COURSE OUTLINE
Managerial Accounting

Course Description
BA 204. Managerial Accounting. 3 hours credit. Prerequisites: BA127 or BA130 with a C or better. This course will enable the student to perform basic managerial accounting functions, including revenue expectations, cost controls, and budgeting. The student will study the theory and concepts of managerial accounting. The student will use financial data for determining product costs, planning, and decision-making. The learning outcomes and competencies detailed in this course outline meet or exceed the learning outcomes and competencies specified by the Kansas Core Outcomes Groups project for this course as approved by the Kansas Board of Regents (Transfers as ACC 2010).

Required Materials
For complete material(s) information, refer to https://bookstore.butlercc.edu

Butler-Assessed Outcomes
The intention is for the student to be able to
1. Calculate and evaluate both activity-based and plant-wide methods of allocating manufacturing overhead costs and determine product costs.
2. Determine product costs using absorption and variable methods.
3. Compute and analyze contribution margin, break-even, margin of safety, variances, relevant costing, and budgets.

Learning Outcomes
1. Explain the difference between managerial and financial accounting.
2. Evaluate the ethical dimensions of managerial accounting.
3. Apply managerial accounting techniques to planning and control of operations, including:
   • Master budget and capital budget
   • Variance analysis
   • Cost volume profit analysis
   • Cost allocations
4. Interpret cost behaviors for decision making.
5. Communicate managerial accounting information in an appropriate format.
6. Track the flow of costs through the manufacturing process.

Learning PACT Skills that will be developed and documented in this course:
Through involvement in this course, the student will develop the ability in the following PACT skill area(s):

Analytical Thinking Skills
• Problem solving - By applying skills learned in lessons, students use
techniques to accurately solve specific problems relating to managerial accounting.

**Major Summative Assessment Task(s)**
These Butler-assessed Outcomes and Learning PACT skills will be demonstrated by:
1. Completing a standard departmental project that measures the student’s ability to solve problems related to managerial accounting functions, including revenue expectation, cost controls, budgets, and various analysis.

**Skills or Competencies**
These actions are essential to achieve the course outcomes:
1. Calculate unit costs.
2. Prepare absorption and variable income statements.
3. Calculate variances for direct materials, direct labor, and manufacturing overhead.
4. Prepare management reports.

**Learning Units**
I. Introduction to managerial accounting
   A. Explain the difference between managerial accounting and financial accounting
   B. Identify and explain the current focus of managerial accounting
   C. Describe the role of managerial accountants in an organization
   D. Explain the importance of ethical behavior for managers and managerial accountants
   E. Identify three forms of certification available to managerial accountants

II. Basic managerial accounting concepts
   A. Explain the meaning of cost and how costs are assigned to products and services
   B. Identify the various costs of manufacturing products, services, and selling and administrative expenses
   C. Prepare income statements for manufacturing and service organizations

III. Cost behavior and forecasting
   A. Explain the meaning of cost behavior and describe fixed and variable costs
   B. Define and describe mixed and step costs
   C. Separate mixed costs into their fixed and variable components using the high-low method and the scattergraph method
   D. Explain the difference between absorption and variable costing

IV. Job-order costing and overhead application
   A. Describe the difference between job-order costing and process costing and identify the types of firms that would use each method
   B. Compute the predetermined overhead rate and use the rate to assign overhead to units or services produced
   C. Identify and set up the source documents used in job-order costing
   D. Describe the cost flows associated with job-order costing
E. Prepare the journal entries associated with job-order costing

V. Activity-based costing and management
   A. Explain why functional-based costing approaches may produce distorted costs
   B. Explain how an activity-based costing system works for product costing.
   C. Describe activity-based customer and supplier costing
   D. Explain how activity-based management can be used for cost reduction

VI. Process costing
   A. Describe the basic characteristics and cost flows associated with process manufacturing
   B. Define *equivalent units* and explain their role in process costing.
   C. Explain the differences between the weighted average method and the FIFO method of accounting for process costs
   D. Prepare a departmental production report using the weighted average method
   E. Explain how non-uniform inputs and multiple processing departments affect process costing

VII. Cost-volume-profit analysis
    A. Determine the break-even point in number of units and total sales dollars
    B. Determine the number of units that must be sold and the amount of revenue required to earn a targeted profit
    C. Prepare a profit-volume graph and a cost-volume-profit graph and explain the meaning of each analysis
    D. Calculate and analyze break-even for a multiple product firm
    E. Calculate and analyze margin of safety and operating leverage

VIII. Short-run decision making and relevant costing
    A. Describe the short-run decision-making model, and explain how cost behavior affects the information used to make decisions
    B. Apply relevant costing and decision-making concepts to a variety of business situations
    C. Utilize make or buy decisions
    D. Determine special order acceptance
    E. Utilize keep or drop decisions
    F. Determine optimal level of processing of joint products
    G. Choose the optimal product mix when faced with one constrained resource
    H. Explain the impact of pricing decisions

IX. Profit planning
    A. Define budgeting and discuss its role in planning, control, and decision making
    B. Define and prepare the operating budget, identify its major components, and explain the interrelationships of its various components
    C. Define and prepare the financial budget, identify its major components, and explain the interrelationship of its various components
    D. Prepare a flexible budget, and use it for planning and for performance
reporting
E. Describe the behavioral dimension of budgeting

X. Standard costing and variance analysis
A. Explain how unit standards are set and why standard cost systems are adopted
B. Describe the purpose of a standard cost system
C. Describe the basic concepts underlying variance analysis, and explain when variances should be investigated
D. Compute the materials variances and explain how they are used for control
E. Compute the labor variances and explain how they are used for control

XI. Performance evaluation and decentralization
A. Explain how and why firms choose to decentralize
B. Compute and explain return on investment
C. Compute and explain residual income and economic value added
D. Explain the role of transfer pricing in a decentralized firm
E. Explain the uses of the balanced scorecard and the four perspectives

XII. Capital investment decisions
A. Explain the meaning of capital investment decisions, and distinguish between independent and mutually exclusive capital investment decisions
B. Compute the payback period and accounting rate of return for a proposed investment, and explain their roles in capital investment decisions
C. Use net present value analysis for capital investment decisions involving independent projects
D. Use the internal rate of return to assess the acceptability of independent projects
E. Explain the role and value of post audits
F. Explain why net present value is better than internal rate of return for capital investment decisions involving mutually exclusive projects

Learning Activities
Learning activities will be assigned to assist the student to achieve the intended learning outcomes through lecture, instructor-led class discussion, guest speakers, group activities, drills/skill practice, and other activities at the discretion of the instructor. These activities may either be face-to-face or online.

Grade Determination
The student will be graded on learning activities and assessment tasks. Grade determinants may include the following: daily work, quizzes, chapter or unit tests, comprehensive examinations, projects, presentations, class participation, and other methods of evaluations at the discretion of the instructor.