

# Uses of Accounting Information 2

## Course Design

### 2000-2001

#### Course Information

**Organization:** Eastern Arizona College  
**Division:** Business  
**Course Number:** BUA 240  
**Title:** Uses of Accounting Information 2  
**Credits:** 3  
**Developed by:** Mark Anderson  
**Lecture/Lab Ratio:** Lecture: 3 Lab: 0  
**Transfer Status:** Transfer: ASU-ACC240, NAU-ACC256, UofA-ACCT210

#### Extended Registration

**Class:** NA  
**CIP Code:** None  
**Assessment Mode:** Pre-/post-test: 25 questions/50 points  
**Awareness Course:** No  
**Intensive Writing Course:** No

**Prerequisites:**

1. BUA 230 - Uses of Accounting Information 1
2. BUA 250 - Introductory Accounting Lab

**Educational Value:**

A. TO GENERAL EDUCATION: The course provides the student a fuller background to increase his/her economic understanding of the community, country, and world in which he/she lives, by understanding principles and uses of financial information. It also develops such tools for lifelong learning as decision-making, communication, and positive group interaction.

B. TO MAJOR / PROGRAM: This is the second foundation course upon which more advanced Accounting and Business Administration courses are based; it is a required course for all Business Administration majors, and provides the necessary tools for students entering that field.

C. OTHER: Many of the principles learned in this course apply to the management of one's own personal finances and enhance the management of the students' financial affairs and decision making.

**Goals:**

1. Prepare university-bound students for upper-division business courses
2. Prepare other business students to make better business decisions

**Description:** Introduction to the uses of financial information for internal and external purposes. Emphasizes using accounting information to meet the needs of financial decision makers, focusing on analysis for use by management.

**Textbooks:**

Garrison and Noreen. *Managerial Accounting*. 9th. Irwin, 2000.  
This textbook is required. Source: EAC Bookstore.

Garrison and Noreen. *Managerial Accounting: Working Papers*. 9th.  
Irwin, 2000.  
This textbook is required.

Garrison and Noreen. *Managerial Accounting: Workbook/Study Guide*.  
9th. Irwin, 2000.  
This textbook is not required.

**Supplies:**

None

## Competencies and Performance Standards

<b>1. Explain the importance of managerial accounting in the business environment</b>			
<i>Domain--Cognitive</i>	<i>Level--Evaluation</i>	<i>Importance--Important</i>	<i>Difficulty--Low</i>
<b>Criteria--</b> Performance will be satisfactory when: learner acquaints self with work of management learner contrasts financial and managerial accounting learner explains the changing business environment as it relates to managerial accounting	<b>Conditions--</b> Competence will be demonstrated: in completed homework assignments on satisfactory completion of team assignments on satisfactory completion of written exam	<b>Learning Objectives:</b> a. Acquaint self with work of management b. Contrast financial and managerial accounting c. Explain the changing business environment as it relates to managerial accounting	
<b>2. Identify the variety of cost terms, concepts and classifications</b>			
<i>Domain--Cognitive</i>	<i>Level--Analysis</i>	<i>Importance--Essential</i>	<i>Difficulty--Low</i>
<b>Criteria--</b> Performance will be satisfactory when: learner defines all cost classifications and terms in text chapter learner explains how each is useful in decision making	<b>Conditions--</b> Competence will be demonstrated: in completed homework assignments on satisfactory completion of team assignments on satisfactory completion of written exam	<b>Learning Objectives:</b> a. Define all cost classifications and terms in text chapter b. Explain how each is useful in decision making	
<b>3. Prepare job-order costing report and explain its components</b>			
<i>Domain--Cognitive</i>	<i>Level--Application</i>	<i>Importance--Important</i>	<i>Difficulty--Medium</i>
<b>Criteria--</b> Performance will be satisfactory when: learner explains the need for unit product cost data learner diagrams the flow of product costs learner prepares a job cost report learner identifies the problems associated with overhead application	<b>Conditions--</b> Competence will be demonstrated: in completed homework assignments on satisfactory completion of team assignments on satisfactory completion of written exam	<b>Learning Objectives:</b> a. Explain the need for unit product cost data b. Diagram the flow of product costs c. Prepare a job cost report d. Identify the problems associated with overhead application	
<b>4. Prepare process costing report and explain its components</b>			
<i>Domain--Cognitive</i>	<i>Level--Application</i>	<i>Importance--Important</i>	<i>Difficulty--High</i>
<b>Criteria--</b> Performance will be satisfactory when: learner contrasts job-order and process costing procedures learner diagrams the flows of costs in a process costing system learner explains the concept of equivalent units of production learner prepares a process costing report for a typical manufacturing business	<b>Conditions--</b> Competence will be demonstrated: in completed homework assignments on satisfactory completion of team assignments on satisfactory completion of written exam	<b>Learning Objectives:</b> a. Contrast job-order and process costing procedures b. Draw the flows of costs in a process costing system c. Explain the concept of equivalent units of production d. Prepare a process costing report for a typical manufacturing business	

