

University of California, Davis
Managerial Accounting 200B

Instructor: Maleeha Mir Khan

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Office Hours: 1 hour before class; other office hours or phone conferencing available by appointment.

COURSE DETAILS

Lectures: Tuesday 6:30pm-9:30pm

Final Exam: June 12th 2018, Tuesday 6:30pm-9:30pm

Required Text: Garrison, Ray H., Eric W. Noreen and Peter C. Brewer
Managerial Accounting, 16th Edition, Irwin McGraw-Hill.

Recommended Reading: The Wall Street Journal
The Financial Times
The Economist
Business Week

Course Goal:

Focuses on the use of accounting information for better managerial decision-making and creating value for organizations. Topics include product costing, cost allocation, incremental analysis, budgeting, variance analysis, and performance evaluation.

This course aims to explain the principals involved in designing and evaluating management and cost accounting information systems. Management accounting systems accumulate, classify, summarize and report information that will assist managers in their **decision making, planning** and **control** activities. A cost accounting system accumulates financial information for inventory valuation and profit measurement. This course is concerned with both managerial and cost accounting.

In a previous quarter/semester, you studied Principles of Financial Accounting. Financial accounting and managerial accounting have different orientations. Financial accounting is concerned with the provision of information to external parties outside the organization. Managerial accounting, on the other hand, is concerned with the provision of information to internal parties (managers).

Student Learning Objectives:

After completion of this course, you should be able to:

Essential Concepts:

1. Distinguish between managerial and financial accounting; describe ways managerial accounting can help organizations operate more effectively; discuss strengths and limitation of management accounting information.
2. Compare behaviors of variable and fixed costs; explain the concept of relevant range as it relates to cost classification; identify and apply methods for analyzing cost behaviors.
3. Describe the flow of costs through a manufacturing system; distinguish product vs. period costs and direct vs. indirect costs; compare and contrast cost flows in manufacturing and other systems.

Processing and reporting managerial accounting information:

4. Trace the flow of costs in a job order costing system including methods for the allocation of manufacturing overhead costs.
5. Calculate cost of goods manufactured and cost of goods sold; prepare income statements for a manufacturing entity; present income statement information in the contribution margin format; prepare special use reports for management.

Student Learning Objectives -Continued:

Using managerial accounting information:

6. Explain the purposes of budgeting; identify approaches to budgeting and possible effects on behavior; prepare a simple operating and cash budget; understand the limitation of budgeting.
7. Distinguish between controllable and non-controllable costs; compare budget to actual amounts, interpret significant variances; identify and explain how non-financial performance measures and informal control systems function;
8. Explain the usefulness and significance of Cost-Volume-Profit (CVP) analysis as a decision-making tool; calculate fixed and variable costs, contribution margin, contribution margin ratio, break-even point, and target sales volume; calculate the effects of changes in sales volume, sales price, variable costs and/or fixed costs on contribution margin, break-even point, and operating income; explain and identify sunk costs and opportunity costs; distinguish between relevant and non-relevant costs in decision-making; discuss qualitative factors that may influence decision-making, including risk; evaluate the financial and operating consequences of one course of action over another.
9. Explain transfer pricing and scorecard performance measurement systems that integrate financial and nonfinancial performance measures.

Homework:

There will be no homework due for this course. However, I will assign practice problems for you to practice and have a better understanding of all the concepts covered in class.

Quizzes:

I will also give two quizzes during the quarter. The primary purpose of these quizzes is to enable you (and me) to track your progress and understanding of the concepts and materials throughout the quarter.

One piece of advice: if you wish to pass this class, **DO NOT** let yourself fall behind with your homework and revision of your lecture notes. It is essential that you have a good understanding of each topic before we progress to the next one.

Examinations:

Two exams will be given throughout the quarter. If you are unable to sit a particular examination (and have a **VALID** excuse), I will arrange an alternative time only if you inform me before the date of the original exam.

