

**PALOMAR COLLEGE**  
**COURSE OUTLINE OF RECORD FOR**  
**DEGREE CREDIT COURSE**

Transfer course     A.A. degree applicable course  
(check all that apply)

**COURSE NUMBER AND TITLE:** ACCT 108 Managerial Accounting

**UNIT VALUE:** 4

**MINIMUM NUMBER OF SEMESTER HOURS:** 64

**BASIC SKILLS REQUIREMENTS:**

Appropriate language and computational skills.

**ENTRANCE REQUIREMENTS**

**PREREQUISITE:** ACCT 103 Financial Accounting

**COREQUISITE:** None

**RECOMMENDED PREPARATION:** None

**SCOPE OF COURSE:**

Accounting theory, principles, and procedures for financial statement analysis, decentralized operations, cost concepts, cost accounting, budgeting, standard costing, cost-profit-volume analysis, accounting control, differential analysis, capital budgeting, variable and absorption costing, responsibility accounting, capital investment analysis, and income taxes.

**SPECIFIC COURSE OBJECTIVES:** Successful students will be able to:

1. Evaluate and perform basic financial statement analytical procedures, and apply financial statement analysis in assessing solvency and profitability.
2. Apply the concepts of responsibility accounting to managerial decisions.
3. Identify the cost concepts and perform cost analyses in the management process.
4. Identify and apply the concepts of cost accounting as they relate to determination of product cost and decision making.
5. Explain the purposes and procedures of budgeting, develop budgets, and make recommendations based on budgeting concepts.
6. Analyze alternative choices in making business decisions by identifying and evaluating available alternatives.
7. Prepare income statements using variable costing and absorption costing and analyze the results

of the statements.

8. Identify and illustrate the applications of variable costing and absorption costing in managerial decisions.
9. Apply the principles of standard costs in the determination of product cost and in managerial decisions.
10. Compare and contrast the methods of evaluating capital investment proposals.
11. Compute the break-even point, the margin of safety, and the contribution margin ratio and explain the uses and limitations of each in the management process.

### **CONTENT IN TERMS OF SPECIFIC BODY OF KNOWLEDGE:**

#### **I. Financial Statement Analysis and Annual Reports**

- A. types of financial statement analysis
- B. basic analytical procedures
- C. solvency analysis
- D. profitability analysis
- E. summary of analytical measures

#### **II. Introduction, Cost Terminology and Cost Behavior Patterns**

- A. comparison of financial and managerial accounting
- B. characteristics of managerial accounting reports
- C. organization of the managerial accounting function
- D. manufacturing and non-manufacturing costs
- E. product costs versus period costs
- F. financial statements for manufacturing firms
- H. additional cost concepts for managerial planning
  1. variable costs and fixed costs
  2. differential costs
  3. discretionary costs
  4. sunk costs
  5. opportunity costs
  6. controllable and uncontrollable costs
- I. Cost Drivers
- J. Costs and Benefits of Information

#### **III. Cost Behavior and Estimation**

- A. cost behavior patterns
- B. cost estimation
- C. work measurement

#### **IV. Job Order Cost Systems**

- A. usefulness of product costs
- B. types of accounting systems
- C. job order cost systems for manufacturing firms
- D. job order cost systems for service firms
- E. overhead application

#### **V. Process Cost Systems**

- A. flow of costs in a process cost system
- B. inventories of partially processed materials

- C. cost of production report
- D. service departments and process costs
- E. joint products and by-products
- F. inventory costing methods
- G. hybrid product - costing systems

#### VI. Cost-Volume-Profit Analysis

- A. cost behavior
  - 1. fixed costs
  - 2. variable costs
  - 3. mixed costs
- B. cost-volume-profit relationships
  - 1. mathematical approach to cost-volume-profit analysis
  - 2. graphic approach to cost-volume-profit analysis
- C. use of computers in cost-volume-profit analysis
- D. sales mix considerations
- E. special cost-volume-profit relationships
- F. limitations of cost-volume-profit analysis

#### VII. Cost Management Systems for the New Manufacturing Environment

- A. volume-based and non-volume based drivers
- B. deficiencies in traditional accounting
- C. activity-based-costing (ABC)
- D. just-in-time (JIT)
- E. non-value-added activities
- F. cost management systems

