

## Syllabus

### Course Overview

Managerial accounting provides information that can be used to make informed decisions. Financial accounting also provides important information for decision making, but these two types of accounting have significant differences. Managerial accounting is an activity that provides financial and nonfinancial information to an organization's managers and other internal decision makers.

This course looks carefully at managerial accounting information, how to gather it, and how managers use it to make decisions that will affect the future direction of an organization. You will consider the concepts and procedures used to determine the costs of products and services as well as topics such as budgeting, break-even analysis, product costing, profit planning, and cost analysis.

### Course Competencies

(Read Only)

To successfully complete this course, you will be expected to:

- 1 Analyze cost accounting systems.
- 2 Apply sound budgeting principles.
- 3 Apply time value of money concepts.
- 4 Analyze financial statements.
- 5 Communicate in a manner that is professional and consistent with expectations for professionals in the field of accounting.

### Course Prerequisites

Prerequisite(s): BUS4060 or BUS-FP4060.





## Syllabus >> Course Materials

### Required

The materials listed below are required to complete the learning activities in this course.

#### Integrated Materials

Many of your required books are available via the VitalSource Bookshelf link in the courseroom, located in your Course Tools. Registered learners in a Resource Kit program can access these materials using the courseroom link on the Friday before the course start date. Some materials are available only in hard-copy format or by using an access code. For these materials, you will receive an email with further instructions for access. Visit the [Course Materials](#) page on Campus for more information.

#### eBook

Wild, J. J., Shaw, K. W., & Chiappetta, B. (2018). *Financial and managerial accounting: Information for decisions* (7th ed.). New York, NY: McGraw-Hill. ISBN: 9781259726705.

### Suggested

The following materials are recommended to provide you with a better understanding of the topics in this course. These materials are not required to complete the course, but they are aligned to course activities and assessments and are highly recommended for your use.

### Optional

The following optional materials are offered to provide you with a better understanding of the topics in this course. These materials are not required to complete the course.

## Unit 1 >> Managerial Accounting Concepts and Principles

### Introduction

Managerial accounting, like financial accounting, provides information to assist users in making better decisions. The two branches of accounting also differ in several ways. First, the primary audience for managerial accounting information is internal users, consisting of managers and employees directly involved in company operations. Second, managerial accounting information is usually not published to the general public. Last, no formal financial statements are the end result of managerial accounting information.

In this unit, you will begin your study of managerial accounting by explaining its purpose and describing its major characteristics. You will discuss cost concepts and how they help managers gather and organize information for decision making. You will also discuss the reporting of manufacturing activities.

### Learning Activities

#### u01s1 - Studies

### Readings

Use your *Financial and Managerial Accounting* text to read the following:

- Chapter 14, "Managerial Accounting Concepts and Principles," pages 630–669.

### Optional PowerPoint Presentation

The publisher of your textbook has created the following PowerPoint presentation to supplement your text. It highlights important concepts from Chapter 14 and can be viewed before or after reading the chapter.

- [Chapter 14: Managerial Accounting Concepts and Principles \[PPTX\]](#).

### Quiz Preparation

As you proceed through this course, it is recommended that you read through each chapter twice and review all provided examples to fully understand the topics and to be prepared for the quizzes in Units 5 and 10. The activities in Units 1–5 will prepare you for the quiz in Unit 5. The activities in Units 6–10 will prepare you for the quiz in Unit 10.

## u01s1 - Learning Components

- Explore product and period costs.
- Examine direct material, direct labor, and factory overhead cost classification.
- Practice classifying period costs as selling expenses or general and administrative expenses.
- Practice computing the cost of goods sold using the proper title and format.
- Analyze how to create a schedule of cost of goods manufactured.
- Analyze how to prepare an income statement that reports separate categories for selling expenses and general and administrative expenses.
- Analyze how to compute inventory turnover, defined as cost of goods sold divided by average inventory, for both raw materials inventory and finished goods inventory.
- Analyze how to compute days' sales in inventory, defined as 365 times ending inventory divided by cost of goods sold, for both raw materials inventory and finished goods inventory.
- Analyze possible reasons for differences between ratios for the two types of inventories.
- Analyze the proper way to respond to a specific ethics challenge.

## u01d1 - Observing Cost Concepts in Action

For this discussion, you will need to step away from the computer and venture out to a local fast-food restaurant. Bring a notebook and something to write with. Your task is to observe and record all of the business activities that occur from the time a customer arrives to the time the customer leaves the restaurant. Do your best to identify all costs you associate with each business activity, and classify those costs as fixed or variable.

Last, assume the role of a managerial accounting consultant hired to streamline operations. Write a short report describing the sequence of business activities, as well as the fixed and variable costs of each activity. Outline your plans for streamlining the restaurant's operations to cut costs.

Before you submit your post, read the Discussion Participation Scoring Guide to ensure you have met the requirements of this discussion. Unless otherwise specified by your instructor, post your findings by Wednesday of this unit.

