

Course Learning Objectives: Managerial accounting concentrates on information used by managers within the firm to make business decisions. Unlike financial accounting, there are no clear-cut rules and specific procedures. Rather, the emphasis is on the type of information most relevant in a particular situation.

After successfully completing this course, students will:

- a. Recognize and appreciate the differing information needs of internal management and external users of financial information.
- b. Understand fundamental managerial accounting terminology and concepts such as cost, different cost for different purposes, product cost accumulation systems, master budgets and flexible budgets, variance analysis, capital budgeting, responsibility centers, and performance evaluation.
- c. Comprehend the role of managerial accounting in planning, controlling, making decisions, and evaluating performance.
- d. Apply appropriate managerial accounting concepts, methods and techniques to support planning, controlling, and decision-making in organizations.

The course will cover the specific topics and outcomes listed below.

Managerial Accounting

- Describe the differences between financial and managerial accounting
- Explain and provide examples to the three pillars (planning, controlling, decision making) of managerial accounting
- Discuss the role of ethics in business and the approach used by managerial accountants
- Briefly discuss what is necessary for a firm to be successful long-term

Cost Concepts

- Identify and provide an example of each of the three basic manufacturing cost categories (direct material, direct labor, manufacturing overhead)
- Identify and provide examples of prime and conversion costs
- Compute and analyze cost of goods manufactured
- Understand what is meant by direct and indirect cost – provide an example of cost that would be considered both direct and indirect
- Explain the difference between period and product costs and provide an example of each
- Describe the difference between variable costs, fixed costs, and mixed costs – be able to graph each type of cost
- Explain what is meant by the term relevant range
- Be able to distinguish between a traditional format income statement and a contribution format income statement
- Be able to define and provide examples for differential cost, opportunity cost, and sunk cost

Cost Behavior

- Utilize various methods (e.g., regression, high-low, visual inspection, graphs) to estimate cost equations and categorize mixed costs into fixed and variable components
- Use of cost equations to compute and predict costs
- Apply the concept of relevant range in estimating costs

Job-Order Costing

- Identify and provide an example of the costs that are included in absorption costing

- Compute a predetermined overhead rate
- Apply overhead using a predetermined overhead rate
- Compute total cost and average cost/unit of a job
- Prepared journal entries to document the flow of costs in a job-order costing system
- Compute under- or over-applied overhead cost and close to cost of goods sold
- Compute a cost of goods manufactured (COGM) and a cost of goods sold (COGS)

Process Costing

- Distinction between job-order and process systems
- When to use process costing
- Processing departments and the flow of cost in process costing systems

Cost-Volume-Profit Relationships

- Be able to explain and use the profit equation showing how various levels of activity affect the profit
- Prepare and interpret a CVP graph and a profit graph
- Compute the contribution margin ratio and use it to determine profit
- Determine the level of sales needed to achieve a desired target profit
- Compute a breakeven point
- Compute the margin of safety and explain its significance
- Compute the operating leverage and explain how it can be used to predict changes in net operating income
- Apply CVP to managerial decisions, planning and control
- Understand how sales mix affects contribution margin, the breakeven point and other CVP estimates

Activity-Based Costing

- Understand how ABC is similar to and differs from traditional costing
- Develop cost pools using first stage allocation
- Compute activity rates for cost pools
- Assign costs to a cost object – second stage cost allocation
- Be able to compute product and customer margins
- Explain what is meant by undercosting and overcosting a product
- Understand the limitations of ABC

Master Budgeting

- List the advantages of budgeting
- Understand fundamental human factors in budgeting
- Explain the importance of participative (self-imposed) budget
- Prepare a sales budget and a schedule of cash collections
- Prepare a production budget
- Prepare a direct material budget and a schedule of cash disbursements for purchasing the material
- Prepare a direct labor budget
- Prepare a manufacturing overhead budget
- Prepare a selling and administrative expense budget
- Understand the information available in a cash budget
- Be able to use the income statement and balance sheet to make decisions for the firm

Flexible Budgets and Variance Analysis

- Understand the characteristics of a flexible budget

- Know the deficiencies of a static for planning, controlling and decision-making purposes
- Understand how a flexible budget works and the variances that may be computed from a flexible budget

Standard Costs and Variances

- Explain what is meant by the term standard cost
- Discuss the term variance and how it relates to standard cost
- Compare and contrast ideal and practical standards (found in footnote 1)
- Know how standards are developed
- Compute direct material price and quantity variances
- Compute direct labor rate and efficiency variances
- Compute variable overhead spending and efficiency variances
- Provide possible explanations for the direct materials, direct labor, and variable overhead variances

