

**BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY****Course Outline****School of Business****FMGT 2110****Program: Business Administration Post-Diploma****Financial Management 2****Instructor****Margaret Briscall****Office No.: SE6 335****Phone: 432-8786****E-mail: mbriscal@bcit.bc.ca****Fax: 439-6700****Office Hours: to be announced**

Hours/Week:	4	Total Hours:	80	Term/Level:	Post-Diploma
Lecture:	2	Total Weeks:	20	Credits:	5.5
Lab:	2				

Prerequisites**FMGT 1110 is a Prerequisite for:**

Course No.	Course Name	Course No.	Course Name
FMGT 1110	Financial Management 1		

Course Description

Covers managerial accounting; cost terms; planning and control; using cost data in decision making. Specific topics include job order costing, cost behavior, cost-volume-profit analysis, standard costs, budgeting, pricing products and services, relevant costs and capital budgeting.

Course Goals

In this course students will learn how to use accounting information and a variety of analytical techniques to assist management in decision making, planning and control.

Evaluation

Final examination	35%
Mid-term examination	35%
Quizzes	20%
Assignments	10%
	<u>100%</u>

Course Learning Outcomes

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

1. Describe the purposes for which the manager needs accounting information.
2. Identify the major differences and similarities between financial and managerial accounting.
3. Prepare financial statements for a manufacturing firm.
4. Identify and give examples of cost types and classifications according to differing management needs.
5. Distinguish between process costing and job-order costing and identify companies that would use each costing method.
6. Compute and apply predetermined overhead rates and explain why estimated overhead costs (rather than actual overhead costs) are used in the costing process.
7. Compute under- or overapplied overhead cost for a period and prepare the journal entry needed to close the balance into the appropriate accounts.
8. Identify examples of variable and fixed costs and explain the effect of a change in activity on both total costs and unit costs.
9. Define the relevant range and explain its significance in cost behaviour analysis.
10. Distinguish between committed and discretionary fixed costs.
11. Analyze a mixed cost by the high-low method, the scattergraph method, and the least-squares method, and enumerate the strengths and weaknesses of each of these analytical approaches.
12. Prepare an income statement using the contribution format.
13. Compute the breakeven point by both the equation method and the unit contribution method.
14. Use the CVP formulas to determine the activity level needed to achieve a desired target net profit figure.
15. Compute the breakeven point for a multiple product company, and explain the effects of shifts in the sales mix on contribution margin and the breakeven point.
16. Prepare income statements using both variable and absorption costing and reconcile the two net income figures.
17. Explain the advantages and limitations of both the variable and absorption costing methods.
18. Explain how the use of JIT inventory methods decreases or eliminates the difference in net income reported under the variable and absorption costing methods.
19. Describe activity-based costing and explain how it differs from more conventional costing methods.
20. Allocate service department costs to other departments using the direct, step and reciprocal methods.
21. Compute the cost of a unit of product using activity-based costing.
22. Prepare a sales budget, a production budget, a direct materials budget, a manufacturing overhead budget, a selling and administrative expense budget, a cash budget, a budgeted income statement and a budgeted balance sheet.
23. Describe JIT purchasing and explain how it differs from JIT production.

24. Compute the direct materials price and quantity variances, materials mix and yield variances, direct labour rate and efficiency variances and variable overhead spending and efficiency variances, and explain their significance.
25. Compute the delivery time cycle, the throughput time, and manufacturing cycle efficiency as these measures relate to JIT/FMS.
26. Prepare performance reports incorporating flexible budgets.
27. Apply fixed overhead cost to units of product in a standard cost system and compute and properly interpret the fixed overhead budget and volume variances.
28. Prepare a segmented income statement using the contribution format, and explain the difference between traceable fixed costs and common fixed costs.
29. Compute the residual income and enumerate the strengths and weaknesses of this method of measuring performance.
30. Identify three ways that transfer prices can be set and use the transfer pricing formula to compute an appropriate transfer price between segments.
31. Compute the target selling price for a product by use of cost-plus pricing under either the absorption or the contribution approach.
32. Analyze variances from revenue targets.
33. Prepare an analysis showing whether a product line or other organizational segment should be dropped or retained.
34. Explain what is meant by a make or buy decision and prepare a well-organized make or buy analysis.
35. Make appropriate computations to determine the most profitable utilization of scarce resources in an organization.
36. Prepare an analysis showing whether joint products should be sold at the split-off point or processed further.
37. Determine the acceptability of an investment project using the net present value method and the internal rate of return method.
38. Compute the after-tax net present value of an investment proposal.
39. Rank investment projects in order of preference under both the internal rate of return method and the net present value method with the profitability index.

