



BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

Course Outline Part B

School of Business

Program: Financial Management

Option: Accounting Degree

FMGT 7210

Advanced Management Accounting

Effective Date

Instructor(s)

Jo-Ann Johnston

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Text(s) and Equipment

Required:

Management Accounting, 2nd Edition, Atkinson, Banker, Kaplan, Young.

Excel Software.

Course Notes (Policies and Procedures)

- **Assignments:** Late assignments or projects will not be accepted for marking. Assignments must be done on an individual basis unless otherwise specified by the instructor and are due at the beginning of the class.
- **Attendance:** The attendance policy as outlined in the current BCIT calendar will be enforced.
- **Course Outline Changes:** The material specified in this course outline may be changed by the instructor. If changes are required, they will be announced in class.
- **Ethics:** BCIT assumes 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.
- **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 (i.e., an average is given according to your performance throughout the course).
- **Makeup Tests, Exams or Quizzes:** There will be no makeup 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.
- **Labs:** Lab attendance is mandatory. Lab exercises are due at the end of the lab period.

Assignment Details

1. Each week material will be presented for discussion and students must come prepared.
2. A research paper and two cases will be assigned during the term.
3. A major term project will be assigned to synthesize the material presented in this course, promote teamwork, as well as provide integration with the real world using actual company data. The results will be presented to the class.
4. The final exam will provide a capstone to the course and will be all inclusive.



BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

Schedule

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Advanced Management Accounting

Week	Topics	Reference/Reading
1	Management Accounting: Topic Overview	Chapter 1
2	The Organization as a System of Activities	Chapter 2
3	Cost Concepts	Chapter 3 2-53 p. 82
4	Cost Behavior	Chapter 4 Paper hand-in/Presentation
5	Product Costing Systems/2 Stage Allocations & ABC	Chapter 5 & 6
6	Pricing and Product-Mix Decisions	Chapter 7
7	Process and Activity Decisions (JIT)	Chapter 8 Case hand in
8	Budgeting and What if Analysis	Chapter 9
9	Capital Budgeting	Chapter 10
10	Planning and Control	Chapter 11 Case hand in
11	Financial Control, Cost Centers and Transfer Pricing	Chapter 12
12	Contemporary Management Accounting and Regression Analysis	Chapter 13
13	Compensation Issues	Chapter 14 Term Project due and Presentation
14	Management Accounting, Behavioral Factors and Change Management	Chapter 15
15	FINAL EXAM	

* This schedule is subject to change at the discretion of the instructor.



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Advanced Management Accounting

Week	Topics	Reference/Reading
1	Management Accounting: Topic Overview Questionnaire, Review Course Outline, Discuss 1st paper, CH 1 Lec, Mock Quiz, Video: Discuss The Time System.	Chapter 1 Sept 4
2	The Organization as a System of Activities CH 2 Quiz, CH 2 lec, Mock Production line, Chrysler Video: Discussion Video & Web site.	Chapter 2 11
3	Cost Concepts CH 3 Quiz, Lec CH 3, Both Steel Video: Assign 2-53, Case 3.2: Discussion.	Chapter 3 18 2-53 Both Steel
4	Cost Behavior MAPS Video: discuss, Paper Presentation 15 CH 4 Lec, Yellow Freight 4-34 P190?	Chapter 4 25 Paper hand-in/Presentation
5	Southern Pine Plywood Video Hand book paper: discussion - Term Project H12 Product Costing Systems/2 Stage Allocations & ABC Case 5-32, 5-33	Chapter 5 Oct. 2
	Case discussion on 2 cases ABC - It doesn't work with the 2 Stage Allocation: ABC + Video on Natty Gibson	Chapter 6 Oct 9
6	Pricing and Product-Mix Decisions	Chapter 7 Oct 16
7	Process and Activity Decisions (JIT)	Chapter 8 Case hand in
8	Budgeting and What if Analysis	Chapter 9
9	Capital Budgeting	Chapter 10

* Note each lesson will allow for a 10 min Quiz

ADVANCED MANAGERIAL ACCOUNTING #7210

CASE ANALYSIS #3 - NEW PREMISES

Objective of Analysis:

To provide an estimate of the financial affect that moving to new premises will have on the operations of Warner Publishing Co. if the current building is sold and;

- new premises are leased, or
- new premises are built

Summary of Assumptions:

General:

- the equity represented in the current building would be retained either by investing it in a new building or by establishing a fund with the interest earned being used to offset the cost of leasing.
- real estate values, lease rates, interest rates and cost of goods and services at the time of moving will not vary significantly from current levels.
- the net realizable value of the current building is \$1,300,000.
- the operating costs of the current building are \$78,000/yr (9.51/sq.ft.).
- the average rate of return on investments is 3.0%.
- the cost of new signage, stationery and move notification would be \$40,000 in both instances.

Leasing:

- the sale of the current building and move the new premises would occur in the same fiscal period.
- 13,000 sq.ft. would be leased in a Class A building at \$20 per sq.ft. gross.
- moving expenses would be \$40,000 and \$100,000 would be incurred for furniture, telephone and computer system costs.
- parking would be provided for 20 staff at \$75/mo.; \$18,000/annum.

