

Accounting & Business Concepts II

Managerial Accounting

ACCT 222

Spring, 2009

ACCT 221 Accounting and Business Concepts I

(3) Fall, Spring, Summer. Concepts and issues of organizational reporting are introduced within the context of financial and managerial accounting, systems, taxation, and auditing and are illustrated through the use of examples involving international and domestic businesses, non-profit, and government organizations.

The course is designed to enhance group dynamics, communications skills, use of electronic media, and inquiries into ethics and values within the accounting environment.

Prerequisite: sophomore standing or consent of the department.

ACCT 222 Accounting and Business Concepts II

(3) Fall, Spring, Summer. ACCT 221 continued. Prerequisite: ACCT 221.

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Classes: 222 1:00 TTh 215 Ols

222 2:30 TTh 215 Ols

422/522 4:30 TTh 217 Ols

Off Hrs: 11:30-12:45 TTh 335 BA

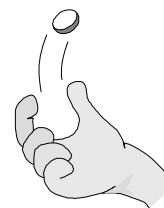
Contact me for other times

Walk-ins are always welcome

Introduction

Accounting can be defined as the gathering, classifying, recording, summarizing, and reporting of financial data about an organization to people who will use the information. It reports on the transactions that affect an entity through number reports. Usually, these reports are in terms of dollars.

Accounting does not have to be a subject limited to income statements and balance sheets, debits and credits. Managerial Accounting is the subject dealing with giving you--the future manager--any and all kinds of information useful (even essential) to running a department or even the entire organization. Consider the following examples:



What to do?

- A hospital is pondering the cost of providing a hospital bed because federal guidelines require that prices be tied to costs. A major cost is labor (nursing), and minor costs are laundry, custodial, admitting, dietary, etc. Some of the other departments serve many areas (such as

custodial serves both radiology and beds). Given all the possible relationships, how does the hospital determine the cost of providing the hospital bed?

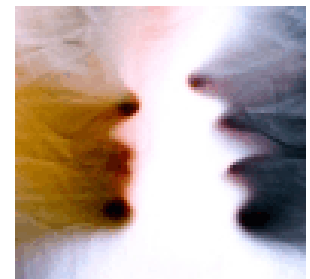
- A union official is in preparation for contract negotiations. The company has publicly complained about its high labor costs and lack of productivity as compared to foreign workers. How does the union analyze its worker productivity in order to defend itself?
- A band director is negotiating with a fast food restaurant manager about a steep discount on meals for two bus loads of students. The manager does not want to lose the business to the restaurant across the street. How does the manager determine an affordable discount?
- For the last five years, a real estate investor has been active in both speculation and apartment rentals. Times are tough and the investor wants to focus on the most profitable line of activity. How does the investor determine which activity has been the most profitable in terms of return on investment (ROI)?
- A large computer manufacturer knows that it must offer customer service by phone. It has been charging \$250 for an extended warranty, but its largest competitor has just dropped its price for extended warranty. How does the large manufacturer determine how much it costs to offer customer service?



This does not mean that what you learned in financial accounting won't be used here. Businesses are operated to make a profit for the owners, and this profit is reported on the income statement. Businesses conduct operations by acquiring resources and operating efficiently. Resources (assets) are reported on the balance sheet. Both statements were covered in the first course of accounting (Acct 221).

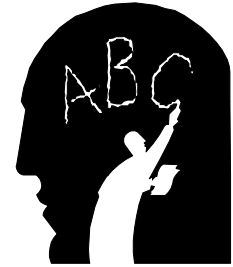
By now, I hope you are getting the idea that accounting can be a very useful area of study. Some even find it interesting.

Accounting has been described as the language of business. We'll treat this as a language course. You can't possibly expect to be as fluent as an accountant after taking this course, but you will know enough to talk intelligently to accountants as you ask for information to make a decision. You should also be able to read basic internal accounting reports.



Approach of the course

Accounting can be taught from two distinct approaches: learning centered or content/teacher centered. In a learning-centered approach, students learn by *doing*. Content is only important to the extent that students can do something with it after the course is over. In the content/teacher-centered approach, students must learn what the professor knows—factual knowledge, concepts and applications..



The content/teacher centered approach is the traditional approach used in most college classrooms. In this approach the professor lectures (or at least is clearly in charge), the students learn to know what the professor wants them to, and there are tests of factual knowledge where students must show what they know. Frequently, discussion and homework are included as part of the course grade. Professors are rated as good if they are organized, good speakers and friendly.