Performance Evaluation and Responsibility Accounting

- Explain the term responsibility accounting and the role of cost centers, profit centers, and investment centers
- Compute the return on investment and show how changes in sales, expenses and assets affect the return on investment
- Compute residual income and understand its strengths and weaknesses
- Discuss the importance of nonfinancial measures and how this is achieved with delivery cycle time, throughput time, and manufacturing cycle efficiency
- Describe the balanced scorecard and explain how it can be used by all employees of a company

Costs and Short-term Decision Making

- Describe when a cost or benefit is considered relevant or irrelevant when making a decision
- Explain what an avoidable cost is and how it is relevant to making a decision
- Explain the role of sunk costs and future costs in decision making
- Be able to identify relevant costs when deciding between two options
- Analyze relevant costs using differential analysis
- Analyze whether a product line or business segment should be added or dropped
- Prepare a make or buy analysis
- Prepare an analysis showing whether a special order should be accepted
- Determine the most profitable use of a constrained resource

Capital Budgeting

- Explain in plain English the term capital budgeting
- Discuss the term discounted cash flows and the techniques used in capital budgeting decisions
- Evaluate the acceptability of an investment project using the net present value (NPV) method
- Evaluate the acceptability of an investment project using the internal rate of return (IRR) method
- Determine the payback period of an investment and understand strengths and weakness of payback
- Compute the simple rate of return (accounting rate of return – ARR) of an investment
- Understand the criticisms of the simple rate of return (ARR)

CBA Learning Goals and Expectations: Each student who graduates from the College of Business Administration will:

- Master integrated business knowledge
- Analyze data using quantitative techniques
- Be informed decision makers
- Develop leadership and collaboration competencies
- Use writing and oral communication skills to persuade and to mobilize action
- Demonstrate a global perspective and cross-cultural awareness
- Recognize and understand how to address ethical concerns

Coverage of Ethics: Students should recognize the importance of ethics when making managerial accounting decisions. This will be brought to their attention throughout the semester. In addition, ethical questions and concerns may be included in homework questions.

Attendance and Participation: A student is expected to attend all meetings of a class for which he or she is registered (University Policy). Students with poor attendance usually end up repeating the course. For many students, learning this material presents a challenge, and class attendance is very important in the learning process. Points for any in-class engagement activities or quizzes that are not received because of a student's absence from class cannot be made up at a later time and therefore will be lost.

Homework Assignments: There are two parts to the assignments: (1) LearnSmart modules, and (2) homework exercises and problems. Specific homework assignments are communicated at the end of each chapter lecture.

Additional information about accessing Connect can be found in Brightspace under "Content" and "Connect." For assistance logging on or registering or for any technical problem throughout the semester, contact <https://mhedu.force.com/CXG/s/ContactUsWebForm> or call 1-800-331-5094.

Examinations: There will be four exams plus a departmental comprehensive final exam. The four exams are each worth 100 points and will consist of 40 multiple-choice questions. The comprehensive final exam is worth 150 points and will consist of 50 multiple-choice questions.

Make-up Exams: Please note that make-up exams will not be given under any circumstances (other than University sponsored events). If you fail to take an exam during its regularly scheduled time period you must notify me as soon as you know you will miss the exam. If you have a serious, unavoidable, and documentable reason (e.g., your hospitalization or death of an immediate family member), you will be allowed to substitute your grade on the comprehensive final exam for the missed exam (i.e., your final exam score will count double). This policy applies to one missed exam only; all others will be assigned a grade of zero. If you do not have a serious, unavoidable, and documentable reason for missing an exam then you will receive a grade of zero.

Grading Policy: Your grade is determined by comparing total points you have earned to the total points available in the course. Your final grade will be based on the percentage of total points that you have earned (see the grading scale below).

Grading Scale:

| Letter Grade | Percentage Range |
|--------------|------------------|
| A | 92 - 100 |
| A- | 90 - 91 |
| B+ | 88 - 89 |
| B | 82 - 87 |
| B- | 80 - 81 |
| C+ | 78 - 79 |
| C | 72 - 77 |
| C- | 70 - 71 |
| D+ | 68 - 69 |
| D | 62 - 67 |
| D- | 60 - 61 |
| F | Below 60 |

Grading Components:

| Item | Number | Individual Points | Total Points |
|------------|--------|-------------------|--------------|
| Exams | 4 | 100 | 400 |
| Final Exam | 1 | 150 | 150 |
| Homework | 15 | 10 | 150 |
| Total | | | 700 |

Incompletes: At the discretion of the instructor, a student may receive an "I" (incomplete) grade if he/she has completed substantially all of the course (at least 75% of the work) and is unable, for an extraordinary reason that is supported by appropriate evidence in writing, to complete some of the course requirements. A student who receives an "I" grade in this course must complete the remaining requirements by the last day of spring semester 2019 and prior to final exam week. I will not accept any material relating to this course after that date. This means that an "I" grade that is not changed by the end of spring 2019 becomes a permanent "F."

