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Business Administration (BSAD) 2221 Introduction to Managerial Accounting (4 Units) CSU:UC  
[formerly Business Administration 1B]

Prerequisite: Successful completion in Business Administration 2220 with a grade of “C” or better

Prerequisite Knowledge/Skills: Before entering the course, the student should be able to:

1. Explain the nature and purpose of generally accepted accounting principles (GAAP) and International Financial Reporting Standards (IFRS). Explain and apply the components of the conceptual framework for financial accounting and reporting, including the qualitative characteristics of accounting information, the assumptions underlying accounting, the basic principles of financial accounting, and the constraints and limitations on accounting information;
2. Define and use accounting and business terminology;
3. Explain what a system is and how an accounting system is designed to satisfy the needs of specific businesses and users; summarize the purpose of journals and ledgers;
4. Apply transaction analysis, input transactions into the accounting system, process this input, and prepare and interpret the four basic financial statements;
5. Distinguish between cash basis and accrual basis accounting and their impact on the financial statements, including the revenue recognition and matching principles;
6. Identify and illustrate how the principles of internal control are used to manage and control the firm’s resources and minimize risk;
7. Explain the content, form, and purpose of the basic financial statements (including footnotes) and the annual report, and how they satisfy the information needs of investors, creditors, and other users;
8. Explain the nature of current assets and related issues, including the measurement and reporting of cash and cash equivalents, receivables and bad debts, and inventory and cost of goods sold;
9. Explain the valuation and reporting of current liabilities, estimated liabilities, and other contingencies;
10. Identify and illustrate issues relating to long-term asset acquisition, use, cost allocation, and disposal;
11. Distinguish between capital and revenue expenditures;
12. Identify and illustrate issues relating to long-term liabilities, including issuance, valuation, and retirement of debt (including the time value of money);
13. Identify and illustrate issues relating to stockholders’ equity, including issuance, repurchase of capital stock, and dividends;
14. Explain the importance of operating, investing and financing activities reported in the

Statement of Cash Flows;

15. Interpret company activity, profitability, liquidity and solvency through selection and application of appropriate financial analysis tools; and
17. Identify the ethical implications inherent in financial reporting and be able to apply strategies for addressing them.

Total Hours: 64 hours lecture

Catalog Description: Business Administration 2221 is a foundation course in managerial accounting principles. It is the study of how managers use accounting information in decision-making, planning, directing operations, and controlling. Areas covered include study of cost terms and concepts, cost behaviors, basic features of internal reporting systems, cost system designs, cost control, profit planning, performance analysis, and strategic management, with an emphasis on business decision making. C-ID: ACCT 120

Type of Class/Course: Degree Credit

Text: Warren, Carl S., et al. *Financial and Managerial Accounting, 14<sup>th</sup> Ed.* Cengage Learning. 2016.

Optional Materials: Needles, Belverd, Marian Powers, and Susan Crosson. *Financial and Managerial Accounting or Managerial Accounting, Chapters 15-28.* 9<sup>th</sup> ed. Mason: Cengage, 2011. Print.

Course Objectives:

By the end of the course, a successful student will be able to:

1. Identify and illustrate the primary activities and information needs of managers and explain the role of the managerial accountant as a member of the management team; compare and contrast financial and managerial accounting;
2. Define and illustrate various cost terms, concepts, and behaviors, and evaluate their relevancy for different decision-making purposes;
3. Distinguish between product and period costs and prepare and evaluate a Schedule of Cost of Goods Manufactured, Schedule of Cost of Goods Sold, and Income Statement;
4. Prepare traditional and contribution-margin income statements and define related terms;
5. Explain cost-volume-profit analysis, degree of operating leverage, and safety margin and employ each as an analytical tool;
6. Describe the traditional types of product costing systems (including job-order and process), illustrate the flow of costs in each, and prepare related accounting records and reports;
7. Discuss the impact of technology on the business environment, its implications for product and service costs, and the development of activity-based costing and management;
8. Explain the purposes of budgeting, prepare a master budget and its component schedules, and relate the budget to planning and control;
9. Explain the development and use of standard costs and flexible budgets, prepare and interpret variance analysis reports and relate them to responsibility accounting and control;
10. Explain the nature of and need for segment reporting and the relationship with cost, revenue, profit, and investment centers; prepare and analyze related segment reports;
11. Compare and contrast absorption costing and variable costing, prepare income statements using both methods, and reconcile the resulting net incomes;
12. Define relevant costs and benefits and prepare analyses related to special decisions;

13. Explain the nature of capital expenditure decisions and apply and evaluate various methods used in making these decisions; including the time value of money, and
14. Identify the ethical implications inherent in managerial accounting and reporting and be able to apply strategies for addressing them.

