

ACTG 1CH: HONORS MANAGERIAL ACCOUNTING

Foothill College Course Outline of Record

Heading	Value
Effective Term:	Summer 2022
Units:	5
Hours:	5 lecture per week (60 total per quarter)
Prerequisite:	ACTG 1B or 1BH.
Advisory:	MATH 10 or high school algebra; not open to students with credit in ACTG 1C or 66.
Degree & Credit Status:	Degree-Applicable Credit Course
Foothill GE:	Non-GE
Transferable:	CSU/UC
Grade Type:	Letter Grade (Request for Pass/No Pass)
Repeatability:	Not Repeatable

Student Learning Outcomes

- Analyze the effects of varying courses of action on managerial decision-making, using managerial accounting terminology, concepts, principles, and frameworks. [SLO1:Theory].
- Demonstrate the ability to collaboratively define problems, analyze and determine course (s) of action, apply solutions, communicate results to pertinent stakeholders, and reflect on the outcomes. [SLO2: Application and Reflection]

Description

Study of accounting information system for internal uses for decision-making, planning, directing operations and controlling. Process costing, job-order costing, activity-based costing, standard costing, cost behavior and cost-volume profit analysis, budgeting, performance evaluation, capital investment analysis, and ethics. As an honors course, it is a full hands-on course with advanced teaching methods focusing on extensive research of selected accounting theory or applying accounting techniques in preparing analytical papers and analyses related to selected managerial accounting problems. Distinguishing features include: deep focus on research, analysis, application, strong communication and critical thinking.

Course Objectives

The student will be able to:

- recognize management accounting information as a creator of value.
- analyze cost concepts and the cost assignment process.
- prepare and evaluate a Schedule of Cost of Goods Manufactured, Schedule of Cost of Goods Sold, and Income Statement.
- analyze cost behavior and the role of resource usage in understanding cost behavior.
- compare and contrast the cost accounting system of service, merchandising and manufacturing firms.
- describe job-order and process costing systems, illustrate the flow of costs in each, and prepare related accounting records and reports.

- g. assess departmental cost allocation process.
- h. examine activity-based cost system.
 - discuss the impact of technology on the business environment.
 - calculate break-even and evaluate cost volume profit analysis.
- k. prepare traditional and contribution-margin income statements and define related terms.
 - apply relevant costing and tactical decision-making.
- m. recognize and describe the use of budgets for planning and control.
- n. explain the difference between absorption and variable costing.
- o. explain the development and use of standard costs and flexible budgets.
- p. evaluate responsibility accounting, performance evaluation and interpret variance analysis reports and relate them to responsibility accounting and control.
- q. examine ethical issues related to managerial accounting.

Course Content

- Managerial accounting and the business environment
 - the role of management accountants in an organization
 - the basic concepts underlying Lean Production and Just-in-Time systems, the Theory of Constraints (TOC), Total Quality Management (TQM)
- Managerial accounting and cost concepts
 - the major differences and similarities between financial and managerial accounting
 - three basic manufacturing cost elements
 - product costs versus period costs
 - statement of cost of goods manufactured, income statement including calculation of the cost of goods sold
 - differences between variable costs and fixed costs
 - differences between direct and indirect costs
 - cost classifications used in making decisions: avoidable costs, differential costs, opportunity costs, and sunk costs
- Job-order costing
 - process costing and job-order costing
 - documents used in a job-order costing system
 - predetermined overhead rates, actual overhead cost and estimated overhead costs
 - flow of costs in a job-order costing system and journal entries to record costs
 - application of overhead cost to Work in Process using a predetermined overhead rate
 - use of T-accounts to show the flow of costs in a job-order costing system
 - underapplied or overapplied overhead cost and related journal entry for clearing the balance in Manufacturing Overhead account
- Process costing
 - flow of materials, labor, and overhead through a process costing system
 - the equivalent units of production and cost per equivalent unit using the weighted-average method
 - the equivalent units of production and cost per equivalent unit using the FIFO method
- Use of cost behavior in decision-making process

