



SCHOOL OF BUSINESS AND CREATIVE DESIGN

BUSINESS & BUSINESS ADMINISTRATION DEPARTMENT

Course Outline – Fall 2013

Course Code: ACC 3204

Course Title: Management Accounting I

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Revised By: B. Goldsmith

Date: May 2013

Approved By: Yvonne Clarke, Associate Dean

Prerequisite: ACC 2004 or PAC 1006, ITS 1043 or CPD 1103

Corequisite: None

Prerequisite for: ACC 4204

1. Course Description

A broad coverage of the basic manufacturing cost elements (materials, labour and overhead) and their relationship to job costing, activity-based costing, and cost-volume-profit analysis. Cost behaviour analysis, cost estimation techniques and budgeting will also be covered. [This course is recognized for credit with the Certified General Accountants Association of Ontario, leading to the designation C.G.A.]

2. General Education and Essential Employability Skills

This course provides the following provincial Essential Employability Skills:

- #1: Communication
- #2: Numeracy
- #3: Critical Thinking and Problem Solving
- #4: Information Management
- #6: Personal

Is this course approved as a General Education course?

No **Yes**

Students should refer to their program's restricted General Education courses for final determination.

3. Learning Outcomes

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

1. Define and differentiate the costs, cost classifications, and cost related concepts pertaining to a manufacturing enterprise and apply through preparation of routine financial statements.
2. Describe the principles and uses of a Job-Costing System and an Activity-Based Costing System for a multi-department manufacturing enterprise and apply accounting procedures under each of these systems necessary to carry out product costing, financial reporting, and decision making.
3. Analyze cost behaviour and utilize various techniques to derive an appropriate cost function to facilitate effective cost planning.
4. Assess and distinguish between the behaviour of various types of costs in relation to a company's activity level, and perform cost-volume-profit analysis for business planning and decision making.
5. Identify and describe the principles of the budgeting process and the types of budgets applicable to a manufacturing enterprise. Apply these principles in the preparation of various budgets that comprise an organization's master budget.

4. Course Objectives

(The number in brackets at the end of each objective refers to the learning outcome from section 3.)

	<i>Learning Outcome Reference Number</i>
Unit 1	
1.1 Define and differentiate between Financial Accounting and Managerial Accounting.	[1]
1.2 Explain the roles and responsibilities that the Management Accountant has in relation to the basic management activities carried out in an organization.	[1]
1.3 Define, differentiate, and explain the following cost related terms: (i) cost object, (ii) direct cost, (iii) indirect cost, (iv) cost driver, (v) unit cost.	[1]
1.4 Identify, describe, and differentiate between types of inventory maintained and reported by a manufacturing enterprise.	[1]
1.5 Define, differentiate, and explain the following cost classifications for a manufacturing enterprise: (i) direct materials, (ii) indirect materials, (iii) direct labour, (iv) indirect labour, (v) manufacturing overhead, (vi) product costs, (vii) period costs.	[1]
1.6 From a list of inventory balances, as well as manufacturing and non-manufacturing costs, prepare a Schedule of Cost of Goods Manufactured and an Income Statement for a reporting period of a manufacturing enterprise.	[1]
1.7 Define and differentiate between a Job Costing System and a Process Costing System and describe the nature of operations of a manufacturing enterprise that would warrant their use.	[2]
1.8 Describe the flow of costs through the manufacturing process and the accounting records used, and explain how manufacturing costs are assigned to a product or job using a Job Costing System.	[2]
1.9 Given all necessary data, calculate the predetermined manufacturing overhead rate and apply in a Job Costing System using a Normal Costing approach.	[2]

- 1.10 Using a Job Costing System, account for the flow of costs through the manufacturing process and compute the following: [2]
- i) Job Cost Sheet and the total cost of one or more jobs
 - ii) Balances in the Raw Materials, Work-In-Process, and Finished Goods inventory accounts.
 - iii) Balance in the Cost of Goods Sold account.
 - iv) All journal entries associated with the above.
- 1.11 In the context of a Job Costing System, calculate the over-applied or under-applied manufacturing overhead during the reporting period and account for this amount at the end of the reporting period using the following approaches: [2]
- i) Close out to cost of goods sold
 - ii) Allocate among accounts (ie. Proration approach)

Unit 2

- 2.1 Define and differentiate between an Operating Department and a Service Department in a manufacturing setting and explain the need for allocation of service department costs to operating departments. [2]
- 2.2 Describe and differentiate between the following methods of allocating costs of two or more service departments to two or more operating departments: (i) Direct method, (ii) Step-Down method, (iii) Reciprocal method. [2]
- 2.3 Given necessary data, apply the Direct method and/or the Step-Down method to allocate the costs of two or more service departments to two or more operating departments. [2]
- 2.4 Define, differentiate, and explain the following cost behaviour related terms and classifications for a manufacturing enterprise: (i) activity base, (ii) variable cost, (iii) fixed cost, (iv) mixed cost, (v) relevant range. [3,4]
- 2.5 Identify and describe the elements of a linear cost function (ie. equation) and present a linear cost function for (i) a purely variable cost, (ii) a purely fixed cost, and (iii) a mixed cost. [3]
- 2.6 Given historical cost and activity level data, derive an estimate of the cost function using the High-Low method and utilize the cost function to predict future expected costs. [3]