## Response Guidelines

Read the posts of your peers. Then, taking the role of the manager of quality control, respond to at least two of your peers with any comments and questions you may have on their findings. Complete all responses by Sunday of this unit.

## u01d1 - Learning Components

- Explore product and period costs.
- Practice classifying period costs as selling expenses or general and administrative expenses.

## u01a1 - Management Accounting Costs and Concepts

In this assignment, you will practice classifying product and period costs, as well as cost of goods sold. You will also perform inventory computation and reporting.

Use the Management Accounting Costs and Concepts Template linked in the resources to complete the following in your *Financial and Managerial Accounting* textbook:

- Problem 14-1B, page 664.
- Problem 14-5B, page 666.

Review the Management Accounting Costs and Concepts Scoring Guide to ensure you have met the criteria for this assignment prior to submission. Submit your completed problem in the assignment area.

### Course Resources

#### Management Accounting Costs and Concepts Template [DOC]

## u01a2 - Statements and Costing Ethics

For this assignment, you will focus on manufacturing and income statements as well as a costing ethics challenge.

Use the Statement and Costing Ethics Template linked in the resources to complete the following in your *Financial and Managerial Accounting* textbook:

- Problem 14-3B, page 665.
- Ethics Challenge, page 667.

Review the Statements and Costing Ethics Scoring Guide to ensure you have met the criteria for this assignment prior to submission. Submit your completed problem in the assignment area.

## Course Resources

[Statement and Costing Ethics Template \[DOC\]](#)

## Unit 2 >> Job Order Costing and Analysis

### Introduction

In ever-increasing numbers, companies are using a cost accounting system to generate timely and accurate inventory information. A cost accounting system records manufacturing activities using a perpetual inventory system, which continuously updates records for material costs, goods in process, and finished goods inventories. There are two basic types of cost accounting systems: job order and process cost.

You will begin this unit by describing a cost accounting system and explaining the procedures used to determine costs using a job order costing system. You will then look at job order cost flows and reports. Last, you will present and discuss adjusting factory overhead.

### Learning Activities

#### u02s1 - Studies

### Readings

Use your *Financial and Managerial Accounting* text to read the following:

- Chapter 15, "Job Order Costing and Analysis," pages 670–713.

### Optional PowerPoint Presentation

The publisher of your textbook has created the following PowerPoint presentation to supplement your text. It highlights important concepts from Chapter 15 and can be viewed before or after reading the chapter.

- [Chapter 15: Job Order Costing and Analysis \[PPTX\]](#).

### Quiz Preparation

As you proceed through this course, it is recommended that you read through each chapter twice and review all provided examples to fully understand the topics and to be prepared for the quizzes in Units 5 and 10. The activities in Units 1–5 will prepare you for the quiz in Unit 5. The activities in Units 6–10 will prepare you for the quiz in Unit 10.

## u02s1 - Learning Components

- Practice preparing journal entries to assign the following costs: (1) direct materials costs to Work-in-Process Inventory, (2) direct labor costs to Work-in-Process Inventory, (3) overhead costs to Work-in-Process Inventory, (4) indirect materials costs to Factory Overhead account, and (5) indirect labor costs to Factory Overhead account.
- Analyze how to determine the revised balance of a Factory Overhead account and whether there is under- or over-applied overhead for the year.
- Practice preparing adjusting entry to allocate any over- or under-applied overhead to Cost of Goods Sold, assuming the amount is not material.
- Explore how to prepare a revised trial balance, income statement, and balance sheet.

## u02d1 - Cost Control Using Ratio Analysis

For this discussion, pose as a stock analyst for CNN, reporting on the cost control status of Apple and Google. Use the Apple and Google income statements found in Appendix A of your textbook as the basis for your posts. As you know from your readings, the gross margin ratio can be an indicator of how costs are kept in line as sales increase. For your initial post to this discussion, address the following:

- What is the gross margin ratio for Apple for the final three years for which information is provided?
- What is the gross margin ratio for Google for the final three years for which information is provided?
- What do the gross margin ratios tell you about how well these two companies are controlling costs?

In addition, provide a written analysis of your findings, and a response that uses accounting language to explain your analysis.

Before you submit your post, read the Discussion Participation Scoring Guide to ensure you have met the requirements of this discussion. Submit your post by Wednesday of this unit.

## Response Guidelines

Read the posts of your peers. Then, assuming the role of a stock broker who is working with a wealthy client, respond to at least two of your peers (who are posting as stock analysts for CNN) with any comments and questions you may have based on the company representative's questions. Complete all responses by Sunday of this unit.

## Undergraduate Discussion Participation Scoring Guide

### u02d1 - Learning Components

- Analyze how to compute the cost of products transferred from production to finished goods and goods sold.
- Explore how to assign overhead costs to product models using activity-based costing.

### u02a1 - Job Order Cost System

For this assignment, you will focus on how to source documents, journal entries, overhead, and financial reports.

Use the Job Order Cost System Template linked in the resources to complete the following in your *Financial and Managerial Accounting* textbook:

- Problem 15-2B, page 706.

