ACC 335 - MANAGERIAL ACCOUNTING  
(PREREQUISITE: ACCOUNTING 232)  
AUTUMN TERM 2015, MONDAY 6:00 - 10:00 P.M.  
INSTRUCTOR: WAYNE SASGES

TEXTBOOK: Managerial Accounting, Garrison and Noreen, 15th Edition

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COURSE OBJECTIVE: Students will be able to –
- use the Contribution Margin approach to make business assessments and decisions.
- evaluate performance using ROI, Residual Income, and Internal Rate of Return.
- use Capital Budgeting techniques to evaluate investment opportunities.
- use Standard Costs, and to calculate and journalize variances.

GRADE: Your grade will consist of 6 tests using the following grading system:

- 95-100% = A+
- 90-94% = A
- 85-89% = B+
- 80-84% = B
- 75-79% = C+
- 70-74% = C
- 65-69% = D+
- 60-64% = D
- Below 60% = F

ATTENDANCE: Student attendance in each class session is required. It is the responsibility of each instructor to take role in each session and record absences. How your attendance or lack of attendance affects your grade is left to the discretion of the instructor. If you will be absent from a class, you may leave a message on my answering service.

CLASS PARTICIPATION: Class participation is welcome. If you have questions, this may mean that I or the text has not explained the concept, and I need to know. Questions indicate you are thinking and learning.

TESTS: The purpose of each test is to see if you understand what is in the text and the lectures. Content will be announced before the test.

ASSIGNMENTS: You are expected to read the appropriate concepts before class and complete homework assignments as given.

The schedule is as follows:

- August 17: No Class - Chapters 1 and 2 (Homework to be assigned)
- August 27 (Please note date): Chapter 3, 4
- August 31: Chapter 4, 5
- September 7: No Class - Chapter 6 (Homework to be assigned)
- September 14: Chapter 6, 7
- September 21: Chapter 8
- September 28: Chapter 10, 11
Chapter 1  Managerial Accounting, an Overview

Understand the role of management accountants in an organization.
Understand the basic concepts underlying Lean Production, the Theory of Constraints (TOC), and Six Sigma.
Understand the importance of upholding ethical standards.

Chapter 2  Managerial Accounting and Cost Concepts

Identify the major differences and similarities between financial and managerial accounting.
Identify and give examples of each of the three basic manufacturing cost categories.
Distinguish between product costs and period costs and give examples of each.
Prepare an income statement including calculation of the cost of goods sold.
Prepare a schedule of cost of goods manufactured.
Understand the differences between variable costs and fixed costs.
Understand cost classifications used in making decisions: differential costs, opportunity costs and sunk costs.
Properly account for labor costs associated with idle time, overtime, and fringe benefits.
Identify the four types of quality costs and explain how they interact.

Chapter 3  Job-Order Costing

Measuring Direct Labor and Materials
Job Cost Sheets
Computing and Applying Manufacturing Overhead
Computation of Unit Costs

Chapter 4  Process Costing

Comparison of Job-Order Costing and Process Costing
Cost Flows in Process Costing
Equivalent Units of Production
Computing and Application of Costs
Operation Costing

Chapter 5  Cost-Volume-Profit Relationships

Explain how changes in activity affect contribution margin and net operating income.
Prepare and interpret a cost-volume-profit (CVP) graph and a profit graph.
Use the contribution margin ratio (CM ratio) to compute changes in contribution margin and net operating income resulting from changes in sales volume.
Show the effects on contribution margin of changes in variable costs, fixed costs, selling price and volume.
Determine the level of sales needed to achieve a desired target profit.
Determine the break-even point.
Compute the margin of safety and explain its significance.
Compute 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.
Compute the break-even point for a multiproduct company and explain the effects of shifts in the sales mix on contribution margin and the break-even point.

Chapter 6 Variable Costing: A Tool for Management

Explain how variable costing differs from absorption costing and compute unit product costs under each method.
Prepare income statements using both variable and absorption costing.
Reconcile variable costing and absorption costing net operating incomes and explain why the two amounts differ.
Understand the advantages and disadvantages of both variable and absorption costing.

Chapter 7 Activity Based Costing

Design an ABC Costing System.
Explain the mechanics of ABC.
Comparison of Traditional vs. ABC Product Costs.
Targeting improvements.

Chapter 8 Master Budgeting

Understand Budgets and an Overview
Elements of the Master Budget
Preparing the Master Budget

Chapter 10 Standard Costs and Performance Variances

Explain how direct materials standards and direct labor standards are set.
Compute the direct materials price and quantity variances and explain their significance.
Compute the direct labor rate and efficiency variances and explain their significance.
Compute the variable manufacturing overhead rate and efficiency variances.
Compute delivery cycle time, throughput time and manufacturing cycle efficiency (MCE).
(Appendix 11A) Compute and interpret the fixed overhead budget and volume variances.
(Appendix 11B) Prepare journal entries to record standard costs and variances.

Chapter 11 Performance Measurement in Decentralized Organizations

Compute return on investment (ROI) and show how changes in sales, expenses and assets affect ROI.
Compute residual income and understand its strengths and weaknesses.
Compute delivery cycle time, throughput time and manufacturing cycle efficiency (MCE).
Understand how to construct and use a balanced scorecard.
(Appendix 11A) Determine the range, if any, within which a negotiated transfer price should fall.
(Appendix 11B) Charge operating departments for services provided by service departments.

Chapter 12 Segment Reporting, Decentralization and the Balanced Scorecard
Prepare a segmented income statement using the contribution format, and explain the difference between traceable fixed costs and common fixed costs.

Compute return on investment (ROI) and show how changes in sales, expenses, and assets affect ROI.

Compute residual income and understand its strengths and weaknesses.

Understand how to construct and use a balanced scorecard.

(Appendix 12A) Determine the range, if any, within which a negotiated transfer price should fall.

(Appendix 12B) Charge operating departments for services provided by service departments.