# Managerial Accounting

## Course Description

This course will serve as an introduction to managerial accounting, starting with the basics about cost concepts, budgeting, and performance analysis and moving on to fundamental concepts like costing methods, master budgets, budget variance analysis, capital budgeting, and financial statements analysis.

## Required Text

The text that accompanies this course is Managerial Accounting 16th Ed. By Garrison, Noreen and Brewer

Prerequisites

There are no prerequisites for this course.

# Learning Outcomes

* Recognize how accounting is used to facilitate and align decisions made by owners, managers, and employees.
* Recognize fundamental concepts of managerial accounting.
* Identify problems associated with relying on financial accounting information for internal decision making.
* Recognize how accountants create, organize, interpret, and communicate information that improves internal processes, and allows organizations to identify and leverage opportunities to create value within the supply chain and with customers.
* Organize cost information according to the decision-making needs of the organization.
* Apply different costing methods and recognize the influence of setting and decision characteristics on the relevance of costing systems.
* Apply Cost-volume-profit analysis to answer various “what if” questions for decision-making.
* Recognize use of accounting data in the areas of product costing, cost behavior, cost control, and operational and capital budgeting for management decisions.
* Define operation and budgeting, and its role in planning, control and decision making.
* Recognize the steps in preparing an operating budget and identify its major components and the interrelationships among its various components.
* List methods of performance evaluation.

# Course Topics

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| Category | Objectives |
| Managerial Accounting: An Overview | Defines managerial accounting. Explains the difference between financial and managerial accounting. Outlines the three vital activities managerial accounting helps managers to perform: planning, controlling and decision making. Summarizes how managerial accounting activities relate to different business segments and provides examples. Describes the six business perspectives that look beyond the numbers to enable managers to plan, control and make informed decisions about the business. |
| Managerial Accounting and Cost Concepts | Outlines cost classifications for assigning costs to cost objects. Explains cost classifications for: manufacturing companies, preparing financial statements, predicting cost behavior, and decision making. Provides methods for analyzing mixed costs. Discusses the traditional and contribution format income statements used for decision making analysis. |
| Job-Order Costing | Explains job-order costing and how it is used in different types of organizations. Provides an example and walks through the steps of a job-order costing system for a manufacturing company. Demonstrates how costs flow in a job-order costing system. Describes how to prepare a schedule of cost of goods manufactured and cost of goods sold. Explains how to calculate and adjust for underapplied or overapplied overhead. Provides an explanation of how job-order costing is used in service companies. |
| Process Costing | Discusses the similarities and differences between job-order costing and process costing. Demonstrates how costs flow in process costing. Explains the concept of equivalent units of production and how to compute and apply costs using the equivalent unit concept. Defines operation costing. |
| Cost-Volume Profit Relationships | Explains and provides examples of cost-volume-profit analysis (CVP). Demonstrates CVP relationships in equation and graph formats. Provides methods for performing break-even and target profit analysis with examples. Discusses how CVP is used in choosing a cost structure. Explains how CVP is used in structuring sales commissions. Defines sales mix and how to calculate sales mix using break-even analysis. |
| Variable Costing and Segment Reporting: Tools for Management | Compares variable and absorption costing and the advantages of variable costing in decision analysis. Provides examples of income statements using variable and absorption costs. Demonstrates how to reconcile income between variable costing and absorption costing. Discusses the use of segmented income statements and provides examples of preparing and using them for decision making. Outlines common mistakes when preparing and using segmented income statement. |
| Activity-Based Costing: A Tool to Aid Decision Making | Provides an overview of activity-based costing. Demonstrates how to design an activity-based costing system (ABC). Outlines the mechanics of activity-based costing using 5 steps and provides an example. Compares traditional and activity-based product costs. Explains how to target process improvements with ABC costing. Discusses the limitations of ABC costing and external reporting. |
| Master Budgeting | Explains what a budget is and the advantages of using a budget. Outlines the steps for preparing the master budget. Demonstrates how to prepare each section of the master budget with a real-world example. |
| Flexible Budgets and Performance Analysis | Discusses the variance analysis cycle. Explains the characteristics and how a flexible budget works. Demonstrates how to calculate variances using flexible budgets and create performance reports for variance analysis. Outlines some of the common errors when preparing and analyzing flexible budgets. |
| Standard Costs and Variances | Defines standard cost. Demonstrates how to set cost standards and provides real-world examples. Discusses how to use standard costs for variance analysis. Compares the advantages and disadvantages of using standard costs. |
| Performance Measurement in Decentralized Organizations | Provides an overview of decentralization in organizations. Compares the advantages and disadvantages of decentralization. Explains the term responsibility accounting. Demonstrates evaluation of investment center performance using real-world examples. Discusses residual income and how it relates to organizational performance. Outlines operating performance measures with real-world examples. Explains how the balanced scorecard is used to measure performance. |
| Differential Analysis: The Key to Decision Making | Provides an overview of differential analysis. Explains the relevant cost concepts related to decision making. Outlines how to analyze whether to add or drop product lines and other segments in an organization. Discusses the analysis of whether to make or buy a product or component. Defines a constrained resource and how to manage constraints in the organization. Demonstrates joint product costs and shows how to analyze whether to sell or further process for sale using real-world examples. |
| Capital Budgeting Decisions | Provides an overview of the capital budgeting process. Demonstrates methods of analysis for making capital spending decisions using real-world examples. Outlines the ranking of investment project decisions using capital budgeting methods. |
| Statement of Cash Flows | Provides an overview of the key concepts of the statement of cash flows. Outlines the steps in preparing an indirect method statement of cash flows with a real-world example. Demonstrates the steps in preparing a statement of cash flows using a real-world example. Discusses how to analyze the statement of cash flows in making decisions for an organization. |
| Financial Statement Analysis | Discusses limitations on financial statement analysis. Demonstrates how to create a comparative and common size financial statements. Outlines the methods of analysis using ratios for organizational liquidity, asset management, debt management, profitability, and market performance of an organization using real-world examples. |

