

**INTER-AMERICAN UNIVERSITY OF PUERTO RICO  
METROPOLITAN CAMPUS  
FACULTY OF ECONOMICS AND ADMINISTRATIVE SCIENCES**

**MBA PROGRAM**

**I. GENERAL INFORMATION**

**THE COURSE TITLE: ACCOUNTING FOR MANAGERS**

**REFERENCE NUMBER: BADM 5040**

**CREDITS: 3**

**ACADEMIC TERM: AUGUST-OCTOBER 2009**

**PROFESSOR: AHMAD H. JUMA'H**

**OFFICE HOURS: SATURDAYS 12:00 - 1:00 PM**

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- II. 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.

**PREREQUISITE: INTRODUCTION TO FINANCIAL ACCOUNTING (ACC 1162)**

**III. OBJECTIVES: GENERAL AND SPECIFIC**

- 1) Analyze 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 Analyze income statement using activity-based costing.
  - 1.5 Determine the costs and revenues that are relevant to decision making.
  - 1.6 Analyze the quantitative and qualitative factors that influence decision making.
- 2) Analyze 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 investments in working capital.
  - 2.6 Explain and apply sensitivity analysis.
- 3) Analyze the control and performance evaluation process for managers.
  - 3.1 Compare 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 Apply new approaches to cost control and managements.
- 4) Evaluate different costing methods.
  - 4.1 Describe and evaluate the main types of manufacturing process.

- 4.2 Analyze misapplied overhead into budget and volume variances.
- 4.3 Compare the actual, normal, and standard costing.
- 4.4 Prepare variable costing income statements.
- 4.5 Explain the importance of process costing in manufacturing companies.

#### **IV. 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 different cost methods

**V. 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 "Black-Board").
- C. Students are required to search for some topics in the internet to select their literature review that is part of the evaluation.

**VI. EVALUATION CRITERIA**

- A. Exam I (35 points): Cost Estimation, Cost volume Analysis and Decision making, Operating Budgeting, and Capital Budgeting;
- B. Exam II (35 points): Control and Performance Evaluation, and Product Costing;
- C. Quizzes, written essays, case studies and solving problems (30 points);
- D. Literature review (35 points): students can participate in a research or a literature review. 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. This is used to replace one of the examinations and is not used as an extra-work.

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.

**VIII. SPECIAL NOTES**

**A. Special Accommodations**

Students who require special accommodations must request these services at the beginning of the course as soon as they notice that they need help. Students can access this service with Professor Jose Rodriguez, Coordinator of Students with Special Needs at the Guidance and Counseling Office on the first floor at Metro's Student Center.

## B. Plagiarism

Plagiarism, dishonesty, fraud and any other type of manipulation or inappropriate behavior related with academic performance are unacceptable in our institution. Disciplinary actions will be taken on students found guilty of such practice as established in Chapter V, Article 1, Section B.2 of the Student's Rules and Regulations handbook.

<http://metro.inter.edu/servicios/documentos/reglamentosestudiantes2006.pdf>

Inter American University has very strict regulations regarding plagiarism (using the ideas or words of others without giving proper credit), so it is important that you specifically read Chapter 5, Article 1, Section B.2c of the Student' Rules and Regulations Handbook. This section clearly explains what plagiarism is. In addition, it explains the types of sanctions students are exposed to when they commit it.

## C. Use of Electronic Devices

Cellular (mobile) telephones and any other electronic device that could interrupt the teaching-learning process or disrupt a milieu favorable for academic excellence will be deactivated. Critical situations will be dealt with in an appropriate manner. The use of electronic devices that permit the accessing, storing or sending of data during tests or examinations is prohibited.

## IX. EDUCATIONAL RESOURCES RECOMMENDED TEXTBOOK

James Jiambalvo, (2007), *Managerial Accounting*, 3<sup>rd</sup> Edition Wily higher education  
ISBN: 978-0-470-03815-4, <http://wiley.com/>

### 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.

## X. Bibliography

Michael Jones, (2007), *Management Accounting*, Wily higher education, ISBN: 978-0-470-05770-4, <http://he-cda.wiley.com/>

Jerry J. Weygandt, Donald E. Kieso, Paul D. Kimmel., (2005), *Managerial Accounting: Tools for Business Decision Making*, 3<sup>rd</sup> Edition, ISBN: 978-0-471-66178-8, <http://he-cda.wiley.com/>

Maryanne M. Mowen , Don R. Hansen, (2008), *Cornerstones of Managerial Accounting*, 2<sup>nd</sup> edition, Thomson South-Western, ISBN-10: 0324379609  
ISBN-13: 9780324379600. <http://www.thomsonedu.com/>

Carl S. Warren, (2007), *Financial & Managerial Accounting*, 9<sup>th</sup> edition , Thomson South-Western, ISBN-10: 0324381913 ISBN-13: 9780324381917, <http://www.thomsonedu.com/>

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