three to seven exams including mid-term(s) and final exam

**Methods of Evaluation/Basis of Grade:**

**Writing:** Assessment tools that demonstrate writing skills and/or require students to select, organize and explain ideas in writing.

Group case reports	Writing 15 - 30%
<b>Problem Solving:</b> Assessment tools, other than exams, that demonstrate competence in computational or non-computational problem solving skills.	
Problem solving and calculation skills homework problems, and group case analysis	Problem solving 15 - 25%
<b>Skill Demonstrations:</b> All skill-based and physical demonstrations used for assessment purposes including skill performance exams.	
Group case assignments	Skill Demonstrations 15 - 30%

**Exams:** All forms of formal testing, other than skill performance exams.

Exams including mid-term(s) and final exam

Exams  
30 - 50%

**Other:** Includes any assessment tools that do not logically fit into the above categories.

Participation and group case presentations

Other Category  
5 - 10%

**Representative Textbooks and Materials:**

Managerial Accounting. 16th ed. Garrison, Noreen and Brewer, Irwin. McGraw-Hill Publications. 2018