Text(s) and Equipment

Required:

Garrison, Noreen, Chesley and Carroll, *Managerial Accounting*, Third Canadian Edition, Irwin

Pad of 3 or 4 column accounting paper

Sharp EL-733A calculator

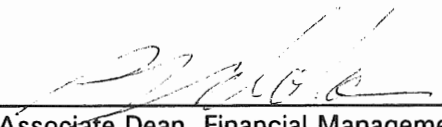
Policies and Procedures

1. All outlines, schedules and marks allocations are subject to change at the discretion of the instructor.
 2. This Course Outline may assist you in the future to receive credit for all or part of a course from another post-secondary institution or from a professional program. It is strongly recommended that you keep this Course Outline for future reference.
 3. Acts of cheating plagiarism and dishonesty are not tolerated. The degree of punitive action may vary from a written warning to withdrawal from the program. These penalties may also be applied to students who knowingly contribute to an act of cheating, plagiarism or dishonesty. (See page 2 of the 1997-98 BCIT Calendar.)
 4. Attendance requirements will be enforced as per the policy on page 3 of the 1997-98 BCIT Calendar. Students who are absent for more than 10 percent of the course may not be permitted to write the final examination. Please keep the instructor informed if you are absent because of illness or for other valid reasons.
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Course Record

Developed by: Margaret Briscall
Financial Management Department

Date: December, 1997

Approved by: 
Associate Dean, Financial Management

Date: December, 1997

LECTURE SCHEDULE

Dates	Lecture Topics	Chapter
Jan. 5	Managerial Accounting: A Perspective	1
Jan. 9 & 12	Cost Terms, Concepts and Classifications	2
Jan. 16 & 19	Systems Design: Job-Order Costing	3
Jan. 23 & 26	Cost Behaviour: Analysis and Use	5
Jan. 30 & Feb. 2	Cost-Volume-Profit Relationships	6
Feb. 6 & 9	Variable Costing: A Tool for Management	7
Feb. 13 & 16	Overhead Costing for Planning and Control	8
Feb. 20 & 23	Profit Planning	9
Feb. 27 & Mar. 16	Standard Costs and JIT/FMS Performance Measures	10
March 2 to 6	Mid-Term Exam Week (Chapters 1 to 9)	
March 20 & 23	Flexible Budgets and Overhead Analysis	11
March 27 & 30	Segments, Profitability Analysis and Decentralization	12
April 3	Open House	
April 17 & 20	Pricing and Marketing Analysis	13
April 24 & 27	Relevant Costs for Decision Making	14
May 1 & 4	Capital Budgeting Decisions	15
May 8 & 11	Further Aspects of Investment Decisions	16

ASSIGNMENT SCHEDULE

Assignments are to be handed in at the beginning of the lecture.
Exercises and Problems should be answered on columnar accounting paper or using appropriate computer software.

Due Date	Assignment
January 9	Problem P1-3
January 16	Exercise E2-3, Problem P2-13
January 23	Exercises E3-5 & E3-6, Problem P3-28
January 30	Exercise E5-10, Problems P5-12 & P5-13
February 6	Problems P6-12 & P6-17
February 13	Problems P7-8 & P7-9
February 20	Exercise E8-12, Problem P8-16
February 27	Exercise E9-5, Problem P9-15
March 20	Exercise E10-10, Problem P10-26
March 27	Exercises E11-3 & E11-4, Problem P11-12
April 17	Problems P12-15, P12-25 & P12-26
April 24	Problems P13-10 & P13-14
May 1	Exercises E14-5, E14-6 & E14-10
May 8	Problems P15-12 & P15-17