

Course Outline

Department of Accounting and Finance
School of Business and Economics

BBUS 2250-3
Management Accounting (3,0,0)

Calendar Description

Students develop the skills necessary to collect, analyze, and communicate quantitative and non-quantitative information to assist management in making more effective planning and control decisions. Topics include the role of managerial accounting; basic cost management concepts; job, process, hybrid and activity-based costing; cost behaviour and estimation; cost-volume-profit analysis; profit planning and activity-based budgeting; standard costing and flexible budgeting; cost management tools including the balanced scorecard, benchmarking and reengineering; and relevant decision making such as make or buy, special orders, joint products and outsourcing.

Educational Objectives/Outcomes

On successful completion of the course, students will be able to:

1. Analyze cost classifications, behaviours and types using various costing schedules.
2. Utilize job-order, process, and activity-based product costing systems.
3. Use cost-volume-profit techniques to determine optimal managerial decisions.
4. Prepare a comprehensive master budget.
5. Employ standard costs, flexible budgeting and variance analysis.
6. Apply management tools and techniques such as the balanced scorecard, operational performance measures, quality and environmental-cost management.
7. Analyze various special decisions using relevant costs and benefits.

Prerequisites

ACCT 1000 or ACCT 1210/1220 or ACCT 2210; ENGL 1100; MIST 2610

Note: Students cannot receive credit for more than one of ACCT 1010 or ACCT 2250.

Co-requisites

Texts/Materials

Hilton, Ronald W., Managerial Accounting: Creating Value in a Dynamic Business Environment, Second Canadian Edition, McGraw Hill, 2013.

Student Evaluation

Midterm(s)	30-40%
Assignments and quizzes	10-30%
Final exam	40-50%

Students must pass the final to pass the course.

Course Topics

1. The Role of Management Accounting

- Managing
- Adding value
- Management accounting
- The value chain

2. Basic Management Accounting Concepts

- Period and product costs
- Manufacturing costs and cost flows
- Cost drivers
- Types of costs

3. Product costing

- Product and service costing
- Product costing systems
- Job order costing
- Cost of goods manufactured
- Cost of goods sold
- Overhead rates and application

4. Process and Hybrid Costing

- Equivalent units
- Weighted average method
- Spoilage
- Hybrid costing and batch manufacturing

5. Activity Based Costing

- Traditional costing versus ABC costing
- ABC key issues
- Cost drivers
- Customer profitability analysis
- ABC in the service sector

6. Cost Behaviour and Cost Estimation

- Variable costs and step-variable costs
- Fixed costs and step fixed costs
- Mixed costs
- Four methods of cost estimation

7. Cost-Volume-Profit Analysis

- Break even
- Contribution margin
- Target net profit
- Safety margin
- Changes in key variables
- Absorption and variable costing

8. Profit Planning and Activity Based Budgeting

- Master budget
- Sales budget
- Direct labour budget
- Production budget
- Manufacturing overhead budget
- Cash budget
- Budgeted income statement and balance sheet

9. Standard Costing and Flexible Budgeting

- Standards
- Variance analysis
- Flexible budget
- Flexible budget variance

10. Cost Management Tools

- The balanced scorecard
- Benchmarking
- Reengineering
- Theory of constraints

11. Decision Making: Relevant Costs and Benefits

- Decision making process
- Relevant information
- Sunk costs
- Opportunity costs
- Analysis of special situations
- Make or buy
- Special orders
- Joint products sell of process further
- Outsource or not

Methods for Prior Learning Assessment and Recognition

As per TRU policy

Attendance Requirements – Include if different from TRU Policy

As per TRU policy

Special Course Activities – Optional

Use of Technology – Optional