

SAULT COLLEGE OF APPLIED ARTS & TECHNOLOGY

SAULT STE. MARIE, ONTARIO

COURSE OUTLINE

Course Outline: Managerial Accounting II

Code Number : ACC 233

Program : Accounting - 2050

Semester : Semester III

Date : January 1996

Previous Outline : January 1995

Author : J. Cavaliere

Approved: \_\_\_\_\_

Dean, Business & Hospitality

95-12-19

Date

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**MANAGERIAL ACCOUNTING II**

**Total Credits: 5**

**Prerequisites: ACC222**

**PHILOSOPHY/GOALS:**

The emphasis of Managerial Accounting is on the internal uses of accounting data by managers in directing the affairs of business and non-business organizations. The purpose of Managerial accounting is to show 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.

**STUDENT PERFORMANCE OBJECTIVES:**

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

- 1) Distinguish between ideal standards and practical standards in regards to standard cost systems.
- 2) Prepare a flexible budget and explain the advantages of the flexible budget approach over the static budget approach.
- 3) Calculate a firm's Return on Investment and prepare segmented income statements.
- 4) Apply cost data in decision making in regards to Pricing and Marketing Analysis, Capital Budgets, Investment Decisions and Financial Statement Analysis.

**TOPICS TO BE COVERED:**

- 1) Standard Costs and Performance measures
- 2) Flexible budgets and overhead analysis
- 3) Segment reporting
- 4) Pricing and marketing analysis
- 5) Relevant costs for decision making
- 6) Capital budgeting decisions
- 7) Investment decisions
- 8) Financial statement analysis

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**LEARNING OBJECTIVES**

**REQUIRED RESOURCES:** Managerial Accounting, Garrison, Chesley, Carroll  
3rd Canadian Edition, Irwin Publishers

**LEARNING OBJECTIVES:**

After completing the material outlined in the study units the participant should be able to:

**1.0 Standard Costs and Performance Measures**

- 1.1 Distinguish between ideal standards and practical standards.
- 1.2 Compute direct labour rate and efficiency variances.
- 1.3 Compute direct materials price and quantity variances.
- 1.4 Compute mix and yield variances.

**2.0 Flexible Budgets and Overhead Analysis**

- 2.1 Prepare a flexible budget.
- 2.2 Prepare variable overhead performance report.
- 2.3 Properly apply overhead costs to units of product in a standard cost system.
- 2.4 Compute fixed overhead budget and volume variances.

**3.0 Segment Reporting and Profitability Analysis**

- 3.1 Prepare a segmented income statement using contribution format.
- 3.2 Differentiate between cost centres, profit centres and investment centres.
- 3.4 Compute the ROI, (Return on Investment) by means of the ROI formula.
- 3.5 Compute residual income.
- 3.6 Use the transfer pricing formula.

**4.0 Pricing and Marketing Analysis**

- 4.1 Define Price elasticity.
- 4.2 Compute the target selling price for a product.

4.3 Describe pricing strategies for a new product.

4.4 Make special pricing decisions.

5.0 **Relevant Costs for Decision Making**

5.1 Identify sunk costs and explain why they are not relevant in decision making.

5.2 Explain what is meant by a make or buy decision.

5.3 Make computations to determine the most profitable utilization of scarce resources in an organization.

6.0 **Capital Budgeting Decisions**

6.1 Distinguish between capital budgeting and preference decisions.

6.2 Determine the acceptability of an investment project using the Internal rate of return method.

6.3 Prepare Net present value analysis.

6.4 Compute the simple rate of return for an investment.

7.0 **Investment Decisions**

7.1 Explain how capital cost allowance is computed.

7.2 Compute the tax savings from capital cost allowances.

7.3 Compute the after-tax net present value of an investment project.

8.0 **Financial Statement Analysis**

8.1 Prepare financial statements in comparative form.

8.2 Explain Financial leverage.

8.3 Identify ratios used to measure the well-being of the long-term creditor.

**Method of Assessment:**

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 represent 100% 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.

**Notes to Students:**

- a) Attendance is critical to the participant's success in this course.
- b) Your instructor reserves the right to modify the course as he/she deems necessary to meet the needs of the students.

**PRIMARY RESOURCES**

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