- i. scattergraph plot to diagnose cost behavior
- ii. mixed cost using the high-low method
- iii. income statement using the contribution format
- f. Cost-volume-profit relationships
 - i. changes in activity and its effect on contribution margin and net operating income
 - ii. the contribution margin ratio (CM ratio) and its relationship to net operating income and sales volume
 - iii. the effect of changes in contribution margin on variable costs, fixed costs, selling price, and sales volume
 - iv. the break-even point in units and dollars
 - v. margin of safety, its significance, and the desired target profit
 - vi. using cost-volume-profit for sensitivity analysis
 - vii. segment reporting and the relationship with cost, revenue, profit, and investment centers
 - viii. the degree of operating leverage at a particular level of sales and explain how it can be used to predict changes in net operating income
 - ix. the break-even point for a multi-product company
- g. Profit planning
 - i. organizations budget and the processes used to create budgets
 - ii. the various parts of a master budget, including:
 1. sales budget
 2. production budget
 3. direct materials budget
 4. direct labor budget
 5. manufacturing overhead budget
 6. selling and administrative expense budget
 7. cash budget
 8. budgeted income statement
 9. budgeted balance sheet
- h. Flexible budgets and performance analysis
 - i. flexible budget versus static budget
 - ii. reports on activity variances
 - iii. reports on revenue and spending variances
- i. Standard costs and operating performance measures
 - i. the direct materials price and quantity variances and their significance
 - ii. the direct labor rate and efficiency variances and their significance
 - iii. the variable manufacturing overhead rate and efficiency variances
- j. Relevant costs for decision-making
 - i. relevant and irrelevant costs as they relate to decision-making process
 - ii. analysis of product line, keep or drop a business segment
 - iii. make or buy analysis
 - iv. analysis of special order to accepted or reject
 - v. the most profitable use of a constrained resource and the value of obtaining more of the constrained resource
 - vi. analysis of showing joint products at the split-off point versus processing further for increase in profit
- k. Absorption and variable costing
 - i. target selling price
 - ii. cost-based price

- l. Capital budgeting decisions
 - i. the acceptability of an investment project using the net present value method
 - ii. the acceptability of an investment project using the internal rate of return method
 - iii. the payback period for an investment
 - iv. the simple rate of return for an investment
 - v. capital rationing and the profitability index
- m. Ethical issues
 - i. codes of conduct for managerial accountants
 - ii. company codes of conduct
 - iii. codes of conduct on the international level

Lab Content

Not applicable.

Special Facilities and/or Equipment

1. Access to a PC lab and Excel software.
2. When taught as an online distance learning section, students and faculty need ongoing and continuous internet and email access.

Method(s) of Evaluation

Methods of Evaluation may include but are not limited to the following:

- Class participation
- Problem-solving assignments
- Assignments requiring the use of general ledger software, spreadsheet, word-processor, and presentation applications, such as Quickbooks, MS Excel, MS Word, and MS PowerPoint, respectively
- Quizzes
- Exams
- Case study analyses
- In-depth, analytical research paper and presentation
 1. Development of research paper topic or problem statement and outline
 2. Written ten-plus page research paper or analytical project assignment on specific topic of interest, directly related to managerial accounting
 3. Group oral presentation (PowerPoint) on assigned topic
 4. Consistent participation in course demonstrating substantial knowledge of accounting theory and how it relates to the stated paper topic; demonstrated ability to systematically research, analyze, synthesize, and present findings of paper or results of analysis

Method(s) of Instruction

Methods of Instruction may include but are not limited to the following:

- Lecture
- Discussion
- Oral presentations
- Electronic discussions/chat
- Group work
- Excel assignments
- Homework assignments
- Weekly intensive seminar-style discussions that are highly interactive
- Weekly written notes on reading assignments that demonstrate substantial and systematic understanding of material

Literature search on topics of class discussions

Representative Text(s) and Other Materials

Miller-Nobles, Mattison, and Matsumura. Accounting, 12th ed.. 2018.

Types and/or Examples of Required Reading, Writing, and Outside of Class Assignments

- a. Written research paper and/or project
- b. Written presentation
- c. Reading of internet articles and writing on accounting topics or accounting-related current events and/or careers
- d. Reading textbook
- e. Reading of Wall Street Journal, Business Week, and Fortune
- f. Special applied projects: Students will submit a report solving at least one applied, real-world problem. Problems/papers should be developed using business and/or accounting related software. These special applied projects will require students to discuss the related theory, using accurate business and accounting language and professional business writing. Projects may require the use of a computer and may require field visits and research
- g. Worksheets: Problems and activities covering the subject matter. Such problems and activities will require students to think critically. These worksheets may be completed inside or outside of class

Discipline(s)

Accounting