

# MANAGERIAL ACCOUNTING DESCRIPTOR

## General Course Description:

This is the study of how managers use accounting information in decision-making, planning, directing operations and controlling. Focuses on cost terms and concepts, cost behavior, cost structure and cost-volume-profit analysis. Includes issues relating to cost systems, cost control, profit planning, and performance analysis in manufacturing and service environments.

## Course Content:

1. Decision making: relevant costs and benefits
2. Basic cost management concepts
3. Cost-volume-profit analysis
4. Job-order and process costing
5. Activity-based costing
6. Profit planning and budgeting
7. Standard costing and flexible budgeting
8. Responsibility accounting, segment reporting, and performance analysis
9. Absorption and variable costing
10. Capital expenditure decisions
11. Ethical issues

## Course Objectives: *At the conclusion of this course, the student should 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

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be able to apply strategies for addressing them.

### Methods of Evaluation:

Problem solving exercises; oral and written assignments; quizzes and examinations, which include problem solving, essay and/or analysis interpretation and presentation. Topics included in the course, such as job order costs systems, cost-volume-profit analysis, activity based costing, capital budgeting, investment decision making, will be assessed using multiple methods, as described.

### Sample Textbooks, Manuals, or Other Support Materials

A college level textbook supporting the learning objectives of this course and content within 5 years must be considered when matching courses to this descriptor.

Garrison, Noreen, and Brewer. ***Managerial Accounting***. McGraw-Hill Irwin.

Warren, Reeve, and Duchac. ***Managerial Accounting***. Cengage Learning.

Wild and Shaw. ***Managerial Accounting***. McGraw-Hill Irwin.

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