

SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

SAULT STE. MARIE, ONTARIO



COURSE OUTLINE

<u>COURSE TITLE:</u>	Managerial Accounting II		
<u>CODE NO. :</u>	ACC233	<u>SEMESTER:</u>	4
<u>PROGRAM:</u>	ACCOUNTING		
<u>AUTHOR:</u>	J. MITCHELL		
<u>DATE:</u>	January 2006	<u>PREVIOUS OUTLINE DATED:</u>	January 2005
<u>APPROVED:</u>	<hr/>		<hr/>
		DEAN	DATE
<u>TOTAL CREDITS:</u>	5		
<u>PREREQUISITE(S):</u>	ACC222		
<u>LENGTH OF COURSE:</u>	5 Hours/Week for 15 Weeks	<u>TOTAL CREDIT HOURS:</u>	75

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For additional information, please contact
School of Technology, Skilled Trades, Natural Resources & Business
(705) 759-2554, Ext.445

Course Name

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) 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.

Course Name

Code No.**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.

POTENTIAL ELEMENTS OF THE PERFORMANCE:

- 1.1 Understand why organizations budget and the processes they use to create budgets
- 1.2 Prepare a sales budget
- 1.3 Prepare a production budget
- 1.4 Prepare a cash budget

This learning outcome will constitute approximately 12% 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 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 variable overhead spending and efficiency 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.

POTENTIAL 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 12% of the course's grade.

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

Course Name

Code No.POTENTIAL 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 12% of the course's grade.

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

POTENTIAL ELEMENTS OF THE PERFORMANCE

- 5.1 Identify sunk costs and explain why they are not relevant In decision making.
- 5.2 Prepare a well-organized make or buy analysis.
- 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 12% of the course's grade.

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

POTENTIAL ELEMENTS OF THE PERFORMANCE

- 6.1 Distinguish between capital budgeting and preference decisions determine the acceptability of an investment project using the net present value method.
- 6.2 Determine the acceptability of an investment project using the Internal rate of return method. (with interpolation, if needed).
- 6.3 Prepare Net present value analysis.
- 6.4 Compute the simple rate of return for an investment.

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

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

POTENTIAL ELEMENTS OF THE PERFORMANCE

Course Name

Code No.

- 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 14% of the course's grade.

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

POTENTIAL ELEMENTS OF THE PERFORMANCE

- 8.1 Explain the need for and limitations of financial statement analysis.
- 8.2 Prepare financial statements in comparative and common-size form.
- 8.3 Explain financial leverage.
- 8.4 Identify and calculate ratios used to measure the well-being of the common shareholder; as well as the short and long-term creditor.

This learning outcome will constitute approximately 14% of the course's grade.

III. TOPICS TO BE COVERED:

- 1) Profit Planning through Budgeting
- 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 6th Canadian Edition, Irwin Publishers

Course Name

Code No.

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%
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.	
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.	
W	Student has withdrawn from the course	

Course Name

Code No.

without academic penalty

VI. SPECIAL NOTES:

Special Needs:

If you are a student with special needs (e.g. physical limitations, visual impairments, hearing impairments, or learning disabilities), you are encouraged to discuss required accommodations with your professor and/or the Special Needs office. Visit Room E1101 or call Extension 493, so that support services can be arranged for you.

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 postsecondary institutions.

Plagiarism

Students should refer to the definition of “academic dishonesty” in *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/dean. In order to protect students from inadvertent plagiarism, to protect the copyright of the material referenced, and to credit the author of the material, it is the policy of the department to employ a documentation format for referencing source material.

The Professor reserves the right to change the information contained in this course outline depending on the needs of the learner and the availability of resources.

Substitute course information is available in the Registrar's office.

VII. PRIOR LEARNING ASSESSMENT:

Students who wish to apply for advanced credit in the course should consult the professor. Credit for prior learning will be given upon successful completion a challenge exam or portfolio.

Course Name

Code No.**VIII. DIRECT CREDIT TRANSFERS:**

Students who wish to apply for direct credit transfer (advanced standing) should obtain a direct credit transfer form from the Dean's secretary. Students will be required to provide a transcript and course outline related to the course in question.