



A POLYTECHNIC INSTITUTION

School of Business

Program: Operations Management

FMGT 3224**Managerial Accounting for OPMT**

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

Course No.	Course Name
FMGT 2100	Accounting 2

Course Description

This course has been designed to give non-accounting majors an appreciation of the uses and limitations of cost and managerial accounting in the decision-making processes of an organization. Emphasis will be placed on identifying the relevance of this discipline to other functional areas; capital budgeting, production planning, cost analysis and minimization, contribution maximization, and performance measurement. Concepts will be related to both manufacturing and knowledge-based, service business environments.

Students will study a variety of analytical techniques that can be applied to financial and operational data to support management decisions.

Evaluation

Assignments & in-class contribution	25%	Students must achieve a minimum weighted average mark of 50% on all exams before any credit will be given for individual assignments or in-class contribution. If you do not achieve a minimum weighted average mark of 50% on all exams you will have failed this course – assignment and project marks will not be considered as part of your final mark.
Midterm 1	25%	
Midterm 2	25%	
Final Exam	25%	
TOTAL	100%	

Course Learning Outcomes/Competencies

Upon successful completion, the student will be able to:

Managerial Accounting and the Business Environment

- Describe the key differences between financial and managerial accounting.
- Understand the role of management accountants in an organization.
- Describe the importance of ethical responsibility and explain the need for ethical codes of conduct.

Cost Terms, Concepts, and Classification

- Define and give examples of variable and fixed costs.
- Define and give examples of direct and indirect costs.
- Define and give examples of cost classifications used in making decisions: differential costs, opportunity costs, and sunk costs.
- Identify and give examples of each of the three basic manufacturing cost categories.
- Distinguish between product costs and period costs and give examples of each.

- Prepare a schedule of cost of goods manufactured in good form.

Job-Order Costing

- Distinguish between process costing and job-order costing and identify companies that would use each costing method.
- Compute predetermined overhead rates and explain why estimated overhead costs are used in the costing process.
- Apply overhead cost to Work in Process using a predetermined overhead rate.
- Compute under- or over-applied overhead cost and prepare the journal entry to close the balance in Manufacturing Overhead to the appropriate accounts.

Process Costing

- Compute equivalent units of production using the weighted average method.
- Given an example, prepare a process costing production report using the weighted average method.

Cost Behaviour and Analysis

- Understand how fixed and variable costs behave and how to use them to predict costs.
- Analyze a mixed cost using the high-low method.
- Analyze a mixed cost using the scattergraph method.
- Analyze a mixed cost using the least-squares regression method
- Prepare an income statement using the contribution format.

Activity-Based Costing

- Understand the basic approach in activity-based costing and how it differs from traditional costing
- Compute product costs using activity-based costing and compare them with costs under a traditional costing system
- Understand the benefits and limitations of activity-based costing systems

Cost-Volume-Profit Relationships

- Use the contribution margin ratio (CM ratio) to compute changes in contribution margin and net operating income resulting from changes in sales volume.
- Compute the break-even point.
- Determine the level of sales needed to achieve a desired target profit.
- Compute the margin of safety and explain its significance.
- 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.

Budgeting

- Understand why organizations budget.
- Prepare a sales, production, direct materials, direct labour, manufacturing overhead, selling & admin expenses and cash budget.
- Understand the processes organizations use to create budgets and the practical issues raised.

Standard Costs

- Understand how direct materials and direct labour standards are set.
- Compute and apply spending and efficiency variances for direct materials, direct labour, and variable overhead.

Flexible Budgets

- Prepare a flexible budget and explain the advantages of the flexible budget approach over the static budget approach.
- Prepare a performance report for both variable and fixed overhead costs using the flexible budget approach and explain its advantages.
- Use the flexible budget to prepare a variable overhead performance report containing both a spending and an efficiency variance.

Performance Measurement

- Understand the role of cost, revenue, profit, and investment centres in a decentralized organization.
- Compute and understand the return on investment (ROI) measure.
- Compute the residual income and understand the strengths and weaknesses of this method of measuring performance.

Relevant Costs for Decision Making

- Distinguish between relevant and irrelevant costs in decisions.
- Prepare an analysis showing whether to keep or replace old equipment.
- Prepare an analysis showing whether a product line should be dropped or retained.
- Prepare a make-or-buy analysis.
- Prepare an analysis showing whether a special order should be accepted.
- Determine the most profitable use of a constrained resource.

Capital Budgeting

- Determine the acceptability of an investment project using the net present value method.
- Rank investment projects in order of preference using the profitability index.
- Compute the internal rate of return of a project and determine its acceptability using the internal rate of return method.

