



El Camino College  
COURSE OUTLINE OF RECORD – Official

<b>Course Acronym:</b>	BUS
<b>Course Number:</b>	151
<b>Descriptive Title:</b>	Managerial Accounting
<b>Division:</b>	Business
<b>Department:</b>	Accounting
<b>Course Disciplines:</b>	Accounting
<b>Catalog Description:</b>	This course emphasizes advanced accounting theory, principles, and practices for the corporation form of ownership. A major focus of the course is on managerial, cost, and manufacturing accounting and related issues in the corporate environment.
<b>Prerequisite:</b>	BUS 150 with a minimum grade of C
<b>Co-requisite:</b>	
<b>Recommended Preparation:</b>	
<b>Enrollment Limitation:</b>	
<b>Hours Lecture (per week):</b>	4
<b>Hours Laboratory (per week):</b>	1
<b>Outside Study Hours:</b>	8
<b>Total Course Hours:</b>	90
<b>Course Units:</b>	4
<b>Grading Method:</b>	Letter Grade only
<b>Credit Status:</b>	Credit, degree applicable
<b>Transfer CSU:</b>	Yes
<b>Effective Date:</b>	Prior to July 1992
<b>Transfer UC:</b>	Yes
<b>Effective Date:</b>	prior to 1992
<b>General Education:</b> ECC	
<b>Term:</b>	
<b>Other:</b>	
<b>CSU GE:</b>	
<b>Term:</b>	
<b>Other:</b>	
<b>IGETC:</b>	

<b>Term:</b>	
<b>Other:</b>	
<b>Student Learning Outcomes:</b>	<p><b>SLO #1 Preparation</b></p> <p>Demonstrate competency in preparing the Statement of Cash Flows for a business entity.</p> <p><b>SLO #2 Problem Solving</b></p> <p>Analyze and solve problems pertaining to various costing systems, operational budgeting, and capital budgeting.</p> <p><b>SLO #3 Concepts &amp; Terminology</b></p> <p>Understand and utilize managerial accounting concepts and terminology.</p>
<b>Course Objectives:</b>	<ol style="list-style-type: none"> <li>1. Differentiate between financial and managerial accounting.</li> <li>2. Prepare basic corporate financial statements and accounting notes such as Income Statements, Balance Sheets, Statements of Stockholders Equity and Statements of Cash Flow.</li> <li>3. Interpret and evaluate basic corporate financial statements, notes, and information as presented in public annual reports.</li> <li>4. Analyze problems pertaining to cost variances and standards used by management in controlling costs in manufacturing environments.</li> <li>5. Solve problems pertaining to the three basic types of manufacturing costs, product costs versus period costs, manufacturing cost flows, direct versus indirect costs, and overhead application rates.</li> <li>6. Evaluate and solve problems pertaining to cost accounting, job order cost accounting systems, process costing systems, and the meaning of equivalent full units of production.</li> <li>7. Examine problems related to accounting factors and relationships required in cost-volume-profit analysis.</li> <li>8. Assess problems pertaining to incremental analysis and decision making by using established managerial accounting analysis.</li> <li>9. Analyze and solve problems pertaining to corporate budgeting and required supporting schedules.</li> <li>10. Evaluate, and solve problems pertaining to corporate segment performance by using established managerial accounting analysis.</li> <li>11. Evaluate and solve problems pertaining to capital investment proposals using payback period, return on investment, discounted cash flows, and net present value.</li> <li>12. Collaborate in a group environment to analyze ethical implication of managerial accounting decisions.</li> <li>13. Prepare schedules using computer software programs for decision making.</li> </ol>
<b>Major Topics:</b>	<p><b>I. Statement of cash flows (4 hours, lecture)</b></p> <ol style="list-style-type: none"> <li>A. Reporting cash flows</li> <li>B. Statement of cash flows - the indirect method</li> <li>C. Statement of cash flows - the direct method</li> <li>D. Work sheet - indirect method</li> <li>E. Work sheet - direct method</li> </ol>

