

**CUYAMACA COLLEGE**  
**COURSE OUTLINE OF RECORD**

**BUSINESS 121 – MANAGERIAL ACCOUNTING**

4 hours lecture, 4 units

**Catalog Description**

Introduces the concepts, methods, and procedures for the development and use of accounting information to support and assist management in their internal cost accounting processes and financial decision making. Areas examined are: cost terms and concepts, cost behavior, cost structure, product costing in a manufacturing environment (including activity based costing), cost-volume-profit analysis, budgeting, standard costing, differential analysis, capital budgeting, variable and absorption costing, and responsibility accounting.

**Prerequisite**

“C” grade or higher or “Pass” in BUS 120 or equivalent

**Entrance Skills**

Without the following skills, competencies and/or knowledge, students entering this course will be highly unlikely to succeed:

- 1) Knowledge of rules and procedures related to accrual-based accounting including appropriate terms and definitions.
- 2) Analyze transactions and record journal entries in two-column general journal format.
- 3) Apply the steps in the periodic processing cycle known as the accounting cycle.
- 4) Prepare the three major financial statements: balance sheet, income statement, and statement of retained earnings.
- 5) Perform calculations related to transactions involving cash, receivables, inventories, plant assets, liabilities, and owner’s equity.

**Course Content**

- 1) Decision making: relevant cost 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 and segment reporting
- 9) Absorption and variable costing
- 10) Capital expenditure decisions

**Course Objectives**

Students will be able to:

- 1) Identify and illustrate the primary activities and informational 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 and concepts and evaluate their relevancy for different decision-making purposes.
- 3) Distinguish between product and period costs; prepare and evaluate a Schedule of Cost of Goods Manufactured, Schedule of Cost of Goods Sold, and Income Statement.

- 4) 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.
- 5) Explain the purposes of budgeting; prepare a master budget and its component schedules and relate the budget to planning and control.
- 6) Prepare traditional and contribution-margin income statements and define related terms; explain cost-volume-profit analysis, degree of operating leverage and safety margin and employ each as an analytical tool.
- 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 development and use of standard costs, prepare and interpret variance analysis reports, and relate them to responsibility accounting and control.
- 9) 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.
- 10) Compare and contrast absorption costing and variable costing, prepare income statements using both methods, and reconcile the resulting net incomes.
- 11) Explain the nature of capital expenditure decisions and apply and evaluate various methods used in making these decisions.
- 12) Define relevant costs and benefits; prepare analyses of special decisions.
- 13) Identify the ethical implications inherent in managerial accounting and reporting and be able to apply strategies for addressing them.

### **Method of Evaluation**

A grading system will be established by the instructor and implemented uniformly. Grades will be based on demonstrated proficiency in subject matter determined by multiple measurements for evaluation, one of which must be essay exams, skills demonstration or, where appropriate, the symbol system.

- 1) Exams that measure students' ability to describe the role of the corporate controller for large companies, list and describe how costs may be defined in utilizing data in given costing applications, define terms and methods of analyses used in costing systems for manufacturing companies.
- 2) Exams, quizzes and/or problem-solving assignments that measure students' ability to evaluate cost behaviors, solve problems related to cost-volume-profit analysis, budgeting, segment reporting, performance calculations and comparisons to actual corporate performance.
- 3) Problem-solving assignments that measure students' ability to evaluate decisions and plans by applying performance calculations.
- 4) Exams, quizzes or problem-solving assignments that measure students' ability to evaluate the usefulness of corporate information related to activity-based costing, return on investment, incremental analysis, and capital budgeting and using criteria established in class.

### **Special Materials Required of Student**

Calculator, electronic storage media, reliable access to Internet

### **Minimum Instructional Facilities**

Smart classroom with whiteboards, overhead projector

### **Method of Instruction**

- 1) Lecture, discussion, question and answer
- 2) Preview/review of completed assignments
- 3) Assignment of case problems for group discussion

**Out-of-Class Assignments**

Primary reliance will be on the text and related homework assignments, some of which will be assigned for completion on the computer. These assignments include accumulation of cost data for job order and process costing systems, analyzing cost-volume-profit projections using the contribution approach, compiling budget information, and making decisions using relevant costs.

**Texts and References**

- 1) Required (representative examples):
  - a. Braun & Tietz. *Managerial Accounting w/Access*. 5th edition. Pearson, 2018.
  - b. Horngren, et al. *My Accounting Lab with Pearson eText–Access Card*. Pearson, 2021.
- 2) Supplemental: None

**Student Learning Outcomes**

Upon successful completion of this course, students will be able to:

- 1) Prepare and analyze accounting information using various costing methods: Job Order Costing, Process Costing, and Activity Based Costing.
- 2) Construct and evaluate accounting information for the purpose of making business decisions regarding pricing, outsourcing, and budgeting.