Academic Dishonesty: Academic dishonesty – It is important for you to be aware of The University of Akron's policy on academic dishonesty. Academic dishonesty is unacceptable and will not be tolerated at UA. Cheating (i.e, copying problem solutions from a solution manual), forgery, dishonest conduct, plagiarism, and collusion in dishonest activities erode the University's educational, research, and social roles. They cheapen the learning experience and its legitimacy not only for the perpetrators but also for the entire community. It is essential that UA students subscribe to the ideal academic integrity and accept individual responsibility for their work. Academic dishonesty of any form will not be tolerated in this class. Any form of cheating on exams, quizzes, or assignments will result in an F (zero points) for that exam, quiz, or assignment.

Office of Accessibility

Any student who feels she/he may need an accommodation based on the effect of a disability should contact the Office of Accessibility at 330-972-7928.

CLASS SCHEDULE

| CLASS | CHAPTERS | ASSIGNMENT |
|----------|-------------|--|
| 8/24/20 | Prologue | See pre-recorded lecture on BrightSpace at 3:30 PM |
| 8/26/20 | 1 | See pre-recorded lecture on BrightSpace at 3:30 PM |
| 8/31/20 | Appendix 1A | See pre-recorded lecture on BrightSpace at 3:30 PM |
| 9/2/20 | | LABOR DAY HOLIDAY |
| 9/7/20 | 2 | See pre-recorded lecture on BrightSpace at 3:30 PM |
| 9/9/20 | 2 | See pre-recorded lecture on BrightSpace at 3:30 PM |
| 9/14/20 | | EXAM 1 |
| 9/16/20 | 3 | See pre-recorded lecture on BrightSpace at 3:30 PM |
| 9/21/20 | 3 | See pre-recorded lecture on BrightSpace at 3:30 PM |
| 9/23/20 | 4 | See pre-recorded lecture on BrightSpace at 3:30 PM |
| 9/28/20 | 4 | See pre-recorded lecture on BrightSpace at 3:30 PM |
| 9/30/20 | | EXAM 2 |
| 10/5/20 | 5 | See pre-recorded lecture on BrightSpace at 3:30 PM |
| 10/7/20 | Appendix 5A | See pre-recorded lecture on BrightSpace at 3:30 PM |
| 10/12/20 | 7 | See pre-recorded lecture on BrightSpace at 3:30 PM |
| 10/14/20 | 7 | See pre-recorded lecture on BrightSpace at 3:30 PM |
| 10/19/20 | 8 | See pre-recorded lecture on BrightSpace at 3:30 PM |
| 10/21/20 | 8 | See pre-recorded lecture on BrightSpace at 3:30 PM |
| 10/26/20 | | EXAM 3 |
| 10/28/20 | 9 | See pre-recorded lecture on BrightSpace at 3:30 PM |
| 11/2/20 | 9 | See pre-recorded lecture on BrightSpace at 3:30 PM |
| 11/4/20 | 10 | See pre-recorded lecture on BrightSpace at 3:30 PM |
| 11/9/20 | 10 | See pre-recorded lecture on BrightSpace at 3:30 PM |
| 11/11/20 | 11 | See pre-recorded lecture on BrightSpace at 3:30 PM |
| 11/16/20 | 11 | See pre-recorded lecture on BrightSpace at 3:30 PM |
| 11/18/20 | | EXAM 4 |
| 11/23/20 | 12 | See pre-recorded lecture on BrightSpace at 3:30 PM |
| 11/25/20 | 12 | See pre-recorded lecture on BrightSpace at 3:30 PM |
| 11/30/20 | | THANKSGIVING HOLIDAY |
| 12/2/20 | 13 | See pre-recorded lecture on BrightSpace at 3:30 PM |
| 12/7/20 | 13 | See pre-recorded lecture on BrightSpace at 3:30 PM |
| 12/9/20 | | COMPREHENSIVE FINAL EXAM |

NOTE: Assignments and due dates are subject to change by the instructor. Exam schedule is tentative and subject to change. Any changes will be communicated via Brightspace, email, or in-class announcement.