

SAULT COLLEGE OF APPLIED ARTS & TECHNOLOGY
SAULT STE. MARIE, ONTARIO

COURSE OUTLINE

COURSE TITLE: COST CONTROL AND EFFICIENCY
CODE NO.: PPE360-3 SEMESTER:
PROGRAM: PULP AND PAPER ENGINEERING TECHNOLOGY
AUTHOR: KEVIN PEVATO
DATE: MAY 1991 PREVIOUS OUTLINE DATED: NEW

APPROVED:

DEAN-"



DATE



COST CONTROL AND EFFICIENCY

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TOTAL CREDIT HOURS: 45

PREREQUISITE(S): None

I. PHILOSOPHY/GOALS:

This course is designed to prepare the technology student for supervisory and management positions in their future careers. The study of "managerial" accounting illustrates how managers use accounting information to carry out three essential functions:

- 1) to plan operations
- 2) to control activities
- 3) to analyze decision alternatives

Managerial accounting is concerned with providing information to managers- that is, to those who are inside an organization and who are charged with directing and controlling its operations. Managerial accounting can be contrasted to financial accounting, which is concerned with providing information to shareholders, creditors, and others who are outside an organization. 4

The content of the course will analyze how accounting information can be obtained, what kinds of information the manager needs, and introduces how this information can be used to carry out managerial activities.

The intent of this course is not to make the technology student an accountant, but rather, educate the student in the utilization of internal accounting systems and reports.

II. STUDENT PERFORMANCE OBJECTIVES:

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

1. Describe the three broad purposes for which the manager needs accounting information.
2. Identify and give examples of each of the three basic cost elements involved in the manufacture of a product.

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3. Identify and give examples of variable costs and fixed costs and explain the differences in their behaviour.
4. Define budgeting and explain the difference between planning and control.
5. List the principal advantages of budgets.
6. Explain how the manager would determine whether a variance constituted an exception that would require his or her attention.
7. Differentiate between costs centres, profit centres, and investment centres, and explain how performance is measured in each.
8. Compute return on investment (ROI) by means of the ROI formula and show how changes in sales, expenses, and assets affect an organization's ROI.
9. State a general rule for distinguishing between relevant and irrelevant costs in a decision-making situation.
10. Prepare an analysis whether a product line or other organizational segment should be dropped or retained.
11. Explain what is meant by a make-or-buy decision and prepare a well-organized make or buy analysis.
12. Make appropriate computations to determine the most profitable utilization of scarce resources in an organization.
13. Determine the acceptability of an investment project, using the net present value method.
14. Explain how the cost of capital is used as a screening tool.
15. Explain the need for and limitations of financial statement analysis.

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III. TOPICS TO BE COVERED:

Managerial Accounting - A Perspective (Chapter 1)

Organizations and their Objectives
Organizational Structure
The Manager's Need for Information
Comparison of Financial and Managerial Accounting

Cost Terms, Concepts, and Classifications (Chapter 2)

General cost Classifications
Cost Classifications on Financial Statements
Costs and Control
Other Cost Concepts

Process Costing (Chapter 4)

Comparisons of Job-Order and Process Costing
A Perspective of Process Cost Flows

Cost Behaviour: Analysis and Use (Chapter 5)

Types of Cost Behaviour Patterns

Cost-Volume Profit Relationships (Chapter 6)

The Basics of Cost-Volume-Profit Analysis
Break-Even Analysis
CVP Relationships in Graphic Form

Profit Planning (Chapter 8)

The Basic Framework of budgeting
The Master Budget - A Network of Interrelationships

Control through Standard Costs (Chapter 9)

Standard Costs - A Management by Exception
Setting Standard Costs
Variance Analysis and Management by Exception

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III. TOPICS TO BE COVERED: (cont'd)

Control of Decentralized Operations (Chapter 11)

Responsibility Accounting
Investment, Profit, and Cost Centres
Measuring Management Performance
The Problem of Control
Rate of Return
Controlling the rate of return

Relevant Costs for Decision Making (Chapter 13)

Cost Concepts for decision Making
The Make or Buy Decision
Utilization and Scarce resources

Capital Budgeting Decisions (Chapter 14)

An Investment Concept
The Concept of Present Value
Recovery of the Original Investment

"How well am I doing?" - Financial Statement analysis (Chapter 17)

The Importance of Statement Analysis

IV. LEARNING ACTIVITIES:

The text (and study guide) provides questions, exercises, problems, and cases. These activities will be assigned frequently to reinforce the learning concepts in each section. Your instructor will assign the learning activities throughout the course. It should be noted that the text will be used extensively.

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V. METHOD OF EVALUATION:

The student's performance in this course will be assessed on the basis of his or her performance on a mid-term and final exam plus quizzes. These are weighted as follows:

Mid-term	30%
Quizzes	30%
Final	40%
Total	100%

At the instructor's discretion, a problem exercise may be included. If so, an adjustment will be made to the quiz portion of your final grade.

The final grade for the course will be awarded on the following percentage basis:

A+	= 86-100%
A	= 80-85 %
B	= 70-79 %
C	= 60-69 %
R	= <60%

Students having a final standing of R and who have a course average of at least 55% and have attended eighty (80%) of the scheduled lecture hours, will be permitted to write a supplemental exam covering the entire course content.

VI. REQUIRED STUDENT RESOURCES:

Although the text will be used extensively, some students might find it cost-prohibitive and therefore a study guide may be helpful to supplement class notes. However, it should be noted that the study guide is not as detailed as the text and only provides chapter summaries and extra exercises, cases and problems.

TEXT - MANAGERIAL ACCOUNTING: CONCEPTS FOR PLANNING, CONTROL, DECISION MAKING
Garrison, Chesley, Carroll, First Canadian Edition, IRWIN Publishers, 1990.

WORKBOOK STUDY GUIDE - MANAGERIAL ACCOUNTING: CONCEPTS FOR PLANNING, CONTROL, DECISION MAKING (also available in Bookstore)

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**VII. ADDITIONAL RESOURCE MATERIALS AVAILABLE IN THE COLLEGE LIBRARY
BOOK SECTION:**

Cost Accounting Concepts for Nonfinancial Executives, Simini, Joseph
Peter, AMACON Publishers, 1976, HF 5686 C8S493

Cost Accounting Principles and Practice, Neuner, John J.W., and Deakin,
Edward B. Richard, D. Irwin Publishers, 1977, HF 5686 C8N15

Cost Accounting Principles and Applications, Brock, Palmer, and Sweeney,
McGraw Hill Inc., 1975, HF 5686 C8B679

VIII. SPECIAL NOTES:

Students with special needs (e.g. physical limitations, visual
impairments, hearing impairments, learning disabilities) are encouraged
discuss required accommodations confidentially with the instructor.

Your instructor reserves the right to modify the course as he/she deems
necessary to meet the needs of students.