The learning centered approach is an attempt to have a more effective learning experience for each student. It is the result of decades of research in psychology, education and sociology into how humans learn. Students learn by doing. There is much feedback (non-graded) from the professor as students learn. Then, after the students learn how to do the whatever and do it well, the professor assesses the final work. Each student's life should be changed in some manner as a result of taking the course. He/she can do something new or different, and can use it throughout their life. Professors are rated as good if students actually learn.



Learning by doing is a moo-ving experience.

Sometimes opportunities to learn by doing will take place in working a homework problem. There also will be projects where the focus will be you putting your knowledge to play in a simulated but realistic business setting. This will help you learn how to do it, and at the same time you'll learn the knowledge better.

The professor has several goals for this offering of the course. Upon successful completion of this course you should be able to:

- (1) Read accounting reports that are mostly or completely numbers.
- (2) Better understand the concept of profit
- (3) Knowledge of different business models employed by companies as they seek profit
- (4) Understand how current business environment impacts the various business models
- (5) Understand what is a cost.
- (6) Identify all relevant components of the cost of a product, service or action.
- (7) Analyze and describe these costs.

- (8) Predicts costs in various types of settings: product, service or action.
- (9) Make decisions based on your projections. on variance analysis, operations budgeting and capital budgeting.
- (10) Understand how revenues, costs and volume impact income statements.



What each class is like

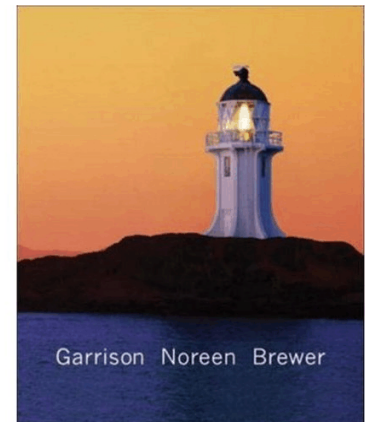
Your learning process should start outside of class when you read the text. Read carefully, take a lot of notes, and work a lot of problems. Your learning process continues when you come to class. Class meetings are a mixture of instruction, discussion and problem solving. I hope to make the topic come alive for you, to see where it fits in the big picture and why it is so important. ***For class to be effective, you must come prepared for class.*** I can't help you mold your clay if you don't bring it. Afterwards, your learning process continues outside of class as you talk about accounting and business with your class mates

Come prepared to get involved.

Required materials

Managerial Accounting, 12th ed., by Garrison, Noreen & Brewer.

Calculator capable of present value computations



Grading

Letter grades will be assigned according to relative class standing (in other words, students that score better on tests and projects will receive better grades). In the past, the final GPA for this course has ranged from 2.40 to 2.90. It depends on student performance and varies from(term to term. All grading and grade assignments are subjective evaluations. Rest assured that the goal is a fair assessment of student knowledge and understanding. ***When all is said and done, grade assignments remain the result of the professor's professional judgment.***

The grade of "A" requires excellent performance and is only for the best of the best. Exam scores are perfect or nearly perfect. "B" means very good. Students really know their stuff, but sometimes make small errors. "C" stands for competent. Students sometimes really know their stuff, and other times make errors because they are only familiar with the material. Students whose exams are poor receive a "D." A grade of "F" is for those who just don't get it.

Sanford Pinkster has an interesting way of explaining the difference in grades:

An A+ is a touchdown that got the crowd to its feet -- a forty-yard pass play or a seventy-yard run from scrimmage. As color commentators like to put it, :so and so "took it to the house." Players like this get in the game's highlight films. An A is a touchdown that generates loud cheers but not necessarily a standing ovation. True, six points are six points but some touchdowns are simply more graceful than others ...

B grades are akin to field goals. The student got close but at the end had to settle for a good kick and three points. Granted, teams can win games with field goals but not nearly as many as they can win with touchdowns ...

C students are the sort who can get a first down, even a couple of first downs, but in the end, they punt the ball. ... The most positive thing one can say about C work is that field position is important and that a good punter can put the opposing team deep in its own territory. Eventually field position can win games, but field goals and touchdowns win them more often and more decisively.