Financial Statement Analysis

- Compute and interpret financial ratios used to measure the well being of the common shareholder.
- Compute and interpret financial ratios used to measure the well being of the short-term creditor.
- Compute and interpret financial ratios used to measure the well being of the long-term creditor.

Verification

I verify that the content of this course outline is current.


Matthew Haussmann, CD, (B)Comm., MBA, CMA

Authoring Instructor

September 1, 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.


Tim Edwards, Dipl.T, MBA, CMA

Associate Dean

September 1, 2005

Date

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

Instructor

Matthew Haussmann

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Learning Resources**Required:**

Introduction to Managerial Accounting, Canadian Edition, by Garrison, Noreen, Kalagnanam, Vaidyanathan, ISBN 0-07-091617-9

Financial Calculator

Information for Students

Readings: Students are required to arrive in class having read the assigned chapters, and the lectures will be paced on the assumption that this has been done. Many of the concepts covered in this course are initially difficult to grasp, and pre-reading is essential to maximize the likelihood of you successfully mastering the material.

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. While you might work through the assignments in a group, each student must have played a role in the production of what he/she hands in, it must be his/her work. Solving the problems collaboratively in a group does not constitute cheating or plagiarism, but copying the work of another student does.

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. At the discretion of the instructor, 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 **as soon as possible, well in advance**.

Ethics: BCIT assumes that all students attending the Institute will follow a high standard of ethics. Incidents of cheating or plagiarism for a first offence will therefore, at a minimum, 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 will 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.

Assignment Details

Schedule

Week of/ Number	Outcome/Material Covered	Reference/ Reading	Assignment	Due Date
5 Sep 05	Ch.1 & 2 - Introduction, cost terms, concepts, and classifications No class September 9 th .	Ch.1 pp. 1-10, 19-21 Ch.2 pp.24-45	P2-6 Q1-1, 1-2, 2-7, 2-8, 2-9, 3-1, 3-2, 3-4, 3-7, 4-8 Q1-1 is on p.22, P2-6 is on p.59	15 Sep 05
12 Sep 05	Ch.3&4 – Job & Process costing (FIFO method from Ch.4 will not be examined)	Ch.3 Ch.4	P3-6, 4-4 (1-3 only) Q6-1, 6-3, 6-5, 6-10, 6-16	22 Sep 05
19 Sep 05	Ch.6 – Cost Behaviour and analysis	Ch.6	P6-4, 6-7 Q5-1, 5-3, 5-6, 5-8	27 Sep 05 6 Oct 05
26 Sep 05	Midterm Exam 29 Sep: Ch. 1,2,3,4,6			
3 Oct 05	Ch.5 - Activity-Based Costing	Ch.5	P5-8 Q7-1, 7-3, 7-6, 7-9	10 Oct 05
10 Oct 05	Ch.7 – Cost-Volume-Profit	Ch.7	P7-7 Q8-2, 8-4, 8-5, 8-9 Bonus: 'Analytical Thinking' p.274	20 Oct 05
17 Oct 05	Ch.8 – Budgeting	Ch.8	P8-4, 8-5 Q9-1, 9-3, 9-4, 9-6 Bonus: 'Ethics Challenge' p.327	27 Oct 05
24 Oct 05	Ch.9 - Standard Costs	Ch.9	P9-1, 9-5 Q10-2, 10-4, 10-7, 10-11	1 Nov 05 10 Nov 05
31 Oct 05	Midterm Exam 3 Nov: Ch. 5,7,8,9			
7 Nov 05	Ch.10 – Flexible Budgets	Ch.10	P10-2, 10-9 Q11-3, 11-4, 11-6, 11-8, 11-9	17 Nov 05
14 Nov 05	Ch.11 – Performance Measurement	Ch.11	P11-7 Q12-2, 12-4, 12-7, 12-10, 12-13 Bonus: 'Analytical	24 Nov 05

Week of/ Number	Outcome/Material Covered	Reference/ Reading	Assignment	Due Date
			Thinking' p.438	
21 Nov 05	Ch.12– Relevant Costs	Ch.12	P12-6 12-9 Q13-2, 13-3, 13-4, 13-5, 13-6, 13-12 Bonus: 'Analytical Thinking' p.476	1 Dec 05
28 Nov 05	Ch.13 – Capital Budgeting	Ch.13 (including all appendices)	P13-4, 13-5 Q14-2, 14-6, 14-7, 14-10, 14-12	8 Dec 05
5 Dec 05	Ch.14 – Financial statement analysis	Ch.14		
12 Dec 05	Final Exam Ch. 10-14			

