



**TEXT:** *Managerial Accounting*; Garrison and Noreen, 12<sup>th</sup> edition (required), ISBN 0073526703.

**CALCULATORS:** Basic 6 function calculators may (and should) be used for any class activity including exams

**METHODS OF INSTRUCTION:** Primarily through lecture, demonstration, and homework review. Questions are encouraged and participation is expected

**ATTENDANCE:** Most chapters in this course build upon the foundation of earlier chapters. Absences impair ability to master new material; the result will be lower grades without an imposed penalty. If the student expects to learn, (s)he must attend class

**METHODS OF LEARNING:** Reading for the chapter should be done prior to the scheduled lecture on that chapter. This initial reading should be done in order to become familiar with the issues and to identify potential problem areas. After the lecture over the chapter, reread for mastery.

For the majority of students, failure to do homework results in failure to master the course content. Be prepared to solve assigned problems in class when called upon.

Problems should be done in pencil. **Problems should be neat, legible, and in good form.** It is best to try to do the assignments without referring to the text unless absolutely necessary. As problems are discussed, make corrections in a different color; this will help identify problem areas to study for exams.

Each chapter begins with a list of "Learning Objectives." At the conclusion of each chapter, refer back to these objectives and confirm that you have mastered each of them.

**EXAMS:** There will be three unit exams. Many, if not all, exams will be take-home exams. Be advised – take-home exams are more challenging than in-class exams. Make-up of an in-class exam is allowed at the sole discretion of the instructor and only under the most extreme circumstances, (and then require the signatures of three physicians, the governor of Utah, and the Archbishop of Canterbury). In other words, don't miss scheduled exams. Take-home exams must be submitted as scheduled.

**GRADES:** The final grade will be determined as follows:

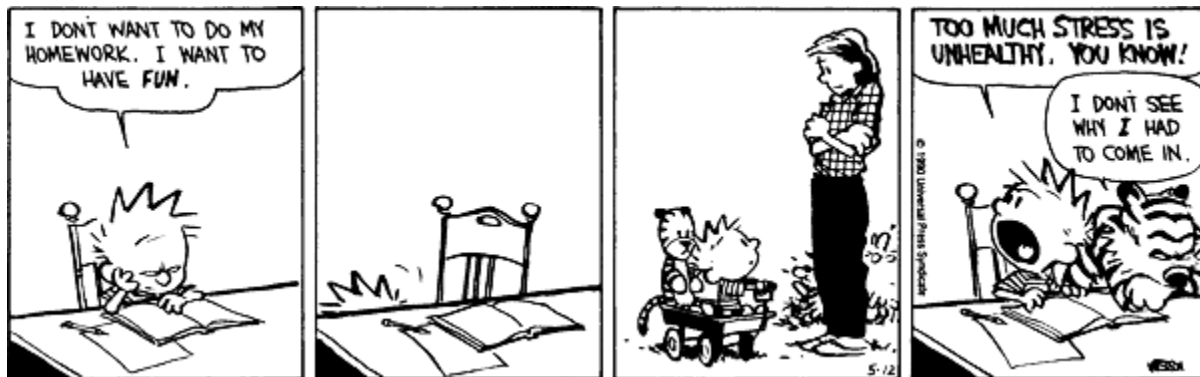
3 exams (@ 100)	300	A	270-300
		B	240-269
		C	210-239
		D	180-209
Total	<u>300</u>	F	0-179

**ACADEMIC DISHONESTY:** The Doane College Academic Integrity Policy will be adhered to in this class. **All projects and tests will represent your own work.** Any use of others' ideas and words without proper citation is plagiarism and will result in penalties to be determined by the instructor and/or the dean of undergraduate studies. Students may work together to complete homework assignments, but work should be substantially one's own. In-class exams are to the work of each individual only; exams are closed book, no notes, and no conversation. Violations of this policy will result in withdrawal or failure, and will be reported to the dean for appropriate action.