## Study Questions

Study questions are similar to homework assignments for reviewing and supplementing what you have learned in a lesson. You can repeat the questions as preferred, but will need to achieve a score of 80% or higher on the study questions associated with a lesson before that lesson is marked as complete. You will then receive the appropriate proportion of the total number of points available for the study questions based on their overall average score for all study questions in the course.

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## Course Time Limit

This course is self-paced, which means you can complete the course requirements at a pace that is comfortable for you. However, there is an overall time limit of 180 days to complete each course, starting from the date on which you registered. This time limit is indicated on your Courses screen as “Course Period.”

Once the time limit has passed, you will no longer be able to attempt any further activities or assessments. Assuming you have not yet attempted the Final Exam, you can immediately unregister and reregister for the course to start over. Otherwise, you will be required to wait to reregister per our Course Retake Policy.

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## Course Retake Policy

There is a one-week waiting period before this course can be re-taken, starting from the date of the last Final Exam attempt.

To retake the course, first unregister from the course on your Courses screen. If it has been over a week since your last attempt, you will then be able to register for this course again.

Your highest final score for the course will be used for the transcript.

## Exams

There are a total of four exams for this course as described below.

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| --- | --- | --- | --- |
| **Exam** | **Coverage** | **Number of Multiple-Choice Questions** | **Time Limit, Minutes** |
| **First** | Lessons 1-13 | 25 | 60 |
| **Midterm** | Lessons 14-25 with some review of topics from Lessons 1-13 | 50 | 90 |
| **Third** | Lessons 26-34 | 25 | 60 |
| **Final** | Cumulative; everything taught in the course with an emphasis on content from the last half (and particularly the last quarter) of the course | 50 | 90 |

## Grading

To determine your level of mastery for this course, you will earn points by successfully completing the learning and evaluation activities below in sequence.

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| --- | --- |
| Source | Points Available |
| Study Questions | 300 |
| Graded Exam #1 | 100 |
| Midterm Exam | 200 |
| Graded Exam #2 | 100 |
| Final Exam | 300 |

Upon completion of the course and the grading source activities, InstantCert will provide you with a percentage score. The minimum passing score is 700 points, or an overall course grade of 70%.

**Important! Only a passing score on a course marked 100% complete (including the proctored final exam) is eligible for college credit.**

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## Proctoring of the Final Exam

A proctor is a person who monitors the work of another person who is taking an examination. Online proctoring services allow you to take the working remotely and in the same way as if you were sitting in an exam room. Proctoring ensures that the test you take complies with current college level examination policies.

Proctoring is used only for the final exam. It is offered through the online proctoring service RPNow at the Software Secure web site. You will pay a separate fee to RPNow for each final exam attempt.

RPNow requires that students download and install proprietary software. They will need to use a PC or a Mac with a webcam. Students can review the full system requirements for RPNow at:

<http://clientportal.softwaresecure.com/support/index.php?/Knowledgebase/Article/View/252/0/system-requirements-remote-proctor-now>

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## Exam Retake Policy

Both graded exams, the midterm and the final exam can be retaken ONCE. There is a 3-day waiting period before you will be allowed to retake an exam. If you retake an exam, the higher result of your two attempts will be used to calculate your final score.

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## Academic Integrity

You are required to comply with the InstantCert full Student Code of Conduct, which specifically prohibits cheating or any other academically dishonest behavior. Violation of any part of the Student Code of Conduct can result in a grade reduction or even suspension from the course.

## Software Requirements

The operating system, browser, internet access and speed are provided below for use with courses from the InstantCert web site.

|  |  |
| --- | --- |
| **Operating Systems** | * Windows XP and above * Mac OS X |
| **Browsers** | * The latest version of Chrome, Firefox of Safari * IE9 or higher |
| **Internet and Speed** | Broadband Internet; 1Mbps or higher |

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## Accessibility and Disability Accommodations

InstantCert strives to make online education accessible to people everywhere in the following ways:

* All course content is available online, accessible from anywhere through an Internet connection.
* All video lessons include a transcript for use by those who are hearing impaired and/or by students that wish to have written copies of the lessons.
* All video lessons have close captioning.
* Lesson pages can be navigated by screen readers.
* Videos may be replayed an unlimited amount of times. Video speed can be increased or slowed.
* Lesson transcripts and quizzes can be printed for offline use.
* The proctoring software RPNow works with screen readers.