#### VIII. Budgeting

- A. nature and objectives of budgeting
- B. budgeting systems
- C. budget performance reports
- D. zero-base budgeting
- E. elimination of non-value-added activities and costs
- F. behavioral impact of budgets

#### IX. Standard Costing and Performance Measures for the New Manufacturing Environment

- A. standard costs
- B. variances from standard
  - 1. direct materials cost variance
  - 2. direct labor cost variance
  - 3. factory overhead cost variance
- C. standards in the accounts
- D. revision of standards
- E. quantitative techniques for inventory control
- F. the new manufacturing environment and the changing role of standard-costing systems

#### X. Flexible Budgets and Control of Overhead Costs

- A. overhead budgets
- B. activity measures
- C. overhead costs and variances
- D. activity-based flexible budget

#### XI. Responsibility Accounting and Income Reporting

- A. responsibility accounting
  - 1. performance reports
  - 2. behavioral effects
  - 3. segmented reporting
- B. variable and absorption costing

XII. Investment Centers and Transfer Pricing

- A. measuring performance in investment centers
- B. measuring income and invested capital
- C. transfer pricing
- D. behavioral issues

XIII. Decision Making

- A. relevant information
- B. relevant costs and benefits
- C. special decisions
- D. activity-based costing

XIV. Cost Analysis and Pricing Decisions

- A. major influences on decisions
- B. economic and accounting formulas
- C. strategic pricing

XV. Cost Allocation

- A. service department cost allocation
- B. joint product cost allocation

XVI. Capital Expenditure Decisions

- A. present value concept
- B. discounted-cash-flow analysis
- C. performance evaluation

XVII. Review of Statement of Cash Flows

**REQUIRED READING:**

Garrison, Ray H. Managerial Accounting. 10th Edition. Boston: Irwin-McGraw Hill, 2003.

**SUGGESTED READING:** None

**REQUIRED WRITING:**

Students will demonstrate writing skills by writing at least four one page case studies.

**OUTSIDE ASSIGNMENTS:**

**Students are expected to spend a minimum of three hours per unit per week in class and on outside assignments, prorated for short term classes.**

Students will read required text, solve assigned exercises and problems, understand and define key words and terms, review lecture materials, and work in study groups in preparation for case presentations.

**INSTRUCTIONAL METHODOLOGY:**

**Check all that apply:**

- lecture
- laboratory
- lecture-laboratory combination
- directed study

**This course may be offered as a distance education course and meets Title 5 regulations 55370, 55372, 55374, 55376, 55378, and 55380.**

Yes  No

If yes, check all that apply.

- Television Course (Video one-way, e.g. ITV, video cassette, etc.)
- Online Course (Text one-way, e.g. newspaper, correspondence, electronic file, etc.)
- Two-Way Video Conferencing (Two-way interactive video and audio)
- One-Way Video Conferencing (One-way interactive video and two-way interactive audio)
- Computer Assisted Instruction (A specialized form of mediated instruction relying primarily on student access to information and prepared lessons or teaching materials through a computer terminal, but not under immediate supervision of a qualified instructor.)

**GRADING POLICY AND STANDARDS** (include methods of determining whether the stated objectives have been met by students):

Students will be given objective and applications and/or performance-type questions and problems. Students are evaluated on the basis of exam. scores, successful completion of exercises and problems, and written and oral presentations. A typical grading policy is as follows:

Grading:

Exercises and Problem Assignments .....	15%
Case Studies and Oral Presentations.....	15%
Midterm Exam .....	20%
Class Participation and Group Work .....	10%
Quizzes.....	15%
Final Exam.....	25%
Total .....	100%

**IS COURSE REPEATABLE FOR REASON(S) OTHER THAN DEFICIENT GRADE?**

Yes  No  Number of times course may be taken for credit: 1

If yes, identify specific provision of Title 5 Division 2 section(s) 55761-55763 and 58161 which qualifies course as repeatable:

**CONTACT PERSON:** Bonnie Dowd

**SIGNATURES ON FILE:**