

The University of Akron

G. W. Daverio School of Accountancy – Summer 2021

6200:202 Section 001, 002, and 003 Accounting Principles II (“Managerial Accounting”)

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Class Times - Mon/Wed 2:00 PM – 3:15 PM; 3:30 PM – 4:45 PM; 5:15 PM – 6:30 PM
Office Hours - Mon/Wed 8:00 AM – 12:00 Noon (text in advance to schedule appt.)

Required Text: *Managerial Accounting*, Garrison, Noreen, and Brewer – 17th Edition. To reduce the cost of course materials, the book for this course is provided digitally in Brightspace; it was part of your tuition payment for the course. There is nothing more for this course you have to purchase.

Bulletin Description: 6200:202 ACCOUNTING PRINCIPLES II

Prerequisite: 6200:201. Information needs of management. Analysis of cash flow and financial statements. Study of product costing systems; standard costs; planning, budgeting, and control systems; overhead cost allocation; cost-volume-profit analysis; relevant costing; and capital budgeting.

College of Business Administration's Mission: The College of Business Administration promotes economic efficiency and the free enterprise system by preparing competent and responsible business leaders through comprehensive educational programs, relevant research, and professional service. In our free society, effective leaders are indispensable, and effective business leaders are indispensable to the free enterprise system. The CBA educates a vital component of the region's business leaders and has prepared competent and responsible business leaders working throughout the world.

School of Accountancy's Mission: The George W. Daverio School of Accountancy provides students with the educational background to become competent and responsible accounting professionals. With a rich history of (i) accounting education that serves both traditional and non-traditional students and (ii) close relationships with the professional community in Northern Ohio, we emphasize undergraduate and masters-level education with an applied focus. The school offers a Bachelor of Science degree in Accountancy, a Master of Science in Accountancy, and a Master of Taxation. The school stresses a learning environment that places primary importance on student success through effective teaching, complemented by faculty scholarship, interaction with the professional community, and service.

Course Learning Objectives: Managerial accounting concentrates on information used by managers within the firm to make business decisions. Unlike financial accounting, there are no clear-cut rules and specific procedures. Rather, the emphasis is on the type of information most relevant in a particular situation.

After successfully completing this course, students will:

- a. Recognize and appreciate the differing information needs of internal management and external users of financial information.
- b. Understand fundamental managerial accounting terminology and concepts such as cost, different cost for different purposes, product cost accumulation systems, master budgets and flexible budgets, variance analysis, capital budgeting, responsibility centers, and performance evaluation.
- c. Comprehend the role of managerial accounting in planning, controlling, making decisions, and evaluating performance.
- d. Apply appropriate managerial accounting concepts, methods and techniques to support planning, controlling, and decision-making in organizations.

The course will cover the specific topics and outcomes listed below.

Managerial Accounting

- Describe the differences between financial and managerial accounting
- Explain and provide examples to the three pillars (planning, controlling, decision making) of managerial accounting
- Discuss the role of ethics in business and the approach used by managerial accountants
- Briefly discuss what is necessary for a firm to be successful long-term

Cost Concepts

- Identify and provide an example of each of the three basic manufacturing cost categories (direct material, direct labor, manufacturing overhead)
- Identify and provide examples of prime and conversion costs
- Compute and analyze cost of goods manufactured
- Understand what is meant by direct and indirect cost – provide an example of cost that would be considered both direct and indirect
- Explain the difference between period and product costs and provide an example of each
- Describe the difference between variable costs, fixed costs, and mixed costs – be able to graph each type of cost
- Explain what is meant by the term relevant range
- Be able to distinguish between a traditional format income statement and a contribution format income statement
- Be able to define and provide examples for differential cost, opportunity cost, and sunk cost

Cost Behavior

- Utilize various methods (e.g., regression, high-low, visual inspection, graphs) to estimate cost equations and categorize mixed costs into fixed and variable components
- Use of cost equations to compute and predict costs
- Apply the concept of relevant range in estimating costs

Job-Order Costing

- Identify and provide an example of the costs that are included in absorption costing
- Compute a predetermined overhead rate
- Apply overhead using a predetermined overhead rate
- Compute total cost and average cost/unit of a job
- Prepared journal entries to document the flow of costs in a job-order costing system
- Compute under- or over-applied overhead cost and close to cost of goods sold
- Compute a cost of goods manufactured (COGM) and a cost of goods sold (COGS)

Process Costing

- Distinction between job-order and process systems
- When to use process costing
- Processing departments and the flow of cost in process costing systems

Cost-Volume-Profit Relationships

- Be able to explain and use the profit equation showing how various levels of activity affect the profit
- Prepare and interpret a CVP graph and a profit graph
- Compute the contribution margin ratio and use it to determine profit
- Determine the level of sales needed to achieve a desired target profit
- Compute a breakeven point
- Compute the margin of safety and explain its significance
- Compute the operating leverage and explain how it can be used to predict changes in net operating income
- Apply CVP to managerial decisions, planning and control
- Understand how sales mix affects contribution margin, the breakeven point and other CVP estimates

Activity-Based Costing

- Understand how ABC is similar to and differs from traditional costing
- Develop cost pools using first stage allocation
- Compute activity rates for cost pools
- Assign costs to a cost object – second stage cost allocation
- Be able to compute product and customer margins
- Explain what is meant by undercosting and overcosting a product
- Understand the limitations of ABC

Master Budgeting

- List the advantages of budgeting
- Understand fundamental human factors in budgeting
- Explain the importance of participative (self-imposed) budget
- Prepare a sales budget and a schedule of cash collections
- Prepare a production budget
- Prepare a direct material budget and a schedule of cash disbursements for purchasing the material
- Prepare a direct labor budget
- Prepare a manufacturing overhead budget
- Prepare a selling and administrative expense budget
- Understand the information available in a cash budget
- Be able to use the income statement and balance sheet to make decisions for the firm

