

Course Outline

Accounting and Finance
School of Business & Economics

BUSN 5030 - **3.00** - Academic

Management Accounting

Rationale

Update requisites

Calendar Description

Students explore the three functions managers must perform within their organizations: planning operations, controlling activities and making decisions. To perform these functions efficiently, managers must collect and interpret appropriate information based on the firm's long-term strategy and annual objectives. Topics include an introduction to management accounting; costs and cost behaviours; job or project costing; activity-based costing; cost behaviour and the contribution margin; cost, volume, profit analysis; budgeting; budget variances and performance evaluation; performance measures and the balance scorecard; and short-term decision analysis.

Credits/Hours

Course Has Variable Hours: No

Credits: 3.00

Lecture Hours: 3.00

Seminar Hours: 0

Lab Hours: 0

Other Hours: 0

Clarify:

Total Hours: 3.00

Delivery Methods: (Face to Face)

Impact on Courses/Programs/Departments: No change

Repeat Types: A - Once for credit (default)

Grading Methods: (G - Graduate Programs)

Educational Objectives/Outcomes

1. Outline the management accountant's role in collecting and analyzing information that aligns the firm's strategy to operational objectives and daily activities.
2. Classify accurately costs into categories such as fixed, variable, product, period, direct and indirect in order to calculate the Cost of Goods Sold.
3. Determine the cost of products in a job (or project) cost environment under both traditional and activity-based methods of allocating overhead costs.
4. Calculate product costs using the weighted average process costing method.
5. Compute job (project) costs using activity-based costing (ABC) and describe the advantages and disadvantages of activity-based management (ABM).
6. Complete a cost-volume-profit analysis at an introductory level, compute break-even points in dollars and units, and compute the operating leverage ratio.
7. Prepare and use operating budgets including cash flow statements.
8. Analyze and interpret budget variances for responsibility reporting.

9. Develop the components of a performance measurement system, particularly a balanced scorecard based on the firm's strategy by identifying appropriate financial and nonfinancial measures.

10. Apply short-term decision analysis to examine differential revenues and differential costs to decide on special orders, outsourcing, equipment purchases, dropping segments, optimal product mix and pricing.

Prerequisites

BUSN 5020-Financial Accounting
or equivalent

Co-Requisites

Recommended Requisites

Exclusion Requisites

BUSN 5031-Management Accounting

GBUS 5030-Financial Planning and Control Systems

Texts/Materials

Textbooks

1. **Required** Garrison, R. H., Noreen, E. W., et al. *Managerial Accounting*, 9th Canadian ed. McGraw-Hill, 2012

Other

1. **Required** Various articles from the Economist, Business Week and other business periodicals.

Student Evaluation

The Course grade is based on the following course evaluations.

Quizzes, homework or assignments (10.00%) Midterm(2) (35.00%) Case (15.00%) Final exam (40.00%)

Students must pass the final exam with a grade of 50% or higher to pass the course.

Course Topics

1. The Firm and its Strategy

- Functions of managers
- Managerial versus financial accounting
- Role of management accountants
- Strategy to information systems
- Major frameworks for strategy implementation: lean production, six sigma, activity-based costing and the balanced scorecard

2. Costs and Cost Behaviours

- Three basic cost elements
- Direct versus indirect costs
- Product versus period costs
- variable versus fixed costs
- Cost of goods sold
- Other costs: differential, opportunity and sunk

3. Job (or Project) Costing
 - Job costing versus process costing
 - Predetermined overhead rate
 - Under- and over-applied overhead
 - Impact on income and the financial statements
 - Behavioural impacts of costing methods
4. Process Costing
5. Activity Based Costing (ABC)
 - ABC terms and definitions
 - Costs to cost pools
 - Computing margins
 - Product (service) costs under ABC versus traditional costing methods
 - Action analysis report
6. Cost Behaviour and the Contribution Margin
 - Fixed, variable and mixed costs
 - Mixed cost analysis
 - Contribution margin
 - Contribution income statement format
7. Cost, Volume, Profit (CVP) Analysis
 - CVP graph
 - contribution margin ratio and sales volume
 - Break-even, target profit and margin of safety
 - Operating leverage and operating income
 - Multiproducts: break-even and sales mix
8. Budgeting
 - decision framework for developing budgets
 - Schedules to prepare the master budget
 - Static vs. flexible budgets
 - Flexible budgets and variances
 - Budgeting for not-for-profits
9. Budget Variances and Performance Evaluation
 - Material and labour standards
 - Price and quantity variances
 - Efficiency variances
 - Budget and volume variances
 - Performance reporting and responsibility
10. Performance Measures and the Balanced Scorecard (BSC)
 - Transfer pricing agreements
 - Return on investment and residual income
 - Profitability analysis
 - BSC and strategy mapping
 - BSC and performance evaluation
11. Short-term Decision Analysis
 - Relevant versus irrelevant costs to make decisions
 - Decision situations 1 and 2: special orders and make or buy
 - Decision situations 3 and 4: sell or process and new equipment
 - Decision situation 5: dropping a segment

- Decision situation 6: product mix with constrained resources
- Pricing products and services

Methods for Prior Learning Assessment and Recognition

Students can apply for PLAR but it cannot be used to meet the program residency requirement.

Last Action Taken

Implement by Graduate Studies Committee Chair Debbie (Proxy GSC Chair) Krebs

Current Date: 26-May-20