BAKER COLLEGE
STUDENT LEARNING OUTCOMES

ACC2610A Managerial Accounting
3 Semester Credit Hours

Student Learning Outcomes and Enabling Objectives

1. Compare and contrast cost accumulation systems and costing methods.
   a. Define the nature of each system, understand the cost flows of the system, identify its appropriate use, and prepare appropriate journal entries.
   b. Identify and describe the benefits and limitations of each system.
   c. Apply job-order costing principles.
      i. Apply overhead costs to jobs using a pre-determined overhead rate.
      ii. Calculate the total cost and the unit product cost of a job using a plantwide- determined overhead rate and using multiple predetermined overhead rates.
      iii. Demonstrate an understanding of the flow of costs in a job-order cost system.
      iv. Prepare schedules of cost of goods manufactured, cost of goods sold, and an income statement.
      v. Calculate and apply over- and under-applied overhead cost.
   d. Apply process costing principles.
      i. Record the flow of materials, labor, and overhead through a process costing system.
      ii. Compute equivalent units of production using the weighted average method.
      iii. Calculate the cost per equivalent unit using the weighted average method.
      iv. Assign costs to units using the weighted average method.
   e. Apply activity-based costing principles.
      i. Demonstrate an understanding of activity-based costing and how it differs from traditional costing.
      ii. Calculate activity rates for cost pools.
      iii. Assign costs to cost pools using both first- and second-stage allocation.
      iv. Use activity-based costing to calculate product and customer margins.

f. Prepare income statements using both variable and absorption costing.
    i. Explain how variable costing differs from absorption costing and calculate unit product costs under each method.
    ii. Reconcile variable costing and absorption costing net operating incomes and explain why the two amounts differ.

2. Construct a master budget and budgeted financial statements.
    a. Discuss the role of managerial accounting in planning, control, decision making, and performance evaluation.
    b. Describe the role that budgeting plays in the overall planning and performance evaluation process of an organization.
        i. Explain why short-term objectives, tactics for achieving these objectives, and operational planning (master budget) must be congruent with the strategic plan and contribute to the achievement of long-term strategic goals
        ii. Identify the characteristics that define successful budgeting processes (time frame, participants, role of top management).
        iii. Explain how the budgeting process facilitates communication among organizational units and enhances coordination of organizational activities.
        iv. Explain the role of budgets in monitoring and controlling expenditures to meet strategic objectives
        v. calculate the impact of incremental changes to budgets
    c. Define the purpose, appropriate use, and time frame for constructing a master budget
        i. Identify the budget components and explain the interrelationships among the components
        ii. Identify the characteristics that define successful budgeting processes.
        iii. Explain how the efficient allocation of organizational resources are planned during the budgeting process.
        iv. Identify best practice guidelines for the budget process.
    d. Prepare a sales budget
        i. Identify the factors that should be considered when preparing a sales forecast
        ii. Identify the components of a sales budget
        iii. Explain the relationship between the sales budget and the production budget
    e. Prepare a production budget

        i. Describe the role that inventory levels play in the preparation of a production budget
        ii. Define other factors that should be considered when preparing a production budget
        iii. Summarize the relationship between the direct materials budget, the direct labor budget, and the production budget
        iv. Explain how inventory levels and procurement policies affect the direct materials budget
        v. Prepare direct materials and direct labor budgets based on relevant information and evaluate the feasibility of achieving production goals on the basis of these budgets
    f. Prepare an overhead budget
        i. Describe the relationship between the overhead budget and the production budget
    g. Separate costs into their fixed and variable component Prepare a cost of goods sold budget
        i. Identify the components of a cost of goods sold budget.
        ii. Calculate unit and total contribution margin.
    h. Prepare a selling and administrative expenses budget and discuss the impact components may have on the contribution margin.
    i. Prepare an operational budget
    j. Prepare a capital expenditures budget
    k. Prepare a cash budget
        i. Define the purposes of the cash budget and describe the relationship between the cash budget and all other budgets
        ii. Discuss the relationship between the capital expenditure budget, the cash budget, and the pro-forma financial statements.
    l. Prepare a budgeted income statement
    m. Prepare a budgeted balance sheet

3. Use cost/volume/profit (CVP) analysis to examine the behavior of total revenues, total costs, and operating income as changes occur in output levels, selling prices, variable costs per unit, or fixed costs.
    a. Explain how changes in activity affect contribution margin and net operating income.
    b. Calculate the breakeven point in units and dollar sales to achieve targeted operating income or targeted net income
    c. Calculate operating income at different levels of output.

   d. Calculate multiple-product breakeven points and explain how changes in unit sales mix affect operating income in multiple-product situations.
   e. Calculate and analyze the impact of income taxes on CVP analysis.
   f. Define, calculate and interpret margin of safety and margin of safety ratio.
   g. Calculate the degree of operating leverage at a particular level of sales and explain how it can be used to predict changes in net operating income.