Review the Job Order Cost System Scoring Guide to ensure you have met the criteria for this assignment prior to submission. Submit your completed problem in the assignment area.

### Course Resources

#### Job Order Cost System Template [DOC]

## Unit 3 >> Process Costing and Analysis

### Introduction

Process operations produce large quantities of homogeneous products or services by passing them through a series of processes, or steps, in production. Like job order operations, they combine direct labor, direct materials, and overhead in the operations. Unlike job order operations that assign the responsibility for each job to a manager, process operations assign the responsibility for each process to a manager.

This unit focuses on how to measure and account for costs in process operations. By the end of the unit, you will be able to explain process production, describe how to assign costs to processes, and compute cost per equivalent unit for a process.

## Learning Activities

### u03s1 - Studies

## Readings

Use your *Financial and Managerial Accounting* text to read the following:

- Chapter 16, "Process Costing and Analysis," pages 714–762.

## Optional PowerPoint Presentation

The following PowerPoint presentation highlights important concepts from Chapter 16:

- [Chapter 16: Process Costing and Analysis \[PPTX\]](#).

## Quiz Preparation

It is recommended that you read through the chapter twice and review all provided examples to prepare for the mid-point quiz in Unit 5.

### u03s1 - Learning Components

- Analyze how to compute the cost of products transferred from production to finished goods and goods sold.
- Analyze how to prepare journal entries to record: (a) raw materials purchases, (b) direct materials usage, (c) indirect materials usage, (d) direct labor costs, (e) indirect labor costs, (f) payment of factory payroll, (g) other overhead costs, (h) overhead applied, (i) goods transferred from production to finished goods, and (j) sale of finished goods.
- Practice preparing a monthly summary of process costs for a department, using the FIFO method.
- Practice preparing journal entries to transfer the cost of completed units to another department.
- Analyze the significance of determining completion for units in ending inventory.

### u03d1 - Process Costing Knowledge

Many accounting and accounting-related professionals are skilled in financial analysis, however most are not skilled in manufacturing. This is especially true for process manufacturing environments (for example, a chemical plant or bottling plant). To provide professional accounting and financial services, an accountant must understand the industry, product, and processes. Accountants have an ethical responsibility to develop this understanding before offering services to clients in these areas.

For this discussion, write a one-page memorandum describing how you would approach providing financial services to a specific company, within a specific industry. In your memorandum, identify the industry and the products produced, and describe one of the manufacturing processes. Use and cite at least one reference, using current APA style and formatting; this might be a professional journal or website, industry magazine, or some other reliable source.

Before you submit your post, be sure to read the Discussion Participation Scoring Guide to ensure you have met the requirements of this discussion. Submit your post by Wednesday of this unit.

## Response Guidelines

Read the posts of your peers. Then critique the posts of at least two of your peers (who are posting as cost accounting consultants) with any comments and questions you may have based on the recommended course of action. Complete all responses by Sunday of this unit.

Course Resources

[Undergraduate Discussion Participation Scoring Guide](#)

[APA Style and Format](#)

### u03d1 - Learning Components

- Analyze how to compute the cost of products transferred from production to finished goods and goods sold.
- Analyze how to prepare journal entries to record: (a) raw materials purchases, (b) direct materials usage, (c) indirect materials usage, (d) direct labor costs, (e) indirect labor costs, (f) payment of factory payroll, (g) other overhead costs, (h) overhead applied, (i) goods transferred from production to finished goods, and (j) sale of finished goods.

### u03a1 - Production Cost Flows

In this assignment, you will focus on production cost flow and measurement, as well as the required journal entries.

Use the Production Cost Flows Template linked in the resources to complete the following in your *Financial and Managerial Accounting* textbook:

- Problem 16-1B, page 757.

Review the Production Cost Flows Scoring Guide to ensure you have met the criteria for this assignment prior to submission. Submit your completed problem in the assignment area.

#### Course Resources

[Production Cost Flows Template \[DOC\]](#)

### **u03a2 - Equivalent Unit Costs**

In this assignment, you will complete a cost accounting problem on equivalent unit costs using the weighted average method.

Use the Equivalent Unit Costs Template linked in the resources to complete the following in your *Financial and Managerial Accounting* textbook:

- Problem 16-2B, page 757.

Review the Equivalent Unit Costs Scoring Guide to ensure you have met the criteria for this assignment prior to submission. Submit your completed problem in the assignment area.

#### Course Resources

[Equivalent Unit Costs Template \[DOC\]](#)

## **Unit 4 >> Activity-Based Costing and Analysis**

### **Introduction**

The previous two units described costing systems used by companies to accumulate product costing information for the reporting of inventories and cost of goods sold.

This unit presents the activity-based costing (ABC) system with the potential for greater accuracy of cost allocation. Activity-based systems provide company management with cost information for strategic decision making and planning that is not readily available with other costing methods.

## Learning Activities

### u04s1 - Studies

## Readings

Use your *Financial and Managerial Accounting* text to read the following:

- Chapter 17, "Activity-Based Costing and Analysis," pages 764–805.