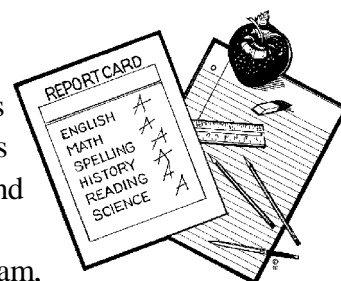
D work might be likened to a team that cannot protect its quarterback and that thus suffers the big-time loss of yardage known as "sacks." When a team loses ground, punting the ball usually puts it in great field position for one's opponents. D papers lug around enough mechanical mistakes so that a teacher's red grading pencil gets a brisk workout. These can be equated to sacks, and they have the same bad consequences as do sacks on the football field.

F work is obvious. It can come as an interception or a fumble but, either way, you've given up the ball. Period.

Your course grade will be assigned on the professor's subjective evaluation of your tests and papers. The course grade will integrate these items:

Tests	75 %
Papers	25 %

Exams are scheduled to be taken at night. The primary reason for this is that it permits students an unlimited amount of time for taking the test. Exams are problem-oriented, and can contain problems, written response questions and case analysis. Exams are usually closed-book and closed-notes. Calculators should always be used. Approximately one week preceding the date of the exam, each student will receive a copy of an *exam preview* (detailed description of content and format of test) as well as a copy of a test from a previous semester.



Not all students can perform up to their potential when only one test is offered over a certain amount of course content. Research studies have shown that student performance on tests is affected by many things other than amount of student knowledge. The key factors in explaining test performance are family, economic status, race, sex, quality of high school, part-time or full-time work during the semester, how well intimate relationships are going, amount of distractions in week that course test is taken, amount of time allowed for students to complete the test, etc. Consequently, I allow students the option of being retested if they are not satisfied with their score on a test. So as to minimize students taking advantage of the retest option, students must attend class regularly in order to qualify for a retest. More details will follow in class.

Papers are designed to give you an opportunity to reflect on real-world issues related to course topics.

Homework

You must hand in one homework problem on seven days for which homework problems are assigned for this course. The choice of days is yours. The problem must be turned in by the start of class, and must be one of those assigned for that day. Failure to hand in homework on seven days will result in your course grade being lowered one level.

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Class discussion

I will measure class discussion by collecting discussion cards. A passing grade for discussion will result in cards being collected on at least five days. Failure to discuss in at least five class periods will result in the student being required to hand in a research paper on the merits of classroom discussion in higher education (college). Using 12-point type (and double spacing), the page length of the paper should be between 3.0 and 5.0 pages. At least four sources must be cited. If the paper is not turned in by the end of final exam week, then an incomplete will be assigned for the course unless the student is not passing the course with a grade of D.

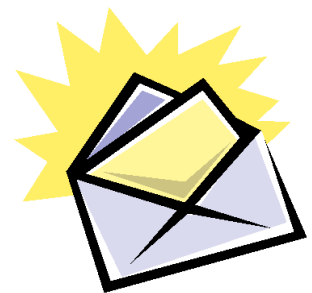
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Attendance policy

You should attend every class. However, I realize that interviews, work and family commitments sometimes get in the way. If you miss a class, please make arrangements with another student for a copy of their notes. If you know about an absence in advance, send a voice recorder of some type. Finally, if you need to miss a class, send me an e-mail letting me know of your absence. There is no penalty for missing a class. However, regular class attendance is required for taking a retest.

Computers and e-mail

All students are required to regularly check their e-mail, whether it be BGSU or a private e-mail. I recommend free e-mail accounts on the Internet. Check your e-mail often, because I'm going to send out notes, assignments, etc., by e-mail. I assume that by 24 hours after I send out an e-mail, everyone has read it.



Today, laptops are more popular than desktops. If you have a laptop and would like to bring it to class, please do.

Accommodations for disability

In accordance with the University policy, if a student has a documented disability and requires accommodations to obtain equal access in this course, he or she should contact the instructor at the beginning of the semester and make this need known. Students with disability must verify their eligibility through the Office of Disability Services for Students, 413 South Hall, 419-372-8495. (<http://www.bgsu.edu/offices/sa/disability/index.html>)

I am committed to going the extra mile in making reasonable accommodations for a student's disability.

