

SAULT COLLEGE OF APPLIED ARTS & TECHNOLOGY

SAULT STE. MARIE, ONTARIO

COURSE OUTLINE

Course Outline: Managerial Accounting II

Code No.: ACC233

Program: ACCOUNTING

Semester: FOUR

Date: January 1998

Previous Outline

Date: January 1997

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APPROVED:

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Dean, School of Business and Hospitality

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Date

Total Credits: 5

Prerequisite(s): ACC222

Length of Course: 5 HOURS/WEEK FOR 16 WEEKS

**I. COURSE DESCRIPTION:**

Upon successful completion of this course the student will demonstrate a knowledge of information 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 continue to develop techniques in the internal use of accounting data used by managers in directing the affairs of business and non-business organizations.

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

1) Distinguish between ideal standards and practical standards in regards to standard cost systems.

**ELEMENTS OF THE PERFORMANCE**

- 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.

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

2) Prepare a flexible budget and explain the advantages of the flexible budget approach over the static budget approach.

**ELEMENTS OF THE PERFORMANCE**

- 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.

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

3) Calculate a firm's Return on Investment and prepare segmented income statements.

**ELEMENTS OF THE PERFORMANCE**

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

- 3.4 Compute residual income.
- 3.5 Use the transfer pricing formula.

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

- 4) Apply cost data in decision making in regards to Pricing and Marketing Analysis.

#### ELEMENTS OF THE PERFORMANCE

- 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.

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

- 5) Apply cost data in decision making in regards to relevant costs

#### ELEMENTS OF THE PERFORMANCE

- 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.

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

- 6) Apply cost data in decision making in regards to capital budgeting decisions

#### ELEMENTS OF THE PERFORMANCE

- 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.

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

- 7) Apply cost data in decision making in regards to investment decisions

#### ELEMENTS OF THE PERFORMANCE



- 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.

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

8) Apply cost data in decision making in regards to financial statement analysis

#### ELEMENTS OF THE PERFORMANCE

- 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.

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

#### **III. 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

#### **IV. REQUIRED RESOURCE/TEXT/MATERIALS:**

Managerial Accounting, Garrison, Noreen, Chesley, Carroll 3rd Canadian Edition, Irwin Publishers

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

The final grade will be based on three term tests representing 85% of the marks, and a number of assignments drawn from daily homework assigned representing 15% of the marks as follows:

Test #1	30%
Test #2	30%
Test #3	25%
Assignments	15%
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Grand Total	100%

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.

Grades will be assigned as follows:

90-100%	A+	Consistency Outstanding
80-89%	A	Outstanding
70-79%	B	Above Average
60-69%	C	Satisfactory
Below 60%	R	Repeat

## VI. SPECIAL NOTES:

### Special Needs

If you are a student with special needs (e.g. physical limitations, visual impairments, hearing impairments, learning disabilities), you are encouraged to discuss required accommodations with the professor and/or contact the Special Needs Office, Room E2104, Ext. 493, 717, 491, so that support services can be arranged for you.

### Plagiarism

Students should refer to the definition of “academic dishonesty” in the “Statement of Student Rights and Responsibilities.”

Students who engage in “academic dishonesty” will receive an automatic failure for that submission and/or such other penalty, up to and including expulsion from the course, as may be decided by the professor.

### Retention of Course Outlines

It is the responsibility of the student to retain all course outlines for possible future use in acquiring advanced standing at other post-secondary institutions.

Substitute Course Information: available at Registrar’s Office.

The Professor reserves the right to modify the course as deemed necessary.