4. Recommend a course of action using differential/marginal analysis
   a. Identify relevant and irrelevant costs and benefits (differential costs, opportunity costs, and sunk costs)
   b. Prepare an analysis showing whether a product line or other business segment should be added or dropped.
   c. Prepare a make or buy analysis.
   d. Prepare an analysis showing whether a special order should be accepted.
   e. Prepare an analysis showing whether joint products should be sold at the split-off point or processed further.
   f. Determine the most profitable use of a constrained resource.
   g. Determine the value of obtaining more of a constrained resource.

5. Analyze performance by comparing actual results to budgets
   a. Identify and describe the benefits and limitations of measuring performance by comparing actual results to budgets
   b. Calculate favorable and unfavorable variances from budget, and provide explanations
   c. Describe benchmarking and its role in cost management.
   d. Explain how budget variance reporting is utilized in a management by exception environment.

6. Analyze the issues involved in determining product profitability, business unit profitability, and customer profitability, including cost measurement, cost allocation, investment measurement, and valuation
   a. Calculate product-line profitability, business unit profitability, and customer profitability
   b. Evaluate customers and products on the basis of profitability and recommend ways to improve profitability and/or drop unprofitable customers and products
   c. Calculate return on investment (ROI), and understand its strengths and weaknesses
   d. Define and calculate residual income (RI)
   e. Contrast the benefits and limitations of ROI and RI as measures of performance

    f. Calculate throughput time, delivery cycle time, and manufacturing cycle efficiency (MCE).
    g. Understand how to construct and use a balanced scorecard.
    h. define key performance indicators (KPIs) and discuss the importance of these indicators in evaluating a firm
        i. Define the concept of a balanced scorecard and identify its components
        ii. Identify and describe the perspectives of a balanced scorecard, including financial, customer, internal process, and learning and growth
        iii. Identify and describe the characteristics of successful implementation and use of a balanced scorecard;
        iv. Demonstrate an understanding of a strategy map and the role it plays analyze and interpret a balanced scorecard and evaluate performance on the basis of the analysis

7. Analyze capital investment decisions (moved from ACC 3610A)
    a. Define capital budgeting and identify the steps or stages undertaken in developing and implementing a capital budget for a project.
    b. Identify and discuss qualitative considerations involved in capital budgeting decisions.
    c. Determine the payback period for an investment.
    d. Evaluate the acceptability of an investment project using the net present value method and the internal rate of return method.
    e. Evaluate an investment project that has uncertain cash flows.
    f. Rank investment projects in order of preferences

8. Review a company’s performance using data analytics. (S/B #8)
    a. Apply vertical and horizontal analysis to the financial statements.
    b. Calculate and analyze key ratios: liquidity, activity, debt, profitability, and market performance.
    c. Prepare and analyze the statement of cash flows using the indirect method to determine the net cash provided by operating activities.
    d. Calculate and explain free cash flow.

9. Examine the ethical considerations for an organization (S/B #9)
    a. Discuss corporate responsibility for ethical conduct
    b. Explain why it is important for an organization to have a code of conduct
    c. Summarize the ways ethical values benefit an organization
    d. Discuss the differences between ethical and legal behavior
    e. Describe the role of “leadership by example” or “tone at the top” in determining an

organization’s ethical environment

f. Explain how an organization’s culture impacts its behavioral values
g. Explain the importance of an organization’s core values in explaining its ethical behavior
h. Explain the importance of a whistleblowing framework (e.g., ethics helpline) to maintaining an ethical organizational culture
i. Describe the requirements of SOX Section 406 - Code of Ethics for Senior Financial Officers
j. Discuss the issues organizations face in applying their values and ethical standards internationally

Big Ideas and Essential Questions

Big Ideas

- Cost management
- Budgeting and control
- Performance management
- Corporate governance and ethics

Essential Questions

1. How does cost management and controls allow an organization to evaluate performance and use the results for decision-making and future planning?
2. How does analysis of performance in broad and narrow categories allow one to project future expectations and needs?
3. How is forecasting, budgeting, evaluation, and controlling accounting results impact organizational effectiveness and profit maximization.
4. How does the corporate governance and operating ethically impact all the stakeholders of an organization?

These SLOs are approved for experiential credit.

Effective: Fall 2021