## Optional PowerPoint Presentation

The following PowerPoint presentation highlights important concepts from Chapter 17:

- [Chapter 17: Activity-Based Costing and Analysis \[PPTX\]](#).

## Quiz Preparation

It is recommended that you read through the chapter twice and review all provided examples to prepare for the mid-point quiz in Unit 5.

### u04s1 - Learning Components

- Analyze how to compute a plantwide overhead rate.
- Explore how to assign overhead costs to product models using activity-based costing.
- Practice determining overhead cost assigned to a product line using the plantwide rate.
- Analyze how to compute plantwide overhead rate using direct labor hours as the base.
- Examine how to assign overhead costs to product models using the single plantwide overhead rate.

### u04d1 - Expansion Headaches

Nature's Bounty has expanded its product offerings to include many varieties of organic granola. Company founders Sid Crunch and Meghan Chewy know that financial success depends on cost control and revenue generation. Let us assume the company wanted to expand its product line to include organic energy bars. In this discussion post, respond to the following:

- What activities would the company need to perform that are not required for its current product lines?
- Should the additional overhead costs related to the new product line be shared by existing product lines? Explain your reasoning.

Before you submit your post, read the Discussion Participation Scoring Guide to ensure you have met the requirements of this discussion. Unless otherwise specified by your instructor, post your expansion working plan by Wednesday of this unit.

## Response Guidelines

Assuming the role of one of the company founders, respond to at least two learners (consultants) with any additional comments or questions you may have based on the consultant's answers to the questions above. Complete all responses by Sunday of this unit.

### Course Resources

#### Undergraduate Discussion Participation Scoring Guide

### u04d1 - Learning Components

- Explore how to assign overhead costs to product models using activity-based costing.
- Practice determining overhead cost assigned to a product line using the plantwide rate.

### u04a1 - Applying Activity-Based Costing

This assignment will allow you to practice applying activity-based costing (ABC), which includes classifying activities on a unit level, batch level, product level, or facility level; computing activity overhead rates using ABC; and determining overhead cost per unit based on given information.

Use a Word document to complete the following in your *Financial and Managerial Accounting* textbook:

- Exercise 17-1, "Computing Plantwide Overhead Rates," page 789 (bottom of the page).
- Exercise 17-3, "Assigning Costs Using ABC," page 790.
- Exercise 17-4, "Plantwide Overhead Rate," page 790.

There is no template for this assignment.

Review the Applying Activity-Based Costing Scoring Guide to ensure you have met the criteria for this assignment prior to submission. Submit your completed problem in the assignment area.

## **u04a2 - Comparing Costs Using Activity-Based Costing**

In this assignment, you will practice comparing costs using ABC with the plantwide overhead rate.

Use the Comparing Costs Using ABC Template linked in the resources to complete the following in your *Financial and Managerial Accounting* textbook:

- Problem 17-3B, page 800.

Review the Comparing Costs Using Activity-Based Costing Scoring Guide to ensure you have met the criteria for this assignment prior to submission. Submit your completed problem in the assignment area.

### Course Resources

Comparing Costs Using ABC Template [DOC]

## **Unit 5 >> Cost Behavior and Analysis**

### **Introduction**

Previously, you examined the ABC system, which has the potential for greater accountability for the allocation of costs and providing managers with improved cost information for strategic planning and decision making.

The content presented in this unit demonstrates how information on both costs and sales behavior is useful to managers in performing cost-volume-profit (CVP) analyses. CVP analysis is another tool for managers to study the behavior of costs and promote strategic planning and decision making.

### **Learning Activities**

#### **u05s1 - Studies**

### **Readings**

Use your *Financial and Managerial Accounting* text to read the following:

- Chapter 18, "Cost Behavior and Cost-Volume-Profit Analysis," pages 806–847.

# Optional PowerPoint Presentation

The following PowerPoint presentation highlights important concepts from Chapter 18:

- [Chapter 18: Cost Behavior and Cost-Volume-Profit Analysis \[PPTX\]](#).

## Quiz Preparation

It is recommended that you read through the chapter twice and review all provided examples to prepare for the mid-point quiz in this unit.

### u05s1 - Learning Components

- Practice reading cost behavior graphs.
- Analyze graphs that illustrate specific cost behaviors.
- Classify costs as fixed, variable, mixed, step-wise, or curvilinear.
- Analyze how to prepare a scatter diagram to determine whether cost appears to be variable, fixed, or mixed.
- Examine the significance of contribution margins.
- Practice computing unit sales.
- Analyze how to compute the break-even point in dollar sales.
- Practice computing the predicted break-even point in dollar sales year.
- Analyze how to prepare a forecasted contribution margin income statement.
- Analyze how to compute the required sales level in both dollars and units.
- Examine how to prepare a forecasted contribution margin income statement that shows results at the sales level.