Date	Discussion/Reading Assignment/ Exams	Homework				
05/29	Introduction Chapter 1: Managerial Accounting and the Business Environment Chapter 2: Cost Terms, Concepts, Classifications Chapter 5: Cost Behavior: Analysis and Use	Students who are serious will do more than the assigned homework				
06/05	Chapter 6: Cost-Volume-Profit Relationships	<table border="1"> <tr> <td data-bbox="997 604 1182 636">Chapter 2</td> <td data-bbox="1182 604 1427 636">10, 2, 21, 23, 25, 30</td> </tr> <tr> <td data-bbox="997 636 1182 667">Chapter 5</td> <td data-bbox="1182 636 1427 667">1, 10, 12, 9, 16</td> </tr> </table>	Chapter 2	10, 2, 21, 23, 25, 30	Chapter 5	1, 10, 12, 9, 16
Chapter 2	10, 2, 21, 23, 25, 30					
Chapter 5	1, 10, 12, 9, 16					
06/12	<b>UNIT EXAM: Chapters 1, 2, 5, and 6</b> Chapter 7: Variable Costing: a Tool for Management	<table border="1"> <tr> <td data-bbox="997 703 1182 735">Chapter 6</td> <td data-bbox="1182 703 1427 735">16, 10, 13, 7, 8, 20, <b>Handout</b></td> </tr> </table>	Chapter 6	16, 10, 13, 7, 8, 20, <b>Handout</b>		
Chapter 6	16, 10, 13, 7, 8, 20, <b>Handout</b>					
06/19	Chapter 12: Segment Reporting and Decentralization	<table border="1"> <tr> <td data-bbox="997 802 1182 833">Chapter 7</td> <td data-bbox="1182 802 1427 833">3, 8, 4, 14, 16</td> </tr> </table>	Chapter 7	3, 8, 4, 14, 16		
Chapter 7	3, 8, 4, 14, 16					
06/26	Appendix 12a: Transfer Pricing Appendix A: Pricing Products (pps 805 and 810-815)	<table border="1"> <tr> <td data-bbox="997 863 1182 894">Chapter 12</td> <td data-bbox="1182 863 1427 894"><b>Handout</b>, 11, 12, 17, 23, 30</td> </tr> </table>	Chapter 12	<b>Handout</b> , 11, 12, 17, 23, 30		
Chapter 12	<b>Handout</b> , 11, 12, 17, 23, 30					
07/03	<b>UNIT EXAM: Chapters 7, 12, Appendix 12a, and Appendix A</b> Chapter 10: Standard Costs and the Balanced Scorecard	<table border="1"> <tr> <td data-bbox="997 961 1182 993">Appendix 12a</td> <td data-bbox="1182 961 1427 993">4, 16, 28</td> </tr> <tr> <td data-bbox="997 993 1182 1024">Appendix A</td> <td data-bbox="1182 993 1427 1024"><b>Handout</b></td> </tr> </table>	Appendix 12a	4, 16, 28	Appendix A	<b>Handout</b>
Appendix 12a	4, 16, 28					
Appendix A	<b>Handout</b>					
07/10	Chapter 14: Capital Budgeting Decisions	<table border="1"> <tr> <td data-bbox="997 1060 1182 1092">Chapter 10</td> <td data-bbox="1182 1060 1427 1092">TBA</td> </tr> </table>	Chapter 10	TBA		
Chapter 10	TBA					
07/17	<b>UNIT EXAM: Chapters 10 and 14</b>	<table border="1"> <tr> <td data-bbox="997 1121 1182 1152">Chapter 14</td> <td data-bbox="1182 1121 1427 1152">5, 21, 27, 39, 2, 4</td> </tr> </table>	Chapter 14	5, 21, 27, 39, 2, 4		
Chapter 14	5, 21, 27, 39, 2, 4					

*The instructor reserves the right to revise the schedule and/or assignments as the quarter develops. I am in the process of reviewing the chapters and assignments which may well change. It is the student's responsibility to keep up to date with any revisions.*

**STUDENT INFORMATION:** The Family Educational and Privacy Rights Act (FERPA), makes it illegal for school personnel, including instructors, to disclose personal information, including grades, by phone or e-mail. **Please do not ask to receive exam results or grades via phone or e-mail.**



Chapter 6, handout problem

### **The Case of the Elusive Contribution Margin**

The Shirt Off My Back Shop sells a large variety of tee shirts and sweat shirts. Steve Shirtov, the owner, is thinking of expanding his sales by hiring local high school students, on a commission basis, to sell sweat shirts bearing the name and mascot of the local high school.