New Construction:

- the current building would be sold prior to the purchase of the new property and would be leased back at \$15/sq.ft. gross (\$123,000) during the two years needed to complete the project.
- 1 - 1.25 acres of land would be purchased in a Burnaby business park at a cost including property purchase tax and legal fees of \$925,000.
- the net proceeds of sale would be applied to the cost of the new building.
- the building would be 20,000 sq.ft. on two floors with sixty surface parking stalls.
- the new building costs including tenant improvements, site work and site preparations would be as follows;

Base building - 20,000 sq.ft. @ \$55/sq.ft.	\$1,100,000
Improvements - @ \$28.75/sq.ft.	575,000
Site work and site preparation	220,000
Design fee (6%) and disbursements	<u>140,000</u>
Total Building Cost	2,035,000
Moving expenses	40,000
Furniture, telephone and computer system costs	100,000
Real consulting fee	<u>20,000</u>
TOTAL	<u>\$2,195,000</u>

New Construction continued;

- a mortgage with interest at 7% would be obtained:

Building	\$2,195,000
Land	925,000
Other net direct costs	249,125
Net sale proceeds	<u>1,300,000</u>
Mortgage	<u>\$2,069,125</u>

- 7,000 sq.ft. of the new premises would be leased at \$20 per sq.ft. gross with an 85% occupancy rate.

- the operating cost of the new building would be \$8.00/sq.ft.

Using a spreadsheet calculate the net affect on cash of leasing versus new construction for a five year period, and summarize your recommendations and reasons. Set your page up with the following headings;

Year Prior to Move	Year of Move	Year 3	Year 4	Year 5	Total
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This case is due,

TEAM PROJECT

The team project is an integrative task that is substantially deeper than the normal case discussions. The aim is to clarify and focus the student's thinking about managerial accounting change. Students will form teams of two to conduct the group project. The team project can focus on an analysis and evaluation of a change initiative or program which has recently occurred within an organization. The course outline index could serve as suggestions for potential topics areas to explore. The team project would entail;

1. contact an organization;
2. strike a contract (either written or verbal) around analyzing and evaluating a managerial accounting change initiative/program;;
3. gather information regarding the events leading up to the change in process that occurred (issues, problems and the ways in which they were resolved), the outcomes (positive and negative) of the change program;
4. develop an evaluation of the success/failure of the change program with suggestions for future developments which would enhance the long term effectiveness (or remedy current problems/ issues) of the managerial accounting change program.

Alternatively the team project could entail;

1. contact an organization;
2. strike a contract around perceived challenge or need for a managerial accounting change;
3. choose a feasible problem to address;
4. set out a proposed approach to managing and implement the change
 - describe interventions and goals;
 - describe what are likely to be the key issues in change;
 - describe what can be accomplished and benefits of making the change..

Students will prepare a 15-20 page written report (double-spaced in font size no larger than 12) and a 1 page executive summary. The full written report is due in class on December 4, 1997. Ideally the written report should be prepared in such a way as to be valuable to the organization contacted.

Students will also make a verbal presentation of their report during class on December 4. All class members will receive an executive summary at the time of the verbal presentation.

ADVANCED MANAGERIAL ACCOUNTING

October 6, 1997

CASE PROJECT EVALUATION

PAPER

CONTENT (22 MARKS)

- Thoroughness of preparation.
- Breadth of research.
- Insight into topic and depth of analysis.
- Integration of theory/readings in analysis.

QUALITY OF WRITING (4 MARKS)

- Is paper clear, concise, logically organized?
- Proper spelling, grammar, word usage?
- Is paper interesting to read?

FORMAT (4 MARKS)

- Do notes, references, appendices, etc. Follow standard form?
- Is paper well planned and organized?

SUB-TOTAL (30 MARKS)

PRESENTATION

CONTENT (5 MARKS)

- Evidence of thorough, thoughtful research.
- Quality of insights and conclusions offered.
- Does presentation give clear picture of the company and the issues?

PROFESSIONALISM (3 MARKS)

- Fluency and clarity of presentation.
- Integration, flow of presentation.
- Creativity.

INTEREST GENERATED (2 MARKS)

- Does presentation hold audience's interest?
- Quality of question/answer session.

SUB-TOTAL (10 MARKS)

TOTAL (40 MARKS)



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3	Cost Concepts	Chapter 3 <i>2-53 Beth Steel</i>
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FMGT 7210

MID-TERM PAPER #1

Choose Either;

1. Is Activity Based Costing (ABC) Suitable For Your Company?

OR

2. Activity Based Costing (ABC): Does it Work All the Time?

Due: September 25, 1997 (beginning of class)

Length: 1248 words maximum
Typed, double spaced, 1" margins

Must be written in good English style. Marks will be subtracted for poor English, spelling, exceeding required maximum length and late submission. A bibliography of at least 6 sources must be documented and used.