### u05d1 - Reflection

At this point, you have studied managerial accounting concepts and principles, job-order costing, process costing, ABC, cost behavior, and CVP analysis. Thinking about these concepts, answer the following questions:

- What did you find to be the most complicated?
- What did you find to be the least complicated?
- What concept or principle surprised you the most?
- Which concepts and principles do you believe you will use the most in your professional life? Explain.

Submit your post by Wednesday of this unit.

## Response Guidelines

Though recommended, you are not required to respond to your peers.

## u05d1 - Learning Components

- Use critical thinking to communicate clearly and succinctly.

### **u05a1 - Identifying Cost Behavior**

This assignment focuses on cost analysis and behavior, including identifying cost behaviors, estimating products, and preparing a contribution margin income statement.

Use a Word document to complete the following in your *Financial and Managerial Accounting* textbook:

- Exercises 18-1, 18-2, 18-3, 18-4, 18-8, and 18-12, pages 835–837.

There is no template for this assignment.

Review the Identifying Cost Behavior Scoring Guide to ensure you have met the criteria for this assignment prior to submission. Submit your completed work in the assignment area.

### **u05a2 - Break-Even Analysis**

For this assignment, you will focus on break-even analysis and income targeting and forecasting. This includes practicing how to compute the break-even point and prepare a forecasting contribution margin income statement.

Use a Word document to complete the following in your *Financial and Managerial Accounting* textbook:

- Problem 18-4B, page 843.

There is no template for this assignment.

Review the Break-Even Analysis Scoring Guide to ensure you have met the criteria for this assignment prior to submission. Submit your completed problem in the assignment area.

## u05q1 - Unit 5 Quiz

This multiple-choice quiz will gauge your understanding of the material presented in Units 1 through 5. The quiz provides an opportunity for you to demonstrate your mastery of the following course competency:

- Analyze cost accounting systems.

There are 25 questions in this quiz, and the quiz is worth 15% of your grade. Below is a list of additional quiz requirements:

- There is no time limit on the quiz. However, the quiz must be completed in one sitting. **Do not** access it until you are ready to complete it.
- The quiz will open at the beginning of Unit 5. You must access, take, and submit the quiz in Unit 5.
- The quiz is automatically scored, and you will receive feedback immediately.
- After taking the quiz, you may access it to view the questions; however, you cannot retake the quiz to change your grade.
- Once the grade is recorded, it cannot be changed.
- A total of 100 points is possible. Each question is worth four points.

Click the linked quiz title to access the quiz. If you have any issues with the quiz, contact your instructor.

## Unit 6 >> Variable Costing and Performance Reporting

### Introduction

The previous unit discussed cost behavior and its use by managers in performing CVP analysis. It also looked at the application of CVP analysis.

This unit presents managerial accounting reports that reflect variable costing, as well as a comparison of reports prepared under variable costing and absorption costing. Last, this unit discusses how variable costing can improve business decision making and strategic planning.

### Learning Activities

#### u06s1 - Studies

# Readings

Use your *Financial and Managerial Accounting* text to read the following:

- Chapter 19, "Variable Costing and Analysis," pages 848–881.

## Optional PowerPoint Presentation

The following PowerPoint presentation highlights important concepts from Chapter 19:

- [Chapter 19: Variable Costing and Analysis \[PPTX\]](#).

## Quiz Preparation

It is recommended that you read through the chapter twice and review all provided examples to prepare for the final quiz in Unit 10.

### u06s1 - Learning Components

- Analyze how to prepare income statements under variable costing.
- Analyze the ethics of reporting net income.
- Analyze the difference between absorption costing income and variable costing income.
- Analyze the ethics of storing excess production in inventory, and how it impacts net income.

### u06d1 - Sleight of Hand or the Real Deal

Blair Manufacturing is organized into divisions along product lines. Its small electrics division has suffered recently from a serious drop in demand. The head of the division has reported that sales for the division have been low enough that the division expects to report an overall loss for the year. But, when the year-end results were finalized, the small electrics division reported a profit in excess of 200,000 dollars.

Assuming the role of the head of the small electrics division, you have been invited to the president's office to share your insight on this puzzling circumstance. Prior to the meeting, you need to prepare an analysis to explain the results.

In your post:

- Explain how you would address the inconsistency.
  - Use information from the unit readings as well as any necessary outside research.
  - Be sure to cite your sources using current APA style and formatting.

Before you submit your post, read the Discussion Participation Scoring Guide to ensure you have met the requirements of this discussion. Submit your post by Wednesday of this unit.

## Response Guidelines

Read the posts of your peers. Then, assuming the role of the company president, respond to at least two of your peers (who are posting as the division head), with any comments and questions you may have based on how they addressed the inconsistency in the numbers. Complete all responses by Sunday of this unit.

### Course Resources

[Undergraduate Discussion Participation Scoring Guide](#)

[APA Style and Format](#)

### u06d1 - Learning Components

- Analyze how to prepare income statements under variable costing.
- Analyze the ethics of reporting net income.
- Use critical thinking to communicate clearly and succinctly.

### u06a1 - Variable Costing Conversion

This assignment looks at the variable costing income statement and conversion to absorption costing income for two consecutive years.

