

**INTER-AMERICAN UNIVERSITY OF PUERTO RICO**  
**FACULTY OF ECONOMICS AND BUSINESS ADMINISTRATION**

**SCHOOL OF ECONOMICS: MBA PROGRAM**

**THE COURSE TITLE: ACCOUNTING FOR MANAGERS**

**REFERENCE NUMBER: BADM 5040**

**Credits: 3**

**Prerequisite: Introduction to Financial Accounting (ACC 1152)**

**Description**

Analysis of financial accounting as a tool for management; the role of the accounting manager in the firm and the interpretation of financial statements. The use of cost accounting data as a tool for management.

**General objectives**

- Analyze and evaluate the use of accounting information in decision making.
- Analyze and evaluate operating, financial and capital budgets.
- Evaluate the control and performance evaluation of projects.
- Distinguish between traditional and non-traditional costing system.

**Specific objectives**

- 1) Describe, analyze, and evaluate the use of accounting information in decision making.
  - 1.1 Analyze cost-volume-profit uses and assumptions for decision making.
  - 1.2 Distinguish between value added and non value added activities and costs.
  - 1.3 Compare the traditional cost methods with activity-based costing.
  - 1.4 Prepare and evaluate income statement using activity-based costing.
  - 1.5 Determine the costs and revenues that are relevant to decision making.

- 1.6 Identify, analyze, and evaluate quantitative and qualitative factors that influence decision making.
- 2) Describe, analyze, and evaluate the importance of budgeting for organizations.
  - 2.1 Explain how budgeting relates to the major functions of management.
  - 2.2 Describe several problems related to the preparation and use of budgets.
  - 2.3 Prepare production, financial, and capital budgets.
  - 2.4 Describe the leads and lags that complicate the cash budget.
  - 2.5 Analyze and evaluate investments in working capital.
  - 2.6 Explain and apply sensitivity analysis.
- 3) Describe and analyze the control and performance evaluation process for managers.
  - 3.1 Compare, analyze and evaluate various method of evaluating a project or investment.
  - 3.2 Analyze the quantitative and qualitative factors influencing investment decision.
  - 3.3 Apply sensitive analysis to budgeting.
  - 3.4 Explain the problems in developing transfer pricing policies.
  - 3.5 Describe, apply, and evaluate new approaches to cost control and managements.
- 4) Describe and evaluate the elements of product costing.
  - 4.1 Describe and evaluate the main types of manufacturing process.
  - 4.2 Analyze misapplied overhead into budget and volume variances.
  - 4.3 Compare, contrast, and distinguish actual, normal, and standard costing.
  - 4.4 Prepare and evaluate variable costing income statements.
  - 4.5 Explain the importance of process costing in manufacturing companies.

## **The course content**

### **A. Cost Volume Analysis and Decision Making**

- a. Profit planning
  - 1. Cost behavior
  - 2. Cost structure
  - 3. Assumptions and limitations of Cost Volume Analysis
- b. Cost analysis
  - 1. Managing activities: cost drivers and cost pools
  - 2. Value added and non value added activities
  - 3. Estimating cost behavior: High low method
- c. Activity-based costing and activity-based management
  - 1. Estimation of activity-based costing
  - 2. Process value analysis
  - 3. Quality costs
- d. Short-term decisions
  - 1. The criterion of short-term decision
  - 2. Examples of short-term decision

### **B. Budgeting**

- a. Operational and financial budgeting;
  - 1. Comprehensive budgets
  - 2. Sales forecasting, expenses budgeting
- b. Capital budgeting
  - 1. Capital budgeting decisions and methods
  - 2. Implications of taxes and depreciations on capital budgeting
  - 3. Sensitivity analysis

### **C. Control and Performance Evaluation**

- a. Responsibility accounting
  - 1. Performance evaluation criteria
  - 2. Cost allocation methods and effect
  - 3. Ethics and allocations methods

- b. Divisional performance measurement
    - 1. Measure of performance
    - 2. Transfer prices
    - 3. Behavior problems
  - c. Control and evaluation of cost centers
    - 1. Standard costs and variances
    - 2. Control of fixed costs
- D. Product Costing
- a. Introduction to product costing
    - 1. Job-order costing
    - 2. Overhead variances
  - b. Standard costing and variable costing;
    - 1. Differentiating between standard absorption costing and variable costing
    - 2. Internal reporting and cost strategy
  - c. Process costing and the cost accounting cycle
    - 1. Introduction to manufacturing process
    - 2. Illustration of weighted average cost method
    - 3. Differentiate between weighted average cost method and first in first out method

### **Activities**

- A. Students should read the material before the discussion in class.
- B. Groups of 3 to 5 students will be formulated to present and discuss some topics in class (through "WebCT").
- C. Students are required to search for some topics in the internet to select their literature review that is part of the evaluation.

### **Textbook**

Managerial Accounting, 10<sup>th</sup> edition (2003),

Authors: Louderback, Joseph G. and Holmen, Jay S.

Publisher: Thomson South-Western.

<http://www.thomsonrights.com>

<http://www.swcollege.com>

ISBN 0-324-11863-5

### **Additional Requirements**

- A. Cases: Students are required to solve some cases that might require the use of “Microsoft Excel”.
- B. Summary of the work and some cases will be sent to students through their e-mail addresses so it is required to have an e-mail address.

### **Evaluation**

- A. Exam 1 (25 points): Part 1: Cost volume Analysis and Decision making;
- B. Exam II (25 points): Part 2: Budgeting;
- C. Exam III (25 points): Part 3: Control and Performance Evaluation and
- D. Exam IV (25 points): Part 4: Product Costing;
- E. Students can participate in a research and this project may consider replacing an exam. The topic should be chosen by the student no later than the **second week of starting the class**, and is subject to the instructor’s approval. The form of literature review and/or empirical work is acceptable;
- F. Other form of participation, presentation in class (“WebCT”) that include, quizzes, written essays, case studies and solving problems may be required.

No make-up exams are allowed except the project discussed in part D. Any inconvenience or any condition that will not enable a student to take one of the required evaluations (parts A, B, C) should be discussed with the instructor before the date of the evaluation.

***If you have any impediment or you need any accommodation by the University you have to present your situation by writing to the professor.***

## **Bibliography**

### **Managerial Accounting, 3rd Edition**

James Jiambalvo,

Wily higher education

ISBN: 978-0-470-03815-4

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<http://he-cda.wiley.com/WileyCDA/HigherEdCourse/>

### **Management Accounting, 2007**

Michael Jones,

Wily higher education

ISBN: 978-0-470-05770-4

<http://he-cda.wiley.com/>

### **Managerial Accounting: Tools for Business Decision Making, 3rd Edition, 2005**

Jerry J. Weygandt, Donald E. Kieso, Paul D. Kimmel

ISBN: 978-0-471-66178-8

<http://he-cda.wiley.com/>

### **Cornerstones of Managerial Accounting, 2<sup>nd</sup> Edition, 2008**

Maryanne M. Mowen , Don R. Hansen

Thomson South-Western

ISBN-10: 0324379609 ISBN-13: 9780324379600

<http://www.thomsonedu.com/>

**Financial & Managerial Accounting, 9th Edition , 2007**

Carl S. Warren

Thomson South-Western

ISBN-10: 0324381913 ISBN-13: 9780324381917

<http://www.thomsonedu.com/>

Prepared by: Ahmad H. Juma'h, Ph.D., C.P.A

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E-mail: [jahmad@metro.inter.edu](mailto:jahmad@metro.inter.edu)

Office Hours: 9:00PM to 10:00PM

Days: Monday, Friday