

SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

SAULT STE. MARIE, ONTARIO



SAULT  
COLLEGE

COURSE OUTLINE

**COURSE TITLE:** Introduction to Managerial Accounting

**CODE NO. :** ACC222                      **SEMESTER:** THREE

**PROGRAM:** ACCOUNTING

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**DATE:** June 2012      **PREVIOUS OUTLINE DATED:** June  
2011  
June/12

**APPROVED:** "Brian Punch"                      June/12

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CHAIR

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DATE

**TOTAL CREDITS:** 5

**PREREQUISITE(S):** ACC107, ACC108

**HOURS/WEEK** 5 Hours /Week  
for 15 Weeks

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*For additional information, please contact Brian Punch, Chair  
School of Environment, Technology and Business.*  
(705) 759-2554, Ext. 2681

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Code No.**I. COURSE DESCRIPTION:**

Upon successful completion of this course the student will demonstrate their ability to employ management accounting techniques in the three essential functions in an organization: (1) planning operations, (2) directing, and (3) controlling activities of an enterprise. This course enables the student to begin to develop techniques in the internal use of accounting data used by managers in directing the affairs of profit and non-profit organizations.

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

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

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

Potential 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
- explain lean production and JIT (Just In Time) inventory systems

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

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

Potential Elements of the Performance:

- identify each of the 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
- identify and give examples of variable and fixed costs and explain the differences in their behaviour
- define and give examples of cost classifications

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

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

Potential 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 over-applied 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 approximately 14% of the course's grade.

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

Potential 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 and weighted average and FIFO method

This learning outcome will constitute approximately 11% of the course's grade.

5. Identify and journalize the flow of manufacturing costs in an activity based costing system.

Potential Elements of the Performance:

- explain the major differences between activity based costing and a traditional costing system
- distinguish between unit-level, batch-level, customer-level, and organization-sustaining activities
- assign costs to cost pools using a first-stage allocation
- compute activity rates for cost pools and explain how they can be

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used to target process improvements

- assign costs to a cost object using a second-stage allocation
- prepare a report showing activity-based costing product margins from an activity view
- prepare an action analysis report using activity-based costing data and interpret the report
- use the simplified approach to compute activity-based costs and margins
- record the flow of costs in an activity-based costing system

This learning outcome will constitute approximately 11% of the course's grade.

6. Identify variable/fixed costs and produce a contribution formatted income statement.

Potential 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.
- identify examples of fixed costs and explain the effect of a change in activity on both total fixed costs and per unit fixed costs.
- use a cost formula to predict costs at a new level of activity
- analyze a mixed cost using the high-low method
- prepare an Income Statement using the contribution format

This learning outcome will constitute approximately 11% of the course's grade.

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

Potential 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 approximately 16% of the course's grade.

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8. Explain the differences under the variable and absorption costing methods and reconcile the reported results from using the two methods. Construct and interpret income statements prepare using information from various segments of an organization.

Potential Elements of the Performance:

- explain how variable costing differs from absorption costing and compute the unit product cost under each method
- describe how fixed manufacturing overhead costs are deferred in inventory and released from inventory under absorption costing
- prepare income statements using both variable and absorption costing and reconcile the two net income figures
- explain the effect of changes in production on the net income reported under both variable and absorption costing
- explain the advantages and limitations of both the variable and absorption costing methods
- explain how the use of JIT reduces the differences in net income reported under the variable and absorption costing methods

This learning outcome will constitute approximately 17% of the course's grade.

**III. TOPICS:**

1. Managerial Accounting and the Business Environment
2. Cost Terms, Concepts and Classification
3. Systems Design: Job- order Costing
4. Systems Design: Process Costing
5. Activity Based Costing: A Tool to Aid Decision Making
6. Cost Behaviour: Analysis and Use
7. Cost-Volume- Profit Relationships
8. Variable Costing: A Tool for Management

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

Garrison, Chesley, Carroll, Webb, Libby Managerial Accounting  
Ninth Canadian Edition  
McGraw Hill Ryerson Publishers

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**V. EVALUATION PROCESS/GRADING SYSTEM:**

The final grade will be based on three term tests representing 90% of the marks, and a number of assignments drawn from daily homework assigned representing 10% of the marks as follows:

Test #1 - 30% This test will assess the students' ability to apply the GAAP as it relates to cost terms and format. It will also assess the students' ability to account for the flow of manufacturing cost in a job-order costing system. This assessment will use problem solving situations.

Test #2 – 30% This test will also assess the students' ability to account for the flow of manufacturing cost in process costing system. It will also assess the students' knowledge in identifying variable and fixed costs. This will be tested by assessing the students' ability to handle contribution income statements and CVP relationships. This assessment will use problem solving situations.

Test #3 - 30% This test will assess the students in the areas of variable and absorption costing method, and their ability to account for the flow of manufacturing costs in an activity based costing system. This assessment will use problem solving situations and will test for understanding of cumulative course material .

Assignments -10% These chapter ending problems will be used to reinforce the learning objectives of the varies topics discussed during the semester

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Grand Total	100%
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An optional final exam will be made available at the end of the semester for those who have completed all assignments and wish to replace their mark on the exam for a failed or missed test. The grade received on the exam will replace the lowest failed or missed test. This exam is a comprehensive test drawing upon all of the material covered during the regular semester.

The following semester grades will be assigned to students in post secondary courses:

<u>Grade</u>	<u>Definition</u>	<u>Grade Point Equivalent</u>
A+	90 - 100%	4.00
A	80 - 89%	4.00
B	70 - 79%	3.00
C	60 - 69%	2.00

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D	50 – 59%	1.00
F (Fail)	Below 50%	0.00
CR (Credit)	Credit for diploma requirements has been awarded.	
S	Satisfactory achievement in field placement or non-graded subject areas.	
U	Unsatisfactory achievement in field placement or non-graded subject area	
X	A temporary grade limited to situations with extenuating circumstances giving a student additional time to complete the requirements for a course.	
NR	Grade not reported to Registrar's office.	
W	Student has withdrawn from the course without academic penalty.	

**VI. SPECIAL NOTES:**Attendance:

Sault College is committed to student success. There is a direct correlation between academic performance and class attendance; therefore, for the benefit of all its constituents, all students are encouraged to attend all of their scheduled learning and evaluation sessions. This implies arriving on time and remaining for the duration of the scheduled session.

**VII. COURSE OUTLINE ADDENDUM:**

The provisions contained in the addendum located on the portal form part of this course outline.