



POLYTECHNIC INSTITUTION

School of: Business
Programs: Information Technology Management
Integrated Management Studies

FMGT 3221
Management Accounting Administration

Table with course details: Start Date (September 2005), End Date (December 2005), Total Hours (60), Total Weeks (15), Term/Level (3), Course Credits (4), Hours/Week (4), Lecture (2), Lab (2), Shop, Seminar, Other.

Prerequisites:

Table with prerequisites: Course No. (FMGT 2100 or FMGT 2190), Course Name (Accounting 2).

Course Description

Covers the management accountant's role in decision-making, planning and control of company operations through budgeting, standard costing and evaluation systems. Emphasis is on alternative methods for product costing, cost allocations, performance measurement and decision-making models.

Detailed Course Description

This course introduces students to management accounting applications for general managers in both service and manufacturing firms. Students will study a variety of analytical techniques that can be applied to financial and operational data to support management decisions

Evaluation

Table with evaluation weights: Quizzes (30%), Mid term examination (30%), Final examination (40%), TOTAL (100%).

Course Learning Outcomes/Competencies

Upon successful completion, the student will be able to:

- 1. Describe the work of management and the need for managerial accounting information.
2. Describe the key differences between financial and managerial accounting.
3. Explain the lean business model and its corresponding management practices.
4. Describe the importance of ethical responsibility and explain the need for ethical codes of conduct.
5. Define and give examples of variable and fixed costs.
6. Define and give examples of direct and indirect costs.
7. Define and give examples of cost classifications used in making decisions: differential costs, opportunity costs, and sunk costs.
8. Identify and give examples of each of the three basic manufacturing cost categories.

