

## **Managerial Accounting**

### **TCSU BUS 120**

#### **A. Description**

Examination of how managers use accounting information in decision-making, planning, directing operations, and controlling. Focus on cost terms and concepts, cost behavior, cost structure, and cost-volume-profit analysis. Examination of profit planning, standard costs, operations and capital budgeting, cost control, and accounting for costs in manufacturing organizations.

#### **B. Recommended Preparation**

None

#### **C. Prerequisites**

Financial Accounting

#### **D. Minimum Unit Requirement**

3 semester units

#### **E. Course Topics**

(representing at least 80% of course coverage)

1. Decision making: relevant cost and benefits
2. Basic cost management concepts
3. Cost-volume-profit analysis
4. Job-order and process costing
5. Activity-based costing
6. Profit planning and budgeting
7. Standard costing and flexible budgeting
8. Responsibility accounting and segment reporting
9. Absorption and variable costing
10. Capital expenditure decisions

#### **F. Student Learning Outcomes**

Upon successful completion of the course, students will be able to:

1. Identify and illustrate the primary activities and informational needs of managers and explain the role of the managerial accountant as a member of the management team; compare and contrast financial and managerial accounting;
2. Define and illustrate various cost terms and concepts and evaluate their relevancy for different decision-making purposes;
3. Distinguish between product and period costs; prepare and evaluate a Schedule of Cost of Goods Manufactured, Schedule of Cost of Goods Sold, and Income Statement;

4. Prepare traditional and contribution-margin income statements; define related terms; explain cost-volume-profit analysis, degree of operating leverage and safety margin and employ each as an analytical tool;
5. Describe the traditional types of product costing systems (including job-order and process), illustrate the flow of costs in each, and prepare related accounting records and reports;
6. Discuss the impact of technology on the manufacturing environment and its implications for product costs and the development of activity-based costing and management; prepare activity-based cost reports;
7. Explain the purposes of budgeting; prepare a master budget and its component schedules and relate the budget to planning and control;
8. Explain the development and use of standard costs, prepare and interpret variance analysis reports and relate them to responsibility accounting and control;
9. Explain the nature of and need for segment reporting and the relationship with cost, revenue, profit, and investment centers; prepare and analyze related segment reports;
10. Compare and contrast absorption costing and variable costing, prepare income statements using both methods, and reconcile the resulting net incomes;
11. Define relevant costs and benefits, giving proper treatment to sunk costs, opportunity costs, and unit costs; prepare analyses of special decisions - accept or reject a special order; outsource a product or service; add or drop a service or product; and sell or process further a product; and
12. Explain the nature of capital expenditure decisions and apply and evaluate various methods used in making these decisions.

**G. CAN Equivalent**

CAN BUS 4 (Equivalency ends Fall 2009)