Use an Excel worksheet to complete the following in your *Financial and Managerial Accounting* textbook:

- Problem 19-1B, page 876.

There is no template for this assignment.

Review the Variable Costing Conversion Scoring Guide to ensure you have met the criteria for this assignment prior to submission. Submit your completed problem in the assignment area.

### u06a2 - Income Reporting

This assignment looks at income reporting, absorption costing, and managerial ethics.

Use a Word document to complete the following in your *Financial and Managerial Accounting* textbook:

- Problem 19-3B, page 877.

There is no template for this assignment.

Review the Income Reporting Scoring Guide to ensure you have met the criteria for this assignment prior to submission. Submit your completed problem in the assignment area.

## Unit 7 >> Master Budgeting Process

### Introduction

Management continually seeks to turn its strategies into action plans. These action plans include financial details that are compiled in master budgets. This budgeting process serves to motivate employees and communicate results of their labor in terms of their costs to the organization.

This unit focuses on the preparation of a master budget and its use as a formal planning tool to chart the organization's future. You will prepare each component of a master budget and link each to the budgeting process.

### Learning Activities

#### u07s1 - Studies

### Readings

Use your *Financial and Managerial Accounting* text to read the following:

- Chapter 20, "Master Budgets and Performance Planning," pages 882–935.

### Optional PowerPoint Presentation

The following PowerPoint presentation highlights important concepts from Chapter 20:

- [Chapter 20: Master Budgets and Performance Planning.\[PPTX\]](#).

# Quiz Preparation

It is recommended that you read through the chapter twice and review all provided examples to prepare for the final quiz in Unit 10.

## u07s1 - Learning Components

- Practice preparing a budgeted income statement for an entire quarter.
- Practice preparing a sales budget and a production budget.
- Practice preparing a raw materials budget and a factory overhead budget.
- Practice preparing a budgeted balance sheet as of a specific date.
- Practice preparing a selling expense budget and a general and administrative expense budget.

## u07d1 - Use It or Lose It Budgeting

The budget process and budgets themselves can positively and negatively impact management actions. For example, so-called "use it or lose it budgeting," a practice that involves management spending any funds left at the end of a budget period, is a common practice among nonprofit organizations and government agencies. The view is that if a department or division manager does not spend all of the allotted budget monies, senior management will slice next year's budget by the amount not spent. Spending continues until the budget is zeroed out. This is then considered a successful budget year by the individual department and division heads. The end result of this practice is that all of us pay for the spending associated with this budgeting process.

For this discussion, imagine you have been contracted by a local nonprofit or government agency of your choice, to offer some solutions to end this practice. Your report to the local organization or government agency should include a description of several options to end this practice, including the pros and cons of each chosen option. An implementation plan should also be included.

Before you submit your post, read the Discussion Participation Scoring Guide to ensure you have met the requirements of this discussion. Unless otherwise specified by your instructor, post your discussion by Wednesday of this unit.

## Response Guidelines

Read the posts of your peers. Then, assuming the role of the head of the nonprofit organization or government agency, respond to at least two of your peers with any comments and questions you may have based on their descriptions of the options, pros and cons, and implementation plan. Complete all responses by Sunday of this unit.

## u07d1 - Learning Components

- Practice preparing a budgeted income statement for an entire quarter.
- Practice preparing a budgeted balance sheet as of a specific date.

## u07a1 - Master Budget Preparation

In this assignment, you will practice preparing a complete master budget, based on information provided in a company's estimated balance sheet.

Use a single Excel workbook with multiple worksheet tabs (one for each budget) to complete the following in your *Financial and Managerial Accounting* textbook:

- Problem 20-4B, page 929.

There is no template for this assignment.

Review the Master Budget Preparation Scoring Guide to ensure you have met the criteria for this assignment prior to submission. Submit your completed problem in the assignment area.

## Unit 8 >> Flexible Budgets and Standard Costs

### Introduction

The previous unit presented the master budget and its component budgets, as well as their usefulness for planning and monitoring company activities.

This unit discusses flexible budgets, variance analysis, and standard costs. Each of these concepts will be explained in detail, including how it is used for purposes of better controlling and monitoring of business activities.

### Learning Activities

#### u08s1 - Studies

# Readings

Use your *Financial and Managerial Accounting* text to read the following:

- Chapter 21, "Flexible Budgets and Standard Costs," pages 936–986.

## Optional PowerPoint Presentation

The following PowerPoint presentation highlights important concepts from Chapter 21:

- [Chapter 21: Flexible Budgets and Standard Costs \[PPTX\]](#).

## Quiz Preparation

It is recommended that you read through the chapter twice and review all provided examples to prepare for the final quiz in Unit 10.

### u08s1 - Learning Components

- Analyze how to classify items in a fixed budget as variable or fixed.
- Analyze how to determine total overhead costs for different operating levels.
- Practice determining amounts per unit and amounts for the year
- Analyze how to prepare a flexible budget.
- Analyze how to determine how much operating income would increase over the current year's budgeted amount if a specific sales volume level is reached without increasing capacity.
- Practice determining income loss or gain for different sales volumes.
- Examine how to determine individual and total cost per unit for variable overhead costs.
- Analyze how to determine total cost for fixed overhead costs.