Course Grade:

Your grade will be determined on the following basis:

Exam I	100 points	(Closed books, closed notes)
Exam II Final	100 points	(Closed books, closed notes)
In class case studies	40 points	
Quizzes	40 points	(Closed books, closed notes)
Total	280 points	

Class Participation:

I encourage you to participate in all class discussions that we have. It is imperative that you feel comfortable talking in a group situation. You should not be afraid to provide the class with your perspectives and insights. Even if you have certain misunderstandings of the topic we are covering, your oral communication and leadership skills will be greatly enhanced as a result of your participation.

Written Communication:

Although the vast majority of the work in this class will be in the format of computational problems, you will also have to provide answers to conceptual issues in managerial accounting. Students are required to use correct spelling and grammar, and to write in complete cohesive sentences. You will be heavily penalized if your written communications are poorly constructed.

Honor Code:

Cheating and plagiarism are serious misconduct issues that result in negative consequences for all involved in the learning environment. Any serious misconduct of this nature will be addressed directly and expeditiously. In order to protect and maintain a superior learning environment, all students must review and adhere to the University's Academic Honesty Policy. Forms of academic dishonesty include plagiarism, fabrication, cheating, and academic misconduct. Students are responsible for the authenticity of material submitted both for individual and group work.

Disability:

Students with disabilities requesting accommodations and services need to present a current accommodation verification letter to faculty before accommodations can be made.

Caveat: This is a tentative outline, changes may be necessary

	Chapter	Topic
04.03.18	Prologue and 1,	Introduction and Cost Concepts - Cost Classification & Cost Behavior The objective of this chapter is to consider the various ways in which costs can be classified. It should be noted that there are a variety of ways in which accounting information can be classified. In addition, this chapter will focus on determining how costs will change with output or other measurable factors of activity. Clearly such an analysis is vital for <i>decision making, planning</i> and <i>control</i> . <i>Case study in Class</i>
04.10.18	2,3	Quiz #1 Job-Order Costing Systems and External reporting: The aim of chapter 2 & 3 is to enable one to understand the process of assigning manufacturing costs to manufacturing goods in situations where <i>heterogeneous</i> products are being produced.
04.17.18	4,7	Activity Based Costing Process Costing: This chapter discusses the process of assigning manufacturing costs to manufactured goods in situations where the products being produced are <i>homogeneous</i> .
04.24.18	5	Cost-Volume-Profit (CVP) Analysis: CVP is a systematic method of examining the relationship between changes in volume (i.e. output) and changes in total sales revenue, expenses and profit. As a model of these relationships, CVP simplifies the real-world conditions that a firm will face. Case Study in Class
05.01.18	Exam 1	Covering 1,2,3,7,4,5
05.08.18	6	Variable Costing: In this chapter, the discussion will focus on a costing system where only variable manufacturing costs are allocated to products. Variable costing is also commonly known as marginal costing or direct costing. Case Study in Class
05.15.18	8	Master Budgeting: This chapter will cover the motivation for budgeting and also the processes involved in creating budgets. <i>Case Study in class</i>
05.22.18	9&10	Flexible Budget and Performance Analysis: In this chapter, we shall cover the characteristics of flexible budgets and the impact of multiple cost drivers. Standard Costing In this chapter, we shall study a control system that enables the deviations from budgets to be analyzed in detail, thus enabling costs to be controlled more effectively.

05.29.18	11	Quiz # 2 Performance Measurement in decentralized Organizations: Performance Ratios, EVA and Balance Scorecard.
06.05.18	12 & 14	The Key to Decision Making Here, we will consider how costs & benefits of potential opportunities should be measured to maximize future cash flows. In particular, we shall consider the measurement of relevant costs for decision-making. Statement of Cash flows: Cover detailed Statement of CF's
Final	06.12.18	<u>Regular class time- Covering chapters 6,8,9,10,11,12, and 14</u>