

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 1999

Previous Outline

Date: January 1998

Author: G. DUNLOP

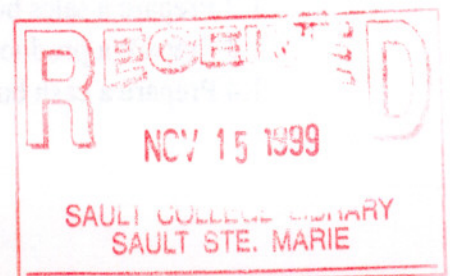
APPROVED:   
Dean, School of Business and Hospitality

Jan 1999  
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:****A. Learning Outcomes:**

- 1) Define Profit Planning and apply the techniques used in drafting Profit Plans.
- 2) Distinguish between ideal standards and practical standards in regards to standard cost systems.
- 3) Prepare a flexible budget and explain the advantages of the flexible budget approach over the static budget approach.
- 4) Calculate a firm's Return on Investment and prepare segmented income statements.
- 5) Apply cost data in decision making in regards to relevant costs.
- 6) Apply cost data in decision making in regards to capital budgeting decisions.
- 7) Allocate the costs associated with a service department to other departments within an organization.
- 8) Apply cost data in decision making in regards to financial statement analysis.

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

- 1) Define Profit Planning and apply the techniques used in drafting Profit Plans.

**ELEMENTS OF THE PERFORMANCE:**

- 1.1 Define budgeting and explain the difference between planning and control
- 1.2 Prepare a sales budget
- 1.3 Prepare a production budget
- 1.4 Prepare a cash budget

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

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

#### ELEMENTS OF THE PERFORMANCE

- 2.1 Distinguish between ideal standards and practical standards.
- 2.2 Compute direct labour rate and efficiency variances.
- 2.3 Compute direct materials price and quantity variances.
- 2.4 Compute mix and yield variances.

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

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

#### ELEMENTS OF THE PERFORMANCE

- 3.1 Prepare a flexible budget.
- 3.2 Prepare variable overhead performance report.
- 3.3 Properly apply overhead costs to units of product in a standard cost system.
- 3.4 Compute fixed overhead budget and volume variances.

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

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

#### ELEMENTS OF THE PERFORMANCE

- 4.1 Prepare a segmented income statement using contribution format.
- 4.2 Analyze variances and market expenses
- 4.3 Differentiate between cost centres, profit centres and investment centres.
- 4.4 Compute the ROI, (Return on Investment) by means of the ROI formula.
- 4.5 Compute residual income.

This learning outcome will constitute approximately 11% 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 Prepare an analysis showing whether a special order should be accepted.
- 5.4 Make computations to determine the most profitable utilization of scarce resources in an organization.
- 5.5 Prepare an analysis showing whether joint products should be sold at the split-off point or processed further.

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

7) Allocate the costs associated with a service department to other departments within an organization.

ELEMENTS OF THE PERFORMANCE

- 7.1 Explain what is meant by a service department, and explain why it is necessary to allocate service department costs to operating departments.
- 7.2 Select a first stage allocation base (cost driver) for each service department that accurately measures consumption of services by other departments.
- 7.3 Allocate service department costs to other departments using various methods.
- 7.4 Explain why variable and fixed service costs should be allocated separately.
- 7.5 Enumerate the guidelines that should be followed in the allocation process.
- 7.6 Prepare allocation schedules.

This learning outcome will constitute approximately 16% 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 17% of the course's grade.

### III. TOPICS TO BE COVERED:

- 1) Profit Planning
- 2) Standard Costs and Performance measures
- 3) Flexible budgets and overhead analysis
- 4) Segment reporting
- 5) Relevant costs for decision making
- 6) Capital budgeting decisions
- 7) Service Department costing
- 8) Financial statement analysis

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

Managerial Accounting, Garrison, Noreen, Chesley, Carroll 4th Canadian Edition, Irwin Publishers

### 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%
Test #2	30%
Test #3	30%
Assignments	10%
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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.