The sweat shirts must be ordered from the manufacturer six weeks in advance. They cannot be returned because of the unique printing required (think Benson Bunnies). The sweat shirts would cost Mr. Hooper \$8 each, with a minimum order of 75 sweat shirts. Any additional shirts would have to be ordered in increments of 75.

Since Mr. Shirtov's plan would not require any additional facilities, the only costs associated with the project would be the cost of the sweat shirts and the costs of the sales commissions. The selling price of the sweat shirts would be \$13.50 each. Mr Hooper would pay the students a commission of \$1.50 for each shirt sold.

#### **Required:**

1. To make the project worthwhile, Mr. Shirtov would require a \$1,200 profit for the first three months of the venture. What level of sales in units and in dollars would be required to reach this target net income? Show all computations.
2. Assume that the venture is undertaken and an order is placed for 75 sweat shirts. What would be Mr. Hooper's break-even point in units and dollars? Show computations and explain the reasoning behind your answer.

Chapter 12, handout problem

The Miss Muffett Tuffet Company has been experiencing losses for some time, as shown by its most recent monthly income statement, below:

Sales	\$ 1,500,000
Less Variable Expenses	<u>588,000</u>
Contribution Margin	\$ 912,000
Less Fixed Expenses	<u>945,000</u>
Net Loss	\$ < 33,000 >

In an effort to isolate the problem, the president, Lil Miss, has asked for an income statement segmented by product lines. Accordingly, the accounting department has developed the following cost and revenue data:

	-----Product-----		
	Tuffets	Curds	Whey
Sales	\$ 400,000	\$ 600,000	\$ 500,000
Variable Expenses			
as a percentage of sales	52%	30%	40%
Traceable fixed Expenses	\$ 240,000	\$ 330,000	\$ 200,000

**Required:**

1. Prepare an Income statement segmented by product lines, as desired by the president. Show both "Amount" and "Percent" columns for the company as a whole and for each product line. Carry percentage computations to one decimal place.
2. The company's sales manager, A Spyder, believes that sales of Curds could be increased by 15 percent if advertising were increased by \$25,000 each month. Would you recommend the increased advertising? Show computations to support your answer.

Appendix A, handout problems

1. Rockwell Company incurs the following unit costs in producing and selling 10,000 units of product X each year:

Production costs:	
Direct Materials .....	\$ 20
Direct Labor.....	7
Variable Overhead .....	5
Fixed Overhead.....	13
Selling and Administrative costs:	
Variable .....	4
Fixed .....	9

Assume that the company uses the absorption approach to cost-plus pricing. Compute the target selling price, assuming a markup of 40 percent.

2. Refer to the data in (1) above. Assume the company uses the contribution approach to cost-plus pricing. Compute the target selling price, assuming a markup of 75 percent.
3. Wildroot Products manufactures and sells 20,000 units of product Y each year. The company incurs the following unit costs at the 20,000-unit level of activity.

Direct Materials .....	\$ 30
Direct Labor.....	9
Variable Overhead .....	2
Fixed Overhead.....	10
Variable .....	6
Fixed .....	8

What is the “floor” below which the company should not go, even in special pricing decisions?

4. Caldwell, Inc., estimates that the following costs and activity would be associated with the manufacture and sale of product A:

Number of units sold annually .....	40,000
Required investment in assets .....	\$ 850,000
Absorption cost base per unit.....	15
S&A expenses (annual).....	\$ 250,000

The company uses the absorption approach to cost-plus pricing, and desires a 20 percent ROI. What is the required markup in percentage terms?

5. Rohr Company requires a 16 percent return on investment. The company estimates that an investment of \$2,500,000 would be needed to produce and sell 30,000 units of product B each year. Other costs associated with the product would be:

	<b>Variable (per unit)</b>	<b>Fixed (total)</b>
Production	\$ 50	\$ 200,000
S&A	10	600,000

Prepare pricing sheets under both the absorption and contribution approaches to cost-plus pricing. Show the calculation of the cost base, and the application of the markup to that base.

6. Dumas company, a manufacturer of consumer products, wants to introduce a new hair dryer. To compete effectively, the dryer should not be priced at more than \$40. The company requires a 16 percent ROI on all new products. In order to produce and sell 50,000 dryers each year, the company would need to make an investment of \$750,000. Selling and Administrative expenses would total \$800,000 per year. Compute the target cost to manufacture one dryer.