## **II. Job Order Cost Systems/Process Cost Systems (8 hours, lecture)**

- A. Cost accounting system overview
- B. Job order cost systems for manufacturing
- C. Illustration of job order cost systems
- D. Modified job order cost systems
- E. Job order costing for decision making
- F. Deficiencies of direct labor overhead allocation
- G. Material and cost flows in a process cost system
- H. The first-in, first-out (FIFO) method
- I. Cost of production report
- J. Operational cost accounting systems
- K. Process and operational cost systems for decision making

## **III. Cost behavior and cost estimation (4 hours, lecture)**

- A. Cost behavior - fixed and variable costs
- B. Cost estimation method
- C. Cost behavior planning

## **IV. Cost-Volume-Profit Analysis/Budgeting and performance evaluation (8 hours, lecture)**

- A. Contribution margin concept
- B. Break-even point analysis
- C. Graphic approach to break-even analysis
- D. Sales mix considerations
- E. Special Cost-Volume-Profit relationships
- F. Cost-Volume-Profit analysis for two activity bases
- G. Variable costing
- H. Budgeting systems for operations
- I. The master budget (Sales through income statement)

## **V. Budgeting & Performance Evaluation (8 hours, lecture)**

- A. The master budget (cash, balance sheet, capital expenditures budgets)
- B. Budgetary performance evaluation
- C. Variances from standard (direct materials & labor)

## **VI. Overhead cost management (7 hours, lecture)**

- A. Categories of overhead
- B. Variance approaches: flexible overhead budget, variable factory overhead controllable variance, fixed factory overhead volume variance
- C. Activity-based approaches: quality costs, activity analysis, cost driver analysis

## **VII. Cost Management: Advanced manufacturing and just-in time environments (4 hours, lecture)**

- A. Accounting for manufacturing automation
- B. Short-cycle just-in-time (JIT) philosophy
- C. Accounting for short-cycle (JIT) operation

D. Short-cycle accounting illustration

**VIII. Activity-based costing for strategic decisions (4 hours, lecture)**

- A. Conventional costing: plant-wide and departmental overhead rates
- B. Activity-based costing
- C. Customer/channel profitability analysis

**IX. Decentralized planning and performance (5 hours, lecture)**

- A. Type of responsibility centers
- B. Responsibility accounting for cost centers
- C. Responsibility accounting for divisional profit centers
- D. Responsibility accounting for investment centers
- E. Transfer pricing

**X. Differential analysis and product pricing (5 hours, lecture)**

- A. Differential analysis
- B. Setting normal product selling prices using cost plus markup  
  
concepts
- C. Product mix and pricing decisions under production constraints
- D. Economic theory of product pricing

**XI. Capital investment analysis (5 hours, lecture)**

- A. Accounting rate of return
- B. Cash payback period
- C. Net present value
- D. Internal rate of return
- E. Factors that complicate investment analysis

**XII. Statement of cash flows/corporate annual reports (5 hours, lecture)**

- A. Reporting cash flows
- B. Statement of cash flows - the indirect method
- C. Statement of cash flows - the direct method
- D. Work sheet - indirect method
- E. Work sheet - direct method
- F. Overview of corporate annual reports
- G. Illustrative corporate annual report

**XIII. Financial statement analysis (5 hours, lecture)**

- A. Basic analytical procedure: horizontal, vertical, and common-size analysis
- B. Solvency analysis: ratios and other computations
- C. Profitability analysis: ratios and other computations

**XIV. Utilizing the text and published financial statements, the Instructor will lead and direct Students to (18 hours, lab)**

