

**SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY**

**SAULT STE. MARIE, ONTARIO**



**SAULT  
COLLEGE**

**COURSE OUTLINE**

**COURSE TITLE:** Managerial Accounting II

**CODE NO. :** ACC233

**SEMESTER:** 4

**PROGRAM:** ACCOUNTING

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**DATE:** January  
2011

**PREVIOUS OUTLINE DATED:** January  
2010

**APPROVED:** "Penny Perrier"

June/10

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**CHAIR**

**DATE**

**TOTAL CREDITS:** 5

**PREREQUISITE(S):** ACC222

**LENGTH OF  
COURSE:** 5 Hours/Week  
for 15 Weeks

**TOTAL CREDIT HOURS:** 75

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*For additional information, please contact Penny Perrier, Chair*  
*School of Continuing Education, Business & Hospitality*  
*(705) 759-2554, Ext.2754*

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

Upon successful completion of this course the student will demonstrate 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) Prepare a flexible budget and explain the advantages of the flexible budget approach over the static budget approach. 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) Analyze organizational performance and extend performance assessments to non-monetary areas. Calculate a firm's Return on Investment. Describe a balanced scorecard approach to extend performance measures beyond non-monetary areas.
- 4) Apply cost data in decision making in regards to relevant costs.
- 5) Apply cost data in decision making in regards to capital budgeting decisions.
- 6) Apply cost data in decision making in regards to financial statement analysis.

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

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

- 1) Define Profit Planning and apply the techniques used in drafting Profit Plans. Prepare a flexible budget and explain the advantages of the flexible budget approach over the static budget approach.

**POTENTIAL ELEMENTS OF THE PERFORMANCE:**

- 1.1 Explain why organizations budget and the processes they use to create budgets.

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1.2 Prepare the supporting components of a master budget and the budgeted financial statements.

1.3 Prepare a flexible budget and explain the need for the flexible budget approach.

1.4 Prepare a performance report using the flexible budget approach.

This learning outcome will constitute approximately 20% of the course's grade.

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

### POTENTIAL ELEMENTS OF THE PERFORMANCE

2.1 Explain how direct material standards and direct labour standards are set.

2.2 Compute the direct materials price and quantity variances and explain their significance.

2.3 Compute the direct labour rate and efficiency variances and explain their significance.

2.4 Compute the variable manufacturing overhead spending and efficiency variances.

2.5 Explain the significance of the denominator activity figure in determining the standard cost of a unit of product.

2.6 Compute and interpret the fixed overhead budget and volume variances.

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

3) Analyze organizational performance and extend performance assessments to non-monetary areas. Calculate a firm's Return on Investment. Describe a balanced scorecard approach to extend performance measures beyond non-monetary areas.

### POTENTIAL ELEMENTS OF THE PERFORMANCE

3.1 Differentiate among responsibility centres such as cost centres, profit centres, and investment centres, and explain how performance is measured in each.

3.2 Determine the range, if any, within which a negotiated transfer price should fall and explain the other approaches to setting the transfer price.

3.3 Analyze the return on investment (ROI).

3.4 Compute residual income and describe the strengths and weaknesses of this method of measuring performance.

3.5 Explain the use of balanced scorecards to assess performance.

3.6 Identify the four types of quality costs, explain their interaction and prepare a quality cost report.

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

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4) Apply cost data in decision making in regards to relevant costs.

POTENTIAL ELEMENTS OF THE PERFORMANCE

4.1 Distinguish between relevant and irrelevant costs in decision making.

4.2 Prepare analyses for various decision situations.

4.3 Determine the most profitable use of a constrained resource and the value of obtaining more of the constrained resource.

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

5) Apply cost data in decision making in regards to capital budgeting decisions.

POTENTIAL ELEMENTS OF THE PERFORMANCE

5.1 Determine the payback period for an investment.

5.2 Compute the simple rate of return for an investment.

5.3 Evaluate the acceptability of an investment project using the net present value method.

5.4 Evaluate the acceptability of an investment project using the internal rate of return method.

5.5 Evaluate an investment project that has uncertain cash flows.

5.6 Rank investment projects in order of preference.

5.7 Include income taxes in a capital budgeting analysis.

This learning outcome will constitute approximately 20% of the course's grade.

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

POTENTIAL ELEMENTS OF THE PERFORMANCE

6.1 Explain the need for and limitations of financial statement analysis.

6.2 Prepare a trend and common-size balance sheet and income statement.

6.3 Compute and interpret the financial ratios used by the common shareholder.

6.4 Explain what is meant by the term financial leverage and show how financial leverage is measured.

6.5 Compute and interpret the financial ratios used by the short-term creditor.

6.6 Compute and interpret the financial ratios used by the long-term creditor.

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

**III. TOPICS TO BE COVERED:**

1) Profit Planning through Budgeting

2) Standard Costs and Performance measures

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- 3) Reporting for Control
- 4) Relevant Costs for Decision Making
- 5) Capital budgeting decisions
- 6) Financial statement analysis

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

Managerial Accounting, Garrison, Noreen, Chesley, Carroll 8th Canadian Edition, Irwin Publishers

Fundamental Accounting Principles, Larson, Jensen 13<sup>th</sup> Canadian Edition, McGraw-Hill Ryerson 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. This test is not for the purpose of bettering a grade obtained in the regular course program.

The following semester grades will be assigned to students in postsecondary 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
D	50 - 59%	1.00
F (Fail)	49% and below	0.00
CR (Credit)	Credit for diploma requirements has been awarded.	
S	Satisfactory achievement in field placement or non-graded subject areas.	

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U	Unsatisfactory achievement in field placement or non-graded subject areas
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. This is used to facilitate transcript preparation when, for extenuating circumstances, it has been impossible for the faculty member to report grades.

**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.