9. Distinguish between product costs and period costs and give examples of each.
  10. Prepare an income statement including calculation of cost of goods sold.
  11. Prepare a schedule of cost of goods manufactured.
  12. Distinguish between process costing and job order costing. Identify companies that use each of these methods.
  13. Compute and apply predetermined overhead rates.
  14. Prepare T-accounts to show the flow of costs in a job-order costing system and prepare schedules of cost of goods manufactured and cost of goods sold.
  15. Compute under- or over-applied overhead cost and prepare the journal entry to close the balance in Manufacturing Overhead to the appropriate accounts.
  16. Understand the basic approach in activity-based costing and how it differs from traditional costing.
  17. Compute product costs using activity-based costing and compare them with costs under a traditional costing system.
  18. Describe the use of activity-based costing in service settings.
  19. Understand the benefits and limitations of activity-based costing systems.
  20. Record the flow of costs in an activity-based costing system.
  21. Understand how fixed and variable costs behave and how to use them to predict costs.
  22. Analyze a mixed cost using the high-low, scattergraph, and least-squares regression methods.
  23. Prepare and interpret an income statement using the contribution format.
  24. Explain how changes in activity affect contribution margin and net operating income.
  25. Use the contribution margin ratio to compute changes in contribution margin and net operating income resulting from changes in sales volume.
  26. Prepare and interpret a cost-volume-profit graph.
  27. Show the effects on contribution margin of changes in variable costs, fixed costs, selling price, and volume.
  28. Compute the break-even point.
  29. Determine the level of sales needed to achieve a desired target profit.
  30. Compute the margin of safety and explain its significance.
  31. Compute the degree of operating leverage at a particular level of sales and explain how the degree of operating leverage can be used to predict changes in net operating income.
  32. Compute the break-even point for a multiple-product company and explain the effects of shifts in the sales mix on contribution margin and the break-even point.
  33. Understand why organizations budget.
  34. Prepare a sales budget including a schedule of expected cash receipts, a production budget including a schedule of expected cash disbursements for purchases of materials, a direct labour budget, a manufacturing overhead budget, a selling and administrative expense budget, a cash budget, a budgeted income statement, a budgeted balance sheet.
  35. Understand the processes organization use to create budgets and the practical issues raised.
  36. Understand the Beyond Budgeting Model and its approach to budgeting.
  37. Explain how direct materials and direct labour standards are set.
  38. Compute and apply the direct materials price and quantity variances and explain their significance.
  39. Compute and apply the direct labour rate and efficiency variances and explain their significance.
  40. Compute the variable overhead spending and efficiency variances.
  41. Prepare journal entries to record standard costs and variances.
  42. Prepare a flexible budget and explain the advantages of the flexible budget approach over the static budget approach.
  43. Prepare a performance report for both variable and fixed overhead costs using the flexible budget approach and explain its advantages.
  44. Use the flexible budget to prepare a variable overhead performance report containing only a spending variance.
  45. Use the flexible budget to prepare a variable overhead performance report containing both a spending and an efficiency variance.
  46. Compute the predetermined overhead rate and apply overhead to products in a standard cost system.
  47. Compute and interpret the fixed overhead budget and volume variances.
  48. Understand the role of costs, revenue, profit, and investment centers in a decentralized organization.
  49. Compute and understand the return on investment measure.
  50. Understand how changes in sales, expenses, and operating assets affect an organization's ROI.
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51. Compute residual income and understand the strengths and weaknesses of this method of measuring performance.
52. Understand the balanced scorecard and its role in implementing an organization's strategies.
53. Distinguish between relevant and irrelevant costs in decisions.
54. Prepare an analysis showing whether to keep or replace old equipment, whether a product line or other organizational segment should be dropped or retained, a make-or-buy analysis, whether a special order should be accepted, and the most profitable use of a constrained resource.
55. Determine the acceptability of an investment project using the net present value method.
56. Prepare a net present value analysis of two competing investment projects using either the incremental-cost approach or the total-cost approach.
57. Rank investment projects in order of preference using the profitability index.
58. Compute the internal rate of return of a project and determine its acceptability using the internal rate of return method.
59. Compute the payback period of an investment.
60. Compute the simple rate of return of an investment.
61. Understand the impact of the tax deductibility of depreciation expense on the cash flows of a project.
62. Compute the capital cost allowance of depreciable assets used for a project and incorporate the computations into a net present value analysis of the project.
63. Prepare and interpret financial statements in comparative and common-size forms.
64. Compute and interpret the financial ratios used to measure the well being of the common shareholder.
65. Compute and interpret the financial ratios used to measure the well being of the short-term creditor.
66. Compute and interpret the financial ratios used to measure the well being of the long-term creditor.

■ **Verification**

verify that the content of this course outline is current.

Victor Waese, MBA, CGA  
Authoring Instructor

June 21, 2005  
Date

I verify that this course outline has been reviewed.

\_\_\_\_\_  
Program Head/Chief Instructor

\_\_\_\_\_  
Date

I verify that this course outline complies with BCIT policy.

\_\_\_\_\_  
Dean/Associate Dean

\_\_\_\_\_  
Date

Note: Should changes be required to the content of this course outline, students will be given reasonable notice.

## ■ Instructor(s):

Victor Waese	Office Location:	SE6 Room 343	Office Phone:	604-456-8151
	Office Hours:	To be advised	e-Mail Address:	vwaese@bcit.ca

## ■ Learning Resources

### *Required:*

- *Introduction to Managerial Accounting, Canadian Edition*, by Garrison, Noreen, Kalagnanam, Vaidyanathan, ISBN 0-07-091617-9
- Financial calculator (note: programmable calculators are not permitted for use during quizzes or exams)

### *Recommended:*

- Access to the Internet (The web site that supports the assigned textbook offers a variety of supplemental learning tools.)
- *Study Guide/Workbook for use with Introduction to Managerial Accounting, Canadian Edition*, prepared by Michael L. Hockenstein. ISBN 0-07-092703-0 (Note this study guide is strictly optional, but is useful for those who want extra practice with problems that have solutions provided.)