- 2.7 Given a cost function that has already been derived using the Least-Squares Regression Analysis method, utilize this cost function to predict future expected costs and explain how this method is superior to the High-Low method as a cost prediction tool. [3]
- 2.8 Using a scattergram chart and least-squares regression statistics, identify and explain the factors that should be considered in evaluating potential cost drivers and choose the most appropriate cost driver that will result in deriving the best possible cost function. [3]
- 2.9 Define contribution margin and explain how it is impacted by changes in output volume and how changes in contribution margin affect profits. [4]
- 2.10 Prepare a Contribution Income Statement and explain how it differs from a Traditional Income Statement. [4]
- 2.11 From a set of cost, sales, and volume data, perform cost-volume-profit analysis for a business by calculating and interpreting the following: [4]
- i) Contribution margin (in total and per unit)
 - ii) Contribution margin ratio
 - iii) Break-Even Point (in units and sales dollars)
 - iv) Level of sales required to achieve Target Operating Profit (in units and in sales dollars)
 - v) Margin of Safety (in units, sales dollars, and as a percentage)
- 2.12 Apply C-V-P analysis tools listed in point #2.11 above to analyze alternative cost, pricing, and production scenarios, and determine which alternative is most advantageous in relation to profit. [4]

Unit 3

- 3.1 Identify and describe the purpose of and key features of an Activity-Based Costing System including its benefits and limitations. [2]
- 3.2 Compare and contrast an Activity-Based Costing approach to the Traditional Costing approach with respect to the assignment of manufacturing overhead costs. [2]
- 3.3 Identify and describe the five levels of activity underlying and Activity-Based Costing System. [2]

- 3.4 Identify the five steps involved in implementing an Activity-Based Costing System and given all necessary data, apply these steps for product and/or customer cost and profit margin analysis. [2]
- 3.5 Identify and describe the key features of the budgeting process and the primary reasons why budgeting is important to an organization. [5]
- 3.6 Describe the Master Budget and the interrelationships of the individual component budgets that comprise the Master budget. [5]
- 3.7 Given necessary data, prepare one or more of the major budgets comprising the master budget for a specific period including all required supporting component budgets. [5]

5. Resources and Supplies

a. Required

Textbooks:

Garrison, Chesley, Carroll, Webb, and Libby. Managerial Accounting 9th Canadian Edition, McGraw-Hill Ryerson Limited, 2012.

Online:

Lyryx Online Assessment for Managerial Accounting 9th Canadian Edition. Lyryx Learning, Inc., 2013.

Provided Materials:

Throughout the course, materials will be handed out or uploaded to the LMS. These materials are an important part of the course.

Calculator: - non-programmable

b. Supplemental

None

6. Methodology

This course will be taught on a lecture basis with heavy emphasis on problem solving using a wide variety of exercises and problems.

Students will be required to work independently completing a variety of text and Lyryx exercises and problems relating to covered material. These exercises and problems offer students an opportunity to apply analytical concepts to typical problems and decisions faced by management accountants.

It is important for the student to read the assigned text chapters and attempt the related assigned text exercises and problems before they will be covered in class. Doing so will greatly enhance the student's understanding of the material and improve chances for success in the course.

7. Student Evaluation

A grade of D is the passing grade for this course. Some programs, however, may require a higher grade for progression through, or graduation from, the program. Students should check program requirements.

The following elements will determine the student's final grade:

Test #1	23%
Test #2	23%
Final Exam (comprehensive)	39%
Lyryx Lab Assignments	15%
Total	100%

Assignments:

- Lyryx Lab Assignments must be submitted on the specified due date for the lab. It is considered a vital part of the student's learning process that deadlines be met and accordingly any lab assignments not submitted by the due date will not be accepted and will receive a "0" grade.
- There will be **NO** additional and/or makeup assignments granted at any point during the course.

Tests:

All tests and examinations will be written on the scheduled day at the arranged time. If, for extenuating circumstances (which in most cases will only be for documented medical related absences), you will be unable to write, you must contact the professor **PRIOR** to the test for consideration of alternate arrangements. In most cases, the make-up test will be written during exam week. If you cannot reach the professor, you must leave a message with the program secretary at ext. #2433.

The round off mathematical principle will be used. Percentages are converted to letter grades and grade points as follows:

Mark (%)	Grade	Grade Point	Mark	Grade	Grade Point
94-100	A+	4.0	67-69	C+	2.3
87-93	A	3.7	63-66	C	2.0
80-86	A-	3.5	60-62	C-	1.7
77-79	B+	3.2	50-59	D	1.0
73-76	B	3.0	0-49	F	0.0
70-72	B-	2.7			

8. Related Items

Students with Disabilities

If you are a student with a disability please identify your needs to the professor and/or the Accessibility Centre so that support services can be arranged for you. You can do this by making an appointment at the SSD, Room L103 ext.3427 or by arranging a personal interview with the professor to discuss your needs.

Student Rights and Responsibility Policy

Acceptable behaviour in class is established by the instructor and is expected by all students. Any form of harassment or violence will not be tolerated. Action will be taken as outlined in Lambton College policy.

Cheating and plagiarism are serious academic offences subject to disciplinary action. It is the student's responsibility to be aware of the cheating policy as described in the Lambton College Student Rights and Responsibilities policy. For further information on all of these policies, links may be found on the Lambton College website.

Prior Learning Assessment Statement

This course is eligible for Prior Learning Assessment

Yes **No**

If yes has been selected, you may choose to contact the Counselling Department for advice on Prior Learning Assessment.

Date of Withdrawal without Academic Penalty

Please consult the Academic Regulations and Registrar's published dates.

Waiver of Responsibility

Every attempt has been made to ensure the accuracy of this information as of the date of publication. The content may be modified, without notice, as deemed appropriate by the College.

Note: It is the student's responsibility to retain course outlines for possible future use to support applications for transfer of credit to other educational institutions.