### u08d1 - Are We Speaking the Same Language?

Pathmark, Incorporated, uses a costing system with standard costs for direct materials, direct labor, and overhead costs. There are two comments frequently mentioned by managers at the company in relation to standard costing and variance analysis: "Variances are not explanations" and "Management's goal is not to minimize variances."

Imagine you are a member of a group of managers discussing these comments at a roundtable training session being held at the company's annual managers retreat in Las Vegas. You have decided to comment on your interpretation of these phrases. Explain your point of view by using the correct terminology and citations.

Before you submit your post, read the Discussion Participation Scoring Guide to ensure you have met the requirements of this discussion. Unless otherwise specified by your instructor, post your discussion by Wednesday of this unit.

## Response Guidelines

Read the posts of your peers. Then, in your role as another member of this roundtable of managers, respond to at least two peers with any comments and questions you may have based on their explanations of the two phrases. Complete all responses by Sunday of this unit.

### Course Resources

#### Undergraduate Discussion Participation Scoring Guide

### u08d1 - Learning Components

- Analyze how to determine total overhead costs for different operating levels.

### u08a1 - Flexible Budget Preparation and Analysis

In this assignment, you will focus on the preparation and analysis of a flexible budget.

Use an Excel worksheet to complete the following in your *Financial and Managerial Accounting* textbook:

- Problem 21-1B, page 979.

There is no template for this assignment.

Review the Flexible Budget Preparation and Analysis Scoring Guide to ensure you have met the criteria for this assignment prior to submission. Submit your completed problem in the assignment area.

### u08a2 - Budget Variance Analysis

The focus for the problem in this assignment includes computation of materials, labor, and overhead variances.

Use either a Word document or an Excel spreadsheet to complete the following in your *Financial and Managerial Accounting* textbook:

- Problem 21-4B, page 981.

There is no template for this assignment.

Review the Budget Variance Analysis Scoring Guide to ensure you have met the criteria for this assignment prior to submission. Submit your completed problem in the assignment area.

## Unit 9 >> Relevant Costing for Decision Making

### Introduction

The previous unit's focus was on the creation and use of flexible budgets, variance analysis, and standard costs. These managerial accounting tools were used to assist managers with the control and monitoring of business activities.

In keeping with the theme of managerial accounting tools and procedures, this unit introduces some additional tools for making and evaluating short-term and long-term managerial decisions. The unit's content also describes how to assess the consequences of such decisions.

Last, this unit focuses on evaluating capital budgeting decisions, which have a more long-range effect on business activities. Several methods are described and illustrated that will help managers identify projects with the greater return on investment.

### Learning Activities

#### u09s1 - Studies

### Readings

Use your *Financial and Managerial Accounting* text to read the following:

- Chapter 23, "Relevant Costing for Managerial Decisions," pages 1032–1063.
- Chapter 24, "Capital Budgeting and Investments Analysis," pages 1064–1096.

### Optional PowerPoint Presentation

The following PowerPoint presentations highlight important concepts from Chapters 23 and 24:

- [Chapter 23: Relevant Costing for Managerial Decisions \[PPTX\]](#).
- [Chapter 24: Capital Budgeting and Investments Analysis \[PPTX\]](#).

## Quiz Preparation

It is recommended that you read through each chapter twice and review all provided examples to prepare for the final quiz in Unit 10.

### u09s1 - Learning Components

- Practice preparing comparative income statements.
- Assess the importance of financial and nonfinancial decision-making analysis to support a business decision.
- Analyze how to compute expected net cash flows.
- Analyze how to compute accounting rate of return for a potential investment.
- Analyze how to compute payback period for a potential investment.
- Analyze how to compute accounting rate of return for a potential investment.
- Examine how to compute net present value for a potential investment.
- Analyze projects.

### u09d1 - Eliminating a Route

Mid-America Transportation operates a bus route from St. Louis to St. Joseph, Missouri, and back three times each week. Management at Mid-America is considering dropping this route because it appears to be unprofitable.

For your initial post to this discussion, identify the costs associated with running this route and which of those costs might be saved if the route is dropped. You will be presenting your findings at the next senior management meeting.

Before you submit your post, read the Discussion Participation Scoring Guide to ensure you have met the requirements of this discussion. Unless otherwise specified by your instructor, post the narrative of your findings by Wednesday of this unit.

## Response Guidelines

Read the posts of your peers. Then, in your role as a senior manager at Mid-America Transportation, respond to at least two peers with any comments and questions you may have based on the presentations of their findings. Complete all responses by Sunday of this unit.

## Undergraduate Discussion Participation Scoring Guide

### u09d1 - Learning Components

- Practice preparing comparative income statements.
- Assess the importance of financial and nonfinancial decision-making analysis to support a business decision.