	<ul style="list-style-type: none"> <li>A. Prepare a Statement of Cash Flows</li> <li>B. Perform financial statement analysis by calculating various financial ratios</li> <li>C. Solve problems pertaining to standard costs and cost variances</li> <li>D. Solve problems pertaining to the three basic types of manufacturing costs, product costs vs period costs, manufacturing cost flows, direct vs indirect costs, and overhead application rates</li> <li>E. Solve problems pertaining to cost accounting, job order cost accounting systems, process costing systems, and equivalent units of production</li> <li>F. Perform cost-volume-profit analysis</li> <li>G. Perform incremental analysis</li> <li>H. Prepare a corporate budget and required supporting schedules</li> <li>I. Perform analysis of corporate segment performance</li> <li>J. Perform analysis of capital investment proposals using payback period, return on investment, discounted cash flows, and net present value</li> </ul>
<b>Total Lecture Hours:</b>	72
<b>Total Laboratory Hours:</b>	18
<b>Total Hours:</b>	90
<b>Primary Method of Evaluation:</b>	2) Problem solving demonstrations (computational or non-computational)
<b>Typical Assignment Using Primary Method of Evaluation:</b>	Using the present value tables in the textbook, determine the present value of the following cash flows, discounted at an annual rate of 15%: a. \$10,000 to be received 20 years from today. b. \$15,000 to be received annually for 10 years. c. \$10,000 to be received annually for 5 years, with an additional \$12,000 salvage value expected at the end of the fifth year. d. \$30,000 to be received annually for the first 3 years, followed by \$20,000 received annually for the next 2 years (total of 5 years in which cash is received). Present your findings in an Excel spreadsheet.
<b>Critical Thinking Assignment 1:</b>	Discounting a future cash flow at 15% results in a lower present value than does discounting the same cash flow at 10%. Explain why in a one- to two-page report.
<b>Critical Thinking Assignment 2:</b>	Compute the payback period of a company that invests \$100,000 in plant assets with an estimated 20-year service life and no salvage value. These assets contribute \$10,000 to annual net income when depreciation is computed on a straight-line basis. Explain your computations in a one- to two-page written report.
<b>Other Evaluation Methods:</b>	Completion, Homework Problems, Laboratory Reports, Matching Items, Multiple Choice, Other Exams, Quizzes, True/False
<b>Instructional Methods:</b>	Demonstration, Discussion, Group Activities, Lab, Lecture, Multimedia presentations
<b>If other:</b>	
<b>Work Outside of Class:</b>	Answer questions, Problem solving activity, Required reading, Study, Written work (such as essay/composition/report/analysis/research)
<b>If Other:</b>	
<b>Up-To-Date Representative Texts:</b>	Wild and Shaw. <u>Managerial Accounting</u> . 8 <sup>th</sup> ed. McGraw Hill Publishing, 2022.
<b>Alternative Texts:</b>	
<b>Required Supplementary Readings:</b>	

<b>Other Required Materials:</b>	
<b>Requisite:</b>	Prerequisite
<b>Category:</b>	sequential
<b>Requisite course(s): List both prerequisites and corequisites in this box.</b>	BUS 150
<b>Requisite and Matching skill(s): Bold the requisite skill. List the corresponding course objective under each skill(s).</b>	<p><b>Demonstrate the use of debits and credits in the development of accounting activities, reports and financial statements.</b></p> <p>BUS 150 - Define accounting terminology.</p> <p>BUS 150 - Analyze financial transactions and their effect on the accounting equation.</p> <p>BUS 150 - Apply the principles and concepts of accounting-to-accounting situations.</p>
<b>Requisite Skill:</b>	
<b>Requisite Skill and Matching Skill(s): Bold the requisite skill(s). If applicable</b>	
<b>Requisite course:</b>	
<b>Requisite and Matching skill(s): Bold the requisite skill. List the corresponding course objective under each skill(s).</b>	
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<b>Enrollment Limitations and Category:</b>	
<b>Enrollment Limitations Impact:</b>	
<b>Course Created by:</b>	Homer E. Toddy
<b>Date:</b>	01/01/1976
<b>Original Board Approval Date:</b>	

<b>Last Reviewed and/or Revised by:</b>	Sidney Porter
<b>Date:</b>	10/12/2023
<b>Last Board Approval Date:</b>	12/18/2023
<b>Effective Term:</b>	FALL 2024
<b>COURSE CODING (completed by Division)</b>	
<b>TOP Code:</b>	
<b>CIP Code:</b>	
<b>CID:</b>	ACCT 120