Course Scope and Content:

- Unit I            Evolution of Managerial Accounting
- A. Identify and illustrate the primary activities and information needs of managers and explain the role of the managerial accountant as a member of the management team
  - B. Compare and contrast financial and managerial accounting
  - C. Explore decision-making: relevant costs and benefits
- Unit II            Trends in Managerial Accounting
- A. Examine changes in the profession due to practice, law, and technology
  - B. Identify the ethical implications inherent in managerial accounting and reporting and be able to apply strategies for addressing them
- Unit III           Cost Concepts
- A. Define and illustrate various cost terms, concepts, and behaviors, and evaluate their relevancy for different decision-making purposes
  - B. Distinguish between product and period costs and prepare and evaluate a Schedule of Cost of Goods Manufactured, Schedule of Cost of Goods Sold, and Income Statement
  - C. Prepare traditional and contribution-margin income statements and define related terms
- Unit IV           Process Cost Systems
- A. Describe the process cost system, illustrate the flow of costs in it, and prepare related accounting records and reports
- Unit V            Job Order Cost Systems
- A. Describe the job-order cost system, illustrate the flow of costs in it, and prepare related accounting records and reports
- Unit VI           Budgets and Standard Cost Systems
- A. Explain the purposes of budgeting, prepare a master budget and its component schedules, and relate the budget to planning and control
  - B. Explain the purposes of budgeting, prepare a master budget and its component schedules, and relate the budget to planning and control
- Unit VII           Cost Behavior and Estimation
- A. Prepare traditional and contribution-margin income statements and define related terms
  - B. Explain cost-volume-profit analysis, degree of operating leverage, and safety margin and employ each as an analytical tool
- Unit VIII           Standard Costing and Variance Analysis
- A. Compare and contrast absorption costing and variable costing, prepare income statements using both methods, and reconcile the resulting net incomes

B. Use standard costing to determine standard and actual costs and analyze variances with flexible budgets to control costs

Unit IX            Management Reports and Special Analysis  
A. Role of Information Management  
B. Financial and nonfinancial measures of quality  
C. Use tools and techniques residing in financial analysis

Unit X            Activity-Based Costing  
A. Discuss the impact of technology on the business environment, its implications for product and service costs, and the development of activity-based costing and management

Unit XI           Decentralized Planning and Performance Management  
A. Explain the nature of and need for segment reporting and the relationship with cost, revenue, profit, and investment centers; prepare and analyze related segment reports  
B. Illustrate performance evaluations for cost, profit, and investment centers

Unit XII          Product Pricing and Differential Analysis  
A. Short-run decision analysis  
B. Using incremental analysis for decision-making

Unit XIII        Capital Investment Analysis  
A. Define relevant costs and benefits and prepare analyses related to special decisions  
B. Explain the nature of capital expenditure decisions and apply and evaluate various methods used in making these decisions; including the time value of money

Unit XIV        Pricing Decisions Using Target and Transfer Pricing  
A. Explain pricing policies  
B. Explain and apply various cost-based pricing methods  
C. Use transfer pricing for decision-making

**Learning Activities Required Outside of Class:**

The students in this class will spend a minimum of 8 hours per week outside of the regular class time doing the following:

1. Studying class notes
2. Answering questions
3. Required reading
4. Problem solving activities or exercises
5. Written work
6. Group projects

Methods of Instruction:

1. Lectures
2. Solving sample problems
3. Assigned problems from the text
4. Assigned selected problems which demonstrate the principles of accounting in different viewpoints
5. Multimedia presentations
6. Group explorations

Methods of Evaluation:

1. Writing assignments including:
  - a. written homework from chapters
  - b. group reports
  - c. topic paper written under American Psychological Association (APA) style guide
  - d. chapter critical analysis reflections
  - e. case studies
2. Computational or non-computational problem-solving demonstrations, including:
  - a. exams
  - b. homework problems
  - c. laboratory reports
  - d. case study recommendations and solutions
3. Other subjective examinations using combinations of:
  - a. multiple choice questions
  - b. matching items
  - c. true/false questions
  - d. short answer questions
  - e. fill in the blank responses
4. Participation including:
  - a. role-playing and group activities
  - b. oral presentations and demonstrations
  - c. discussion responses
  - d. scenario reflections
5. Projects including:
  - a. multimedia presentations
  - b. business scenario responses
  - c. action plans
  - d. formal written reports
  - e. portfolios
  - f. community service projects
  - g. building new case studies

Supplemental Data:

TOP Code:	050500: Business Administration
SAM Priority Code:	C: Clearly Occupational
Distance Education:	Online; Offline
Funding Agency:	Y: Not Applicable(funds not used)
Program Status:	I: Program Applicable
Noncredit Category:	Y: Not Applicable, Credit Course
Special Class Status:	N: Course is not a special class
Basic Skills Status:	N: Course is not a basic skills course
Prior to College Level:	Y: Not applicable
Cooperative Work Experience:	N: Is not part of a cooperative work experience education program
Eligible for Credit by Exam:	E: Credit By Exam
Eligible for Pass/No Pass:	C: Pass/No Pass
Taft College General Education:	NONE