Flexible Budgets and Variance Analysis

- Understand the characteristics of a flexible budget
- Know the deficiencies of a static for planning, controlling and decision-making purposes
- Understand how a flexible budget works and the variances that may be computed from a flexible budget

Standard Costs and Variances

- Explain what is meant by the term standard cost
- Discuss the term variance and how it relates to standard cost
- Compare and contrast ideal and practical standards (found in footnote 1)
- Know how standards are developed
- Compute direct material price and quantity variances
- Compute direct labor rate and efficiency variances
- Compute variable overhead spending and efficiency variances
- Provide possible explanations for the direct materials, direct labor, and variable overhead variances

Performance Evaluation and Responsibility Accounting

- Explain the term responsibility accounting and the role of cost centers, profit centers, and investment centers
- Compute the return on investment and show how changes in sales, expenses and assets affect the return on investment
- Compute residual income and understand its strengths and weaknesses
- Discuss the importance of nonfinancial measures and how this is achieved with delivery cycle time, throughput time, and manufacturing cycle efficiency
- Describe the balanced scorecard and explain how it can be used by all employees of a company

Capital Budgeting

- Explain in plain English the term capital budgeting
- Discuss the term discounted cash flows and the techniques used in capital budgeting decisions
- Evaluate the acceptability of an investment project using the net present value (NPV) method
- Evaluate the acceptability of an investment project using the internal rate of return (IRR) method
- Determine the payback period of an investment and understand strengths and weakness of payback
- Compute the simple rate of return (accounting rate of return – ARR) of an investment
- Understand the criticisms of the simple rate of return (ARR)

CBA Learning Goals and Expectations: Each student who graduates from the College of Business Administration will:

- Master integrated business knowledge
- Analyze data using quantitative techniques
- Be informed decision makers
- Develop leadership and collaboration competencies
- Use writing and oral communication skills to persuade and to mobilize action
- Demonstrate a global perspective and cross-cultural awareness
- Recognize and understand how to address ethical concerns

Coverage of Ethics: Students should recognize the importance of ethics when making managerial accounting decisions. This will be brought to their attention throughout the semester. In addition, ethical questions and concerns may be included in homework questions.

Homework Assignments: Homework assignments are completed within the McGraw-Hill Connect learning system, which is accessed via BrightSpace.

Examinations: There will be three exams plus a comprehensive final exam. The three exams are each worth 100 points. The comprehensive final exam is worth 100 points.

Make-up Exams: Please note that make-up exams will not be given under any circumstances (other than for University sponsored events). If you fail to take an exam during its regularly scheduled time period, you must notify me as soon as you know you will miss the exam. If you have a serious, unavoidable, and documentable reason (e.g., your hospitalization or death of an immediate family member), you will be allowed to substitute your grade on the comprehensive final exam for the missed exam (i.e., your final exam score will count double). This policy applies to one missed exam only; all others will be assigned a grade of zero. If you do not have a serious, unavoidable, and documentable reason for missing an exam then you will receive a grade of zero.

Grading Policy: Your grade is determined by comparing total points you have earned to the total points available in the course. Your final grade will be based on the percentage of total points that you have earned (see the grading scale below).

Grading Scale:

Letter Grade	Percentage Range
A	94 - 100
A-	90 - 93
B+	87 - 89
B	84 - 86
B-	80 - 83
C+	77 - 79
C	74 - 76
C-	70 - 73
D+	67 - 69
D	64 - 66
D-	60 - 63
F	Below 60

Grading Components:

Item	Number	Individual Points	Total Points
Exams	3	100	300
Final Exam	1	100	100
Homework	13	10	130
Total			530

Incompletes: At the discretion of the instructor, a student may receive an "I" (incomplete) grade if he/she has completed substantially all of the course (at least 75% of the work) and is unable for an extraordinary reason that is supported by appropriate evidence in writing to complete some of the course requirements.

Academic Dishonesty: Academic dishonesty – it is important for you to be aware of The University of Akron's policy on academic dishonesty. Academic dishonesty is unacceptable and will not be tolerated at UA. Cheating, forgery, dishonest conduct, plagiarism, and collusion in dishonest activities erode the University's educational, research, and social roles. They cheapen the learning experience and its legitimacy not only for the perpetrators but also for the entire community. It is essential that UA students subscribe to the ideal academic integrity and accept individual responsibility for their work. Academic dishonesty of any form will not be tolerated in this class. Any form of cheating on exams, quizzes, or assignments will result in an F (zero points) for that exam, quiz, or assignment.

Office of Accessibility: Any student who feels she/he may need an accommodation based on the effect of a disability should contact the Office of Accessibility at 330-972-7928.

CLASS SCHEDULE

CLASS	CHAPTER	ASSIGNMENT
		(check BrightSpace under Course Content MH Connect for chapter homework assignment due dates)
8/23/21	Prologue	
8/25/21	1	
8/30/21	1	
9/1/21	2	
9/6/21	Labor Day	University Closed
9/8/21	2	
9/13/21	3	
9/15/21	3	
9/20/21	4	
9/22/21	4	
9/27/21		Exam 1
9/29/21	5 / 5A	
10/4/21	5 / 5A	
10/6/21	7	
10/11/21	7	
10/13/21		Exam 2
10/18/21	8	
10/20/21	8	
10/25/21	9	
10/27/21	9	
11/1/21	10	
11/3/21	10	
11/8/21		Exam 3
11/10/21	14	
11/15/21	14	
11/17/21	15	
11/22/21	15	
11/24/21	16	
11/29/21	16	
12/1/21	Review	
12/6/21	Final Exam	Comprehensive Final Exam