### **u09a1 - Business Decision Analysis**

In this assignment, you will focus on analyzing income effects of additional business.

Use either a Word document or an Excel spreadsheet to complete the following in your *Financial and Managerial Accounting* textbook:

- Problem 23-2B, page 1058.

There is no template for this assignment.

Review the Business Decision Analysis Scoring Guide to ensure you have met the criteria for this assignment prior to submission. Submit your completed problem in the assignment area.

### **u09a2 - Capital Budgeting Process**

In this assignment, you will analyze and compute payback period, accounting rate of return, and net present value.

Use either a Word document or an Excel spreadsheet to complete the following in your *Financial and Managerial Accounting* textbook:

- Problem 24-2B, page 1091.

There is no template for this assignment.

Review the Capital Budgeting Process Scoring Guide to ensure you have met the criteria for this assignment prior to submission. Submit your completed problem in the assignment area.

## Unit 10 >> Financial Statement Analysis

### Introduction

The previous unit focused on evaluating short- and long-term business opportunities and the methods employed to enhance the quality of the decision making. This unit emphasizes the analysis and interpretation of financial statement information.

Financial statement analysis involves transforming general purpose financial statements and related accounting data into more useful information for making business decisions. This type of analysis reduces an organization's reliance on hunches, guesses, and intuition as well as uncertainty in decision making.

You will focus on three major analysis tools: horizontal analysis, vertical analysis, and ratio analysis. When used together, they form a major tool to assist in better understanding company performance and financial condition.

### Learning Activities

#### u10s1 - Studies

### Readings

Use your *Financial and Managerial Accounting* text to read the following:

- Chapter 13, "Analysis of Financial Statements," pages 586–613.

### Optional PowerPoint Presentation

The following PowerPoint presentation highlights important concepts from Chapter 13:

- [Chapter 13: Analysis of Financial Statements \[PPTX\]](#).

### Quiz Preparation

It is recommended that you read through each chapter twice and review all provided examples to prepare for the final quiz in this unit, which covers the chapters designated in Units 6 through 10.

### u10s1 - Learning Components

- Practice computing current ratios.
- Analyze how to express income statement data in common-size percents.
- Examine how to express balance sheet data in trend percents.
- Analyze significant data relationships.
- Analyze how to apply ratio analysis to financial statement data.
- Prepare calculations to support ratio data.

### u10d1 - Reflection and Wrap-Up

In Units 6 through 10, you studied variable costing, performance reporting, master budgets, performance planning, flexible budgets, standard costs, relevant costing for managerial decisions, capital budgeting, investment analysis, and financial statements analysis. Thinking about these concepts, answer the following:

- What did you find to be the most complicated?
- What did you find to be the least complicated?
- What concept or principle surprised you the most?
- Which concepts and principles do you believe you will use the most in your professional life? Explain.

Post your answers to this discussion by Wednesday of the unit week.

### Response Guidelines

Though recommended, you are not required to respond to your peers.

### u10d1 - Learning Components

- Use critical thinking to communicate clearly and succinctly.

### u10a1 - Common-Size Statement Analysis

This assignment focuses on ratios, common-size statements, and trend percents.

Use the Common-Size Statement Analysis Template linked in the resources to complete the following in your *Financial and Managerial Accounting* textbook:

- Problem 13-2B, page 623.

Review the Common-Size Statement Analysis Scoring Guide to ensure you have met the criteria for this assignment prior to submission. Submit your completed problem in the assignment area.

#### Course Resources

Common-Size Statement Analysis Template [DOC]

### **u10a2 - Financial Statement Analysis**

This assignment covers calculating financial statement ratios.

Use either a Word document or an Excel spreadsheet to complete the following in your *Financial and Managerial Accounting* textbook:

- Problem 13-5B, page 624.

Calculations for each ratio must be shown.

There is no template for this assignment.

Review the Financial Statement Analysis Scoring Guide to ensure you have met the criteria for this assignment prior to submission. Submit your completed problem in the assignment area.

### **u10q1 - Unit 10 Quiz**

This multiple-choice quiz will gauge your understanding of the material presented in Units 6 through 10. The quiz provides an opportunity for you to demonstrate your mastery of the following course competencies:

- Analyze cost accounting systems.
- Apply sound budgeting principles.

- Apply time value of money concepts.
- Interpret the financial statement analysis.

There are 25 questions in this quiz, and the quiz is worth 15% of your grade. Below is a list of additional quiz requirements:

- There is no time limit on the quiz. However, the quiz must be completed in one sitting. **Do not** access it until you are ready to complete it.
- The quiz will open at the beginning of Unit 10. You must access, take, and submit the quiz in Unit 10.
- The quiz is automatically scored, and you will receive feedback immediately.
- After taking the quiz, you may access it to view the questions; however, you cannot retake the quiz to change your grade.
- Once the grade is recorded, it cannot be changed.
- A total of 100 points is possible. Each question is worth four points.

Click the linked quiz title to access the quiz. If you have any issues with the quiz, contact your instructor.