<b>5. Demonstrate usage of cost-volume-profit relationships</b>			
<i>Domain--Cognitive</i>	<i>Level--Application</i>	<i>Importance--Essential</i>	<i>Difficulty--Medium</i>
<b>Criteria--</b> Performance will be satisfactory when: learner explains the various cost behavior patterns learner analyzes mixed costs into their fixed and variable portions using the high-low and scattergraph methods learner prepares an income statement using the contribution format learner demonstrates break-even analysis in mathematical and graphical form learner applies the concept of sales mix in a CVP analysis	<b>Conditions--</b> Competence will be demonstrated: in completed homework assignments on satisfactory completion of team assignments on satisfactory completion of written exam	<b>Learning Objectives:</b> a. Explain the various cost behavior patterns b. Analyze mixed costs into their fixed and variable portions using the high-low and scattergraph methods c. Prepare an income statement using the contribution format d. Demonstrate break-even analysis in mathematical and graphical form e. Apply the concept of sales mix in a CVP analysis	
<b>6. Explain the key concepts involved in variable costing</b>			
<i>Domain--Cognitive</i>	<i>Level--Synthesis</i>	<i>Importance--Essential</i>	<i>Difficulty--Medium</i>
<b>Criteria--</b> Performance will be satisfactory when: learner illustrates the difference in variable and absorption costing through the use of income statements learner explains the differing incomes resulting from the two methods	<b>Conditions--</b> Competence will be demonstrated: in completed homework assignments on satisfactory completion of team assignments on satisfactory completion of written exam	<b>Learning Objectives:</b> a. Illustrate the difference in variable and absorption costing through the use of income statements b. Explain the differing net incomes resulting from the two methods	
<b>7. Complete the full series of operational business budgets</b>			
<i>Domain--Cognitive</i>	<i>Level--Application</i>	<i>Importance--Essential</i>	<i>Difficulty--High</i>
<b>Criteria--</b> Performance will be satisfactory when: learner defines the different portions of the master budget learner prepares a complete master budget that includes all sub-budgets	<b>Conditions--</b> Competence will be demonstrated: in completed homework assignments on satisfactory completion of team assignments on satisfactory completion of written exam	<b>Learning Objectives:</b> a. Define the different portions of the master budget b. Prepare a complete master budget that includes all sub-budgets	

