BASE 2010
Managerial Accounting
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Course Overview
The managerial accounting section of the BASE program will explore the importance of accounting information to an organization’s managers and to individuals and groups outside the organization. We will focus on the accounting process and the basics of an accounting system: the accounting equation, financial statements: the balance sheet, the income statement, and the statement of cash flows. We will also examine how accounting tools are used to enhance business decision making. Finally, we will examine the critical role of budgeting.

Course Objectives
- Understand the need for and the modes of financial reporting used by businesses
- Recognize the roles of corporate governance and ethics in business decisions
- Understand the “cost” concept and how to determine the cost of a product or service
- Understand relationships among cost, volume, and profit and use that understanding to make business decisions
- Recognize the critical role of budgeting

Required Readings (at orientation):


Managerial Accounting Program Topics and Layout

Day 1: Accounting as a Form of Communication
(Read Chapter 1 from *Financial Accounting: The Impact on Decision Makers*).
- Forms of Organizations
  - Business entities
  - Not-for-profit entities
- Nature of Business Activities
  - Financing
  - Investing
  - Operating
- What is Accounting and What Information Do Users of Accounting Reports Need?
  - Internal users
  - External users
- Communicating through Financial Statements
Day 2: Financial Statements and the Annual Report; Governance, Ethics and Managerial Decision Making
(Read Chapter 2 from Financial Accounting: The Impact on Decision Makers and Chapter 1 from Managerial Accounting: A Focus on Ethical Decision Making).

Part 1:
- Objectives of Financial Reporting
- The Classified Balance Sheet
  - Understanding the operating cycle
  - Current assets
  - Noncurrent assets
  - Current liabilities
  - Long-Term liabilities
  - Stockholders’ equity
- The Income Statement
  - What appears on the income statement?
  - Format of the income statement
- The Statement of Retained Earnings
- The Statement of Cash Flows

Part 2:
- Corporate Governance
- Internal Control
  - Control environment
  - Risk assessment
  - Control activities
  - Information and communication
  - Monitoring
- The Importance of Ethics
  - Applying stakeholder analysis to ethical dilemmas
  - Performing stakeholder analysis
  - Ethics programs
  - Codes of ethics
  - Responding to ethics violations
(Read Chapters 3 and 5 from Managerial Accounting: A Focus on Ethical Decision Making).

Part 1:
- Manufacturing, Merchandising, and Service Companies
- The Production Process
  - Manufacturing in a traditional environment
  - Lean production and manufacturing in a JIT environment
- Product Costs in a Manufacturing Company
  - Direct materials
  - Direct labor
  - Manufacturing overhead
- Nonmanufacturing costs
- Cost Flows in a Manufacturing Company
  - Traditional environment
  - JIT environment
- Product Costs and Period Costs

Part 2:
- Product Costing Systems
  - Job costing
  - Process costing
  - Operations costing
- Basic Job Costing
  - Measuring and tracking direct materials
  - Measuring and tracking direct labor
  - Manufacturing overhead
  - Cost drivers and overhead rates
  - Plantwide and departmental overhead rates
- The Use of Estimates
  - Predetermined overhead rates
  - Overapplied and underapplied overhead

Day 4: Cost-Volume-Profit Analysis; The Use of Budgets in Planning and Decision Making
(Read Chapters 7 and 11 from Managerial Accounting: A Focus on Ethical Decision Making).

Part 1:
• The Contribution Margin Income Statement
  o Contribution margin per unit
  o Contribution margin ratio
• Changes in Price and Volume
• Changes in Cost, Price and Volume
• Breakeven Analysis

Part 2:
• Budgets for Planning, Operating and Control
• The Budget Development Process
• Behavioral Implications of Budgeting
• Advantages of Budgeting
• The Master Budget
• Budgeting for Sales
• Operating Budgets
  o Production budget
  o Materials purchases budget
  o Direct labor budget
  o Manufacturing overhead budget
  o Selling and administrative expense budget
• Cash Budgets
  o Why focus on cash?
  o Cash receipts budget
  o Cash disbursements budget