## ■ Information for Students

**Assignments:** late assignments, lab reports or projects will NOT be accepted for marking. Assignments must be done on an individual basis unless otherwise specified by the instructor.

**Makeup Tests, Exams or Quizzes:** There will be NO make up tests, exams or quizzes. If you miss a test, exam or quiz, you will receive zero marks. Exceptions may be made for DOCUMENTED medical reasons or extenuating circumstances. In such a case, it is the responsibility of the student to inform the instructor IMMEDIATELY.

**Ethics:** BCIT that all students attending the Institute will follow a high standard of ethics. Incidents of cheating or plagiarism may, therefore, result in a grade of zero for the assignment, quiz, test, exam, or project for all parties involved and/or expulsion from the course.

**Attendance:** The attendance policy as outlined in the current BCIT Calendar will be enforced. Attendance may be taken at the beginning of each session. Students not present at that time will be recorded as absent.

**Illness:** A doctor's note is required for any illness causing you to miss assignments, quizzes, tests, projects, or exam. At the discretion of the instructor, you may complete the work missed or have the work prorated.

**Attempts:** Students must successfully complete a course within a maximum of three attempts at the course. Students with two attempts in a single course will be allowed to repeat the course only upon special written permission from the Associate Dean. Students who have not successfully completed a course within three attempts will not be eligible to graduate from the appropriate program.

**Course Outline Changes:** The material or schedule specified in this course outline may be changed by the instructor. If changes are required, they will be announced in class.

## ■ Quiz Details

Each week in lab, after the homework assigned for that particular week has been reviewed in class, and after any remaining questions students have on the material presented have been answered, there will be a 10 minute quiz based on one or two of the questions that have just been reviewed. In many cases, the quiz questions will mirror with only minor variations the questions that formed part of the assignment. There will be 11 such quizzes during the term. Results from the worst 3 of the quizzes will be discarded, and the marks

earned on the best 8 will make up 30% of the student's final course grade. The best way to prepare for these quizzes will be: (a) to do the homework as it is assigned; (b) to identify and attempt to resolve any areas of uncertainty or confusion with the help of fellow students and the instructor, before the assignments are reviewed in lab; and (c) to ask questions while solutions are being reviewed in lab so as to clear up any remaining areas of uncertainty or confusion.

This method of evaluation is intended to encourage students to remain current by completing assignments before they are reviewed in class, and by accepting responsibility for clearing up uncertainties as the material is being studied.

■ Assignment Details

Schedule

Week of/ Number	Outcome/Material Covered	Reference/ Reading	Assignment	Due Date Week of
Sept 5	An Introduction to Managerial Accounting Cost Concepts	Chapter 1 Chapter 2	To be advised	Sept 12
Sept 12	Systems Design: Job Order Costing	Chapter 3	To be advised	Sept 19
Sept 19	Activity-based costing	Chapter 5	To be advised	Sept 26
Sept 26	Cost Behaviour: Analysis and Use	Chapter 6	To be advised	Oct 3
Oct 3	Cost-Volume-Profit Relationships	Chapter 7	To be advised	Oct 10
Oct 10	Budgeting	Chapter 8	To be advised	Oct 24
Oct 17	Mid-Term Exam (Chapters 1, 2, 3, 5, 6, 7)			
Oct 24	Standard Costs	Chapter 9	To be advised	Oct 31
Oct 31	Flexible Budgets and Overhead Analysis	Chapter 10	To be advised	Nov 7
Nov 7	Decentralization and Performance Measurement	Chapter 11	To be advised	Nov 14
Nov 14	Relevant Costs for Decision Making	Chapter 12	To be advised	Nov 21
Nov 21	Capital Budgeting Decisions	Chapter 13	To be advised	Nov 28
Nov 28	"How Well am I Doing?" Financial Statement Analysis	Chapter 14	To be advised	Dec 5
Dec 5	Review			
Dec 12	Final Exam (Chapters 8, 9, 10, 11, 12, 13, 14)			