

SAULT COLLEGE OF APPLIED ARTS & TECHNOLOGY

SAULT STE. MARIE, ONTARIO

COURSE OUTLINE

COURSE TITLE : INTRODUCTION TO MANAGERIAL ACCOUNTING

CODE NO. : ACC 222 SEMESTER: THREE

PROGRAM : ACCOUNTING

AUTHOR : JOHN MITCHELL

DATE : SEPTEMBER 1996 PREVIOUS OUTLINE DATED: SEPT/95

APPROVED: \_\_\_\_\_

DEAN

DATE

TOTAL CREDITS: 5

PREREQUISITES: ACC107, ACC108

LENGTH OF COURSE: 5 HOURS/WEEK FOR 16 WEEKS

**I. COURSE DESCRIPTION:**

The student of Managerial accounting is shown what kind of information is needed to carry out the three essential functions in an organization: (1) planning operations, (2) controlling activities and (3) making decisions. This course enables the student to begin developing techniques in the internal use of accounting data used by managers in directing the affairs of business and nonbusiness organizations.

**II. LEARNING OUTCOMES AND ELEMENTS OF PERFORMANCE:**

(Generic Skills Learning Outcomes placement on the course outline will be determined at a later date.)

**A. Learning Outcomes:**

- 1) Define Managerial Accounting as it applies to a business's information needs.
- 2) Apply the Generally Accepted Accounting Principles which relate to Cost Terms, Cost Behaviour and Systems design.
- 3) Identify and journalize the flow of manufacturing costs in a job-order costing system.
- 4) Identify and journalize the flow of manufacturing costs in a process costing system.
- 5) Identify variable/fixed costs and produce an contribution formatted income statement.
- 6) Apply the concepts of Cost-Volume Profit relationships to analyzing Financial results.
- 7) Define the system of Standard Costs used in allocating costs incurred by a business.
- 8) Define Profit Planning and apply the techniques used in drafting Profit Plans.

**B. Learning Outcomes and Elements of the Performance:**

Upon successful completion of this course the participant will demonstrate the ability to:

1. Define Managerial Accounting as it applies to a business's information needs.

**Elements of the performance:**

- Explain what an organization is and describe the work done by managers.
- Describe the purposes for which the manager needs accounting information.

- Identify the major differences between financial and managerial accounting.

This learning outcome will constitute 5% of the course's grade.

2. Apply the Generally Accepted Accounting Principles which relate to Cost Terms, Cost Behaviour and Systems design.

**Elements of the performance:**

- Identify each of the three basic cost elements in the manufacture of a product.
- Distinguish between product costs and period costs.
- Prepare a schedule of cost of goods manufactured. ✓
- Explain the flow of direct materials, cost, direct labour cost and manufacturing overhead from the point of incurrence to the point of sale.
- Explain JIT ( Just In Time) inventory systems.

This learning outcome will constitute 14% of the course's grade.

3. Identify and journalize the flow of manufacturing costs in a job-order costing system.

**Elements of the performance:**

- Distinguish between Job-Order costing and process costing.
- Prepare journal entries to record the flow of direct materials cost, direct labour cost and manufacturing overhead cost in a job-order costing system.
- Compute any balance of under or overapplied cost for a period and prepare journal entries to close the balance to the proper accounts.
- Prepare the journal entries to record the flow of cost in a JIT ( Just In Time) inventory system.

This learning outcome will constitute 14% of the course's grade.

4. Identify and journalize the flow of manufacturing costs in a process costing system.

**Elements of the performance**

- Prepare the journal entries to record the flow of materials, labour and overhead through a process costing system.
- Compute equivalent units of production by both the

weighted-average and FIFO methods.

- Prepare a cost reconciliation for a period under both the weighted-average and FIFO method.

This learning outcome will constitute 12% of the course's grade.

5. Identify variable/fixed costs and produce an contribution formatted income statement.

**Elements of the performance**

- Identify examples of variable costs and explain the effect of a change in activity on both total variable costs and per unit variable costs.

-Distinguish between committed and discretionary costs.

- Prepare an Income statement using the contribution format.

This learning outcome will constitute 9% of the course's grade.

6. Apply the concepts of Cost-Volume-Profit relationships to analyzing financial results.

**Elements of the performance:**

- Compute contribution margin ratio and use it to compute changes in contribution margin and income.

-Compute break-even point by both the equation method and the unit contribution method.

-Prepare cost-volume-profit graph and explain the significance of each of its components.

-Explain the effects of shifts in the sales mix on contribution margin.

This learning outcome will constitute 12% of the course's grade.

7. Define the system of Standard Costs used in allocating costs incurred by a business.

**Elements of the performance:**

-Differentiate between traceable fixed costs and common fixed costs.

-Compute the segment margin and explain how it differs from contribution margin.

-Prepare a segmented income statement using the contribution approach.

- Prepare income statements using both absorption costing and direct costing.

This learning outcome will constitute 13% of the course's grade.

8. Define Profit Planning and apply the techniques used in drafting Profit Plans.

**Elements of the performance:**

- Define budgeting and explain the difference between planning and control.
- Prepare a sales budget.
- Prepare a production budget
- Prepare a cash budget.

This learning outcome will constitute 15% of the course's grade

**III. TOPICS:**

1. Managerial Accounting: A perspective
2. Cost Terms, Concepts and Classification
3. Systems Design: Job-order Costing
4. Systems Design: Process Costing
5. Cost Behaviour: Analysis and Use
6. Cost-Volume-Profit Relationships
7. Contribution Approach to Costing
8. Profit Planning

**IV. REQUIRED RESOURCES/TEXTS/MATERIALS:**

Garrison, Noreen, Chesley, Carroll, Managerial Accounting  
Concepts for Planning, Control, Decision Making,  
Third Canadian Edition; Irwin Publishers

**V. EVALUATION PROCESS/GRADING SYSTEM**

A) Grading:	A+	90% - 100%
	A	80% - 89%
	B	70% - 79%
	C	60% - 69%
	R	Below 59% - Repeat the course

B) Tests: All students will be required to complete three tests during the course of the term. The total weighting of the three tests will

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represent 85% of the final term grade. The tests will be administered during the term as follows:

Test #1: Units 1,2&3

Test #2: Units 4,5&6

Test #3: Units 7,8

Supplementary Test: Administered at the end of the semester. A student who fails a test or missed a test during the regular semester qualifies to write the supplementary test. The grade received on the supplementary test will replace the lowest failed test or a missed test. The supplementary test is a comprehensive test drawing upon all of the material covered during the regular semester.

C) Assignments: The assignment will represent 15% of the final term grade. These assignments will be drawn from the daily homework assigned or from community based assignment or a combination of the two.

**VI. SPECIAL NOTES:**

- a) Attendance is critical to the participant's success in this course.
- b) Successful completion of ACC 222 will allow the participant to enrol in ACC 233.
- c) Your instructor reserves the right to modify the course as he/she deems necessary to meet the needs of the students.