



MAR - 6 2000

BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

Course Outline

School of Business
Program: Business Administration Post-Diploma

FMGT 2110
Financial Management 2

Instructor

Margaret Briscall	Office No.: SE6 335	Phone: 432-8786
	E-mail: mbriscal@bcit.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	36%
Mid-term examination	36%
Quizzes	18%
Assignments	10%
	<u>100%</u>

Course Learning Outcomes

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

1. Explain the advantages, disadvantages and organization of corporations.
2. Record the issuance of corporate shares.
3. Explain the characteristics of common and preferred shares and distribute dividends between common and preferred shares.
4. Identify the ratios used to measure the well-being of the common shareholder, the short-term creditor and the long-term creditor, and state each ratio's formula and interpretation.
5. Describe the purposes for which the manager needs accounting information.
6. Identify the major differences and similarities between financial and managerial accounting.
7. Prepare financial statements for a manufacturing firm.
8. Identify and give examples of cost types and classifications according to differing management needs.
9. Distinguish between process costing and job-order costing and identify companies that would use each costing method.
10. Compute and apply predetermined overhead rates and explain why estimated overhead costs (rather than actual overhead costs) are used in the costing process.
11. Compute under- or overapplied overhead cost for a period and prepare the journal entry needed to close the balance into the appropriate accounts.
12. Identify examples of variable and fixed costs and explain the effect of a change in activity on both total costs and unit costs.
13. Define the relevant range and explain its significance in cost behaviour analysis.
14. Distinguish between committed and discretionary fixed costs.
15. Analyze a mixed cost by the high-low method and the least-squares method, and enumerate the strengths and weaknesses of each of these analytical approaches.
16. Prepare an income statement using the contribution format.
17. Compute the breakeven point by both the equation method and the unit contribution method.
18. Use the CVP formulas to determine the activity level needed to achieve a desired target net profit figure.
19. 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.
20. Prepare income statements using both variable and absorption costing and reconcile the two net income figures.
21. Explain the advantages and limitations of both the variable and absorption costing methods.
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.

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23. 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.
 24. Prepare performance reports incorporating flexible budgets.
 25. 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.
 26. Prepare a segmented income statement using the contribution format, and explain the difference between traceable fixed costs and common fixed costs.
 27. Compute and analyze the ROI.
 28. Compute the residual income and enumerate the strengths and weaknesses of this method of measuring performance.
 29. Prepare an analysis showing whether a product line or other organizational segment should be dropped or retained.
 30. Explain what is meant by a make or buy decision and prepare a well-organized make or buy analysis.
 31. Make appropriate computations to determine the most profitable utilization of scarce resources in an organization.
 32. Prepare an analysis showing whether joint products should be sold at the split-off point or processed further.
 33. Determine the acceptability of an investment project using the net present value method and the internal rate of return method.
 34. Compute the after-tax net present value of an investment proposal.
 35. 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*, Fourth Canadian Edition, McGraw-Hill Ryerson

Pad of 3 or 4 column accounting paper

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 5 of the 1999-2000 BCIT Calendar.)
 4. Attendance requirements will be enforced as per the policy on page 6 of the 1999-2000 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, 1999

Approved by: 
Associate Dean, Financial Management

Date: December, 1999

LECTURE SCHEDULE

Dates	Lecture Topics	Chapter
Jan. 7 & 10	Corporations (Larson text)	15
Jan. 14 & 17	Financial Statement Analysis	17
Jan. 21 & 24	Managerial Accounting and the Business Environment Cost Terms, Concepts and Classifications	1 2
Jan. 28	Systems Design: Job-Order Costing	3
Jan. 31	Quiz on Chapters 15, 17, 1 and 2	
Feb. 4 & 7	Cost Behaviour: Analysis and Use	6
Feb. 11 & 14	Cost-Volume-Profit Relationships	7
Feb. 18	Variable Costing: A Tool for Management	8
Feb. 21	Quiz on Chapters 3, 6 & 7	
Feb. 25 & 28	Profit Planning	9
Mar. 3	Mid-Term Exam	
Mar. 20, 21 & 24	Standard Costs	10
Mar. 24, 27, & 31	Flexible Budgets and Overhead Analysis	11
Mar.31, Apr. 3, 10	Segments, Profitability Analysis and Decentralization	12
Apr. 7	Open House	
Apr. 11 & 14	Relevant Costs for Decision Making	13

Apr. 17 & 28	Capital Budgeting Decisions	14
Apr. 21 & 24	Good Friday and Easter Monday (no classes)	
Apr. 2 & May 5	Further Aspects of Investment Decisions	15
May 5, 8 & 12	Service Department Costing: An Activity Approach	16
May 16	Review	
May 19	Final Exam on Chapters 10 to 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 14	Problems 15-3 and 15-4 from Larson text. In 15-3, omit Dec. 15, 1998 and Oct. 20, 1999 transactions.
January 21	17-15 Change industry inventory turnover to "6 times".
January 28	1-4, 2-1, 2-13
February 4	3-3, 3-4, 3-22
February 11	6-10, 6-19, 6-20
February 18	7-10, 7-15
February 25	8-7, 8-8
March 3	9-9, 9-10
March 31	10-10, 10-11 In 10-10, do parts 1a and 2a only.
April 11	11-3, 11-4, 11-12 In 11-3, add "Standard machine hours allowed for actual output was 16,500. Delete "Show only a spending variance on your reports."
April 25	12-14, 12-18, 12-26 In 12-26, in both parts, change the question to: "What is the most appropriate transfer price?"
April 28	13-5, 13-6, 13-10 In 13-10, do part 2 first.

May 5	14-12, 14-14
May 12	15-4, 15-15, 15-23
May 16	16-8