Religious holidays

It is the policy of the University to make every reasonable effort allowing students to observe their religious holidays without academic penalty. In such cases, it is the obligation of the student to provide the instructor with reasonable notice of the dates of religious holidays on which he or she will be absent. Absence from classes or examinations does not relieve the student of responsibility for completing required work missed. Following the necessary notification, the student should consult with the instructor to determine what appropriate alternative opportunity will be provided, allowing the student to complete his or her academic responsibilities. (As stated by *The Academic Charter*, B-II.G-4.b at <http://www.bgsu.edu/downloads/file919.pdf>)

I am committed to going the extra mile to accommodate a student's religious beliefs. If you have decided to follow your religion's prescription to observe a certain day or date, I guarantee that you will not be penalized in this course.

Codes of Conduct and Academic Policy Statement

The instructor and students in this course will adhere to the University's general Codes of Conduct defined in the *BGSU Student Handbook*. Specifically, the Code of Academic Conduct (Academic Honesty Policy) requires that students do not cheat, fabricate, plagiarize or facilitate academic dishonesty. For details, refer to:

- *BGSU Student Handbook* (http://www.bgsu.edu/offices/sa/book/Student_Handbook.pdf)
- *The Academic Charter*, B.II.H (<http://www.bgsu.edu/downloads/file921.pdf>)
- Student Discipline Programs (<http://www.bgsu.edu/offices/sa/judicial/academic/index.html>)

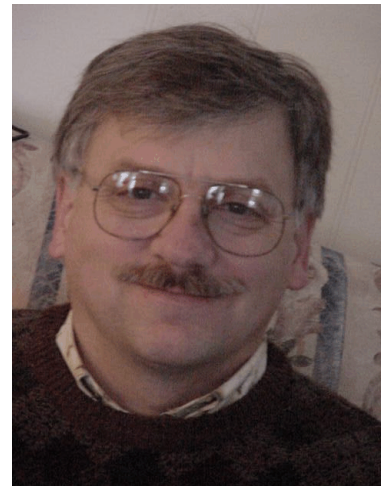
Academic honesty for ACCT 222

You are expected to adhere to BGSU Academic Honesty. At various times, the professor will describe activities that constitute academic dishonesty. Violations will be dealt with according to BGSU policy. If you are academically dishonest on an exam, the penalty is score of zero on the exam and a grade of F for the course. If you are academically dishonest either on a course project, the penalty is a score of zero and a grade of F for the course.

Two well written paragraphs, "What constitutes plagiarism" and "How can you avoid plagiarism" can be found on-line at www.liuedu/cws/cwp/library/exhibits/plagstudent.htm

About the Professor

As an undergraduate student at the University of Iowa, I majored in playing cards, foosball and pool (and political science). As you can imagine, I didn't make much progress toward getting a good start in life. After working for a while at making pizzas and then delivering mail, I saw the light and returned to school at Iowa to learn something worthwhile-accounting and business.



Subsequently, in no particular order, I married, fathered two sons, received a Ph.D. from Virginia Tech, and professed accounting at Andrews University, Virginia Tech and North Carolina-Chapel Hill. In 1990 I came to Bowling Green.

Helping students learn is very important to me. I have become a proponent of the learning-centered approach. Creating the "learn accounting while playing Monopoly" simulation game has earned me a reputation in accounting education. Increasingly adapting the learning-centered approach to my classes has resulted in much student acceptance. I view being a finalist (2003, 2005, 2006, 2008) for BGSU Master Teacher as validation of the learning-centered approach.

I am actively involved in writing essays related to financial accounting and accounting education. These essays appear on my blog at <http://profalbrecht.wordpress.com/>. I have a national reputation as an accounting theorist, and my blog essays are read by many.

In my spare time I have several activities to keep me busy. Professionally, I read up to 100 articles per day about accounting from Internet newspapers and magazines. I am also putting my approach for 2214 into a textbook. Outside of the professional realm, I play bridge at several tournaments each year. I also view about 300 films per year. Usually people gang up against me in Monopoly and Boggle to keep a level playing field. In addition, I am always open to receiving your movie recommendations, favorite cartoons or jokes, and challenging sudoku puzzles.

Content

About what you would expect from a semester long course in introductory managerial accounting.

- Introduction to managerial accounting
- Current business environment
- Mission, goals, strategies
- Cost terminology
- Job-order costing
- Cost behavior
- Cost-volume-profit
- Relevant costs for decision making
- Operations budgeting
- Variances
- Capital budgeting
- Segment analysis
- Quality
- Productivity

