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 systems.

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 methods 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
   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, 10th edition (2003),
Authors: Louderback, Joseph G. and Holmen, Jay S.
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

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
©2007
http://he-cda.wiley.com/WileyCDA/HigherEdCourse/

Management Accounting, 2007
Michael Jones,
Wily higher education
ISBN: 978-0-470-05770-4
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Jerry J. Weygandt, Donald E. Kieso, Paul D. Kimmel
http://he-cda.wiley.com/

Cornerstones of Managerial Accounting, 2nd Edition, 2008
Maryanne M. Mowen, Don R. Hansen
Thomson South-Western
http://www.thomsonedu.com/