

ACCT-1341: MANAGERIAL ACCOUNTING

Cuyahoga Community College

Viewing: ACCT-1341 : Managerial Accounting

Board of Trustees:

October 2022

Academic Term:

Fall 2023

Subject Code

ACCT - Accounting

Course Number:

1341

Title:

Managerial Accounting

Catalog Description:

Theory and practice of accounting procedures used by management to plan operations, control activities, and make sound business decisions. Create and interpret budgets, standard cost systems, breakeven analysis, activity based costing (ABC) and job costing systems. Discuss other tools necessary to effectively manage companies.

Credit Hour(s):

3

Lecture Hour(s):

3

Lab Hour(s):

0

Other Hour(s):

0

Requisites

Prerequisite and Corequisite

ACCT-1311 Financial Accounting, or departmental approval.

Outcomes

Course Outcome(s):

Apply theory and management accounting procedures to plant operations, control activities, and make sound business decisions.

Essential Learning Outcome Mapping:

Quantitative Reasoning: Analyze problems, including real-world scenarios, through the application of mathematical and numerical concepts and skills, including the interpretation of data, tables, charts, or graphs.

Objective(s):

1. Identify the role of the management accountant, differentiating it from the financial accountant.
2. Create a cost analysis for a product's joint costing: should the products be sold at the split-off point or proceed further.
3. Using the four traditional capital budgeting techniques analyze and recommend whether a plan/product should be accepted or rejected.
4. Rank investment projects in order of preference, using the four traditional capital budgeting techniques.
5. Interpret the profitability index (PI) when ranking projects.
6. Discuss real options as the upcoming cast budgeting method currently used by world-class companies. (Advanced topic: discussion only.)
7. Evaluate projects with uneven or uncertain cash flows.
8. Understand the job and skills necessary to be a successful management accountant.
9. Discern the ethical framework necessary to work in either financial or managerial accounting in the current changing business environment.

10. Design a master (static) budget.
11. Correlate the master budget, the flexible budget, and the actual costs incurred.
12. Using the flexible budget and the actual costs incurred, build an 8-way Variance Analysis, interpreting the results of that analysis.
13. Analyze whether a cost is relevant or irrelevant in the decision making process.
14. Decide, using quantitative tools, whether a product line should be maintained or discarded.
15. Evaluate whether a "special order" should be accepted/rejected.

Course Outcome(s):

Create and interpret budgets, standard cost systems, breakeven analysis, ABC and job costing systems, and other tools necessary to effectively manage companies.

Essential Learning Outcome Mapping:

Quantitative Reasoning: Analyze problems, including real-world scenarios, through the application of mathematical and numerical concepts and skills, including the interpretation of data, tables, charts, or graphs.

Objective(s):

1. Define the basic costing vocabulary necessary to the management accountant's profession.
2. Create, in good form, a schedule of cost of goods manufactured (COGM) that flows through to the income statement.
3. Build a variable costing (direct costing) income statement.
4. Using a variable costing income statement, reduce a mixed cost into its variable and fixed components (use of the High Low Method).
5. Differentiate between job costing and process costing and which industries use each system.
6. In job costing, identify cost drivers, and compute the pre-determined overhead rate using an appropriate driver.
7. Using the predetermined rate, design the job cost flow through the "T" accounts.
8. Create an income statement using the adjusted cost of goods sold (COGS) developed from that cost flow.
9. Correlate the job costing system to the activity based costing system (ABC).
10. Using ABC, discern the cost drivers associated with each product assign cost pools, and drive costs back to product lines.
11. Applying ABC and traditional costing techniques, build a standard cost sheet using traditional costing and a standard cost sheet using ABC.
12. Interpret the economic relationship between cost-volume-profit analyzing traditional economic CVP graphs.
13. Compute the breakeven point in units and in dollars, using two standard methods: contribution method and equation method.
14. Formulate the margin of safety in units, dollars, percentages and the sales necessary for target income.
15. Interpret the degree of operating leverage (DOL), integrating that analysis into today's business climate.

Methods of Evaluation:

Evaluation of the outcomes for Managerial Accounting 1340 should consist of a blend of the following methods. However, because the culminating mark of the practice of accounting terminates in the Certified Public Accountant and/or the Certified Management Accountant, there should be a serious emphasis on individual testing.

- a. Individual tests utilizing one or more of the following:
 - i. Multiple choice questions
 - ii. True / false questions
 - iii. definitions
 - iv. brief problems
 - v. extended problems
- b. Quizzes: individual or in groups
- c. Written extended case studies
 - i. Practice sets
 - ii. Extended case book problems
- d. Graded homework
 - i. Self-constructed spreadsheets
 - ii. Textbook generated spreadsheets

Course Content Outline:

- a. Introduction to management accounting
 - i. Role of management accounting vs. financial accounting
 - ii. Job skills of the management accountant
 - iii. Ethical framework for financial and managerial accounting
- b. Profit planning (budgeting)

- i. Master budget design
 - ii. Relationship of master/flex/actual
 - iii. 8-way variance analysis
- c. Decision making
 - i. Relevant/irrelevant costs
 - ii. Incremental/differential costs
 - iii. Quantitative tools to determine continuation/discontinuation of product line
 - iv. Joint costing/split-off point
- d. Capital budgeting
 - i. Four traditional capital budgeting techniques
 - ii. Screening/preference decisions
 - iii. Profitability index
 - iv. Real options
- e. Cost behavior: terms, concept, tools, and schedules
 - i. Basic managerial/cost vocabulary
 - ii. COGM schedule
 - iii. Variable costing income statement
 - iv. Reducing a mixed cost using the high-low method
- f. Costing systems
 - i. Job costing
 - ii. Process costing
 - iii. ABC as applied to job costing
- g. Cost-volume-profit relationship (CVP)
 - i. Economic CVP graphs
 - ii. The breakeven point in units/dollars
 - 1. Contribution method
 - 2. Equation method
 - iii. Margin of safety: units, dollars, percentages
 - iv. Degree of operating leverage (DOL)

Resources

Ray Garrison, Eric Noreen, and Peter Brewer. *Managerial Accounting*. 17th ed. McGraw-Hill/Irwin, 2021.

Edmonds, Thomas. *Fundamental Managerial Accounting Concepts*. 10th ed. McGraw Hill, 2023.

Wild, John. *Managerial Accounting*. 8th ed. McGraw Hill, 2022.

Braun, Karen. *Managerial Accounting*. 6th ed. Pearson, 2020.

Resources Other

Journal of Accountancy

Strategic Finance

AICPA Publications (American Institute of Certified Public Accountants)

AICPA Webcasts

Instructional Services

OAN Number:

Transfer Assurance Guide OBU011

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