<b>8. Use standard costs to analyze the efficiency of business operations</b>			
<i>Domain--Cognitive</i>	<i>Level--Application</i>	<i>Importance--Important</i>	<i>Difficulty--Medium</i>
<p><b>Criteria--</b>Performance will be satisfactory when:</p> <ul style="list-style-type: none"> <li>learner differentiates the various ways of setting cost standards</li> <li>learner utilizes the variance analysis model for direct labor, <i>direct materials and variable overhead</i></li> <li>learner explains and demonstrates the use of operating performance measures</li> </ul>	<p><b>Conditions--</b>Competence will be demonstrated:</p> <ul style="list-style-type: none"> <li>in completed homework assignments</li> <li>on satisfactory completion of team assignments</li> <li>on satisfactory completion of written exam</li> </ul>	<p><b>Learning Objectives:</b></p> <ul style="list-style-type: none"> <li>a. Differentiate the various ways of setting cost standards</li> <li>b. Utilize the variance analysis model for direct labor, direct materials and variable overhead</li> <li>c. Explain and demonstrate the use of operating performance measures</li> </ul>	
<b>9. Demonstrate grasp of profitability analysis and segmented reporting</b>			
<i>Domain--Cognitive</i>	<i>Level--Application</i>	<i>Importance--Important</i>	<i>Difficulty--Medium</i>
<p><b>Criteria--</b>Performance will be satisfactory when:</p> <ul style="list-style-type: none"> <li>learner explains the need for segmented reporting</li> <li>learner prepares segmented income statements</li> <li>learner defines responsibility accounting</li> <li>learner demonstrates the use of profitability analysis indicators and how to control rate of return</li> </ul>	<p><b>Conditions--</b>Competence will be demonstrated:</p> <ul style="list-style-type: none"> <li>in completed homework assignments</li> <li>on satisfactory completion of team assignments</li> <li>on satisfactory completion of written exam</li> </ul>	<p><b>Learning Objectives:</b></p> <ul style="list-style-type: none"> <li>a. Explain the need for segmented reporting</li> <li>b. Prepare segmented income statements</li> <li>c. Define responsibility accounting</li> <li>d. Demonstrate use of profitability analysis indicators and how to control rate of return</li> </ul>	
<b>10. Explain the importance and application of relevant costs for decision making</b>			
<i>Domain--Cognitive</i>	<i>Level--Analysis</i>	<i>Importance--Essential</i>	<i>Difficulty--Medium</i>
<p><b>Criteria--</b>Performance will be satisfactory when:</p> <ul style="list-style-type: none"> <li>learner explains concept of relevant costs in business decision making and be able to identify such costs in sample situations</li> <li>learner demonstrates use of relevant costs in adding/dropping product lines</li> <li>learner demonstrates use of relevant costs in a make or buy decision</li> <li>learner demonstrates use of relevant costs in a special order situation</li> <li>learner demonstrates use of relevant costs in maximizing utilization of scarce resources</li> </ul>	<p><b>Conditions--</b>Competence will be demonstrated:</p> <ul style="list-style-type: none"> <li>in completed homework assignments</li> <li>on satisfactory completion of team assignments</li> <li>on satisfactory completion of written exam</li> </ul>	<p><b>Learning Objectives:</b></p> <ul style="list-style-type: none"> <li>a. Explain concept of relevant costs in business decision making and be able to identify such costs in sample situations</li> <li>b. Demonstrate use of relevant costs in adding/dropping product lines</li> <li>c. Demonstrate use of relevant costs in a make or buy decision</li> <li>d. Demonstrate use of relevant costs in a special order situation</li> <li>e. Demonstrate use of relevant costs in maximizing utilization of scarce resources</li> </ul>	

<b>11. Outline the key concepts involved in capital budgeting decisions</b>			
<i>Domain--Cognitive</i>	<i>Level--Analysis</i>	<i>Importance--Essential</i>	<i>Difficulty--High</i>
<b>Criteria--</b> Performance will be satisfactory when: learner differentiates capital budgeting from operational budgeting learner demonstrates use of discounted cash flows as a decision-making tool using both the net present value and internal rate of return techniques learner shows understanding of additional approaches to capital budgeting	<b>Conditions--</b> Competence will be demonstrated: in completed homework assignments on satisfactory completion of team assignments on satisfactory completion of written exam	<b>Learning Objectives:</b> a. Differentiate capital budgeting from operational budgeting b. Demonstrate use of discounted cash flows as a decision-making tool using both the net present value and internal rate of return techniques c. Show understanding of additional approaches to capital budgeting	
<b>12. Illustrate concepts of income taxes and depreciation as they apply to capital budgeting</b>			
<i>Domain--Cognitive</i>	<i>Level--Application</i>	<i>Importance--Important</i>	<i>Difficulty--High</i>
<b>Criteria--</b> Performance will be satisfactory when: learner prepares full capital budgeting analysis, combining income tax and depreciation concepts learner ranks a series of investment alternatives according to desirability, based on capital budgeting analysis	<b>Conditions--</b> Competence will be demonstrated: in completed homework assignments on satisfactory completion of team assignments on satisfactory completion of written exam	<b>Learning Objectives:</b> a. Prepare full capital budgeting analysis, combining income tax and depreciation concepts b. Rank a series of investment alternatives according to desirability, based on capital budgeting analysis	

## Types of Instruction

Classroom Presentation

## Grading Policy

**Evaluation Methods:** One-hour tests and final exam - 50%  
 Homework - 20%  
 Team participation - 20%  
 Post-test - 10%  
 Total - 100%

### Grading Scale:

Grade	Requirement
A	90-100%
B	80-89%
C	70-79%
D	60-69%
F	Below 60%

## Learning Plans

### Learning Plan 1-- Comprehensive learning plan

**Overview:** All competencies for this course will be addressed through the following learning plan approach

- |                    |   |
|--------------------|---|
| <b>Competency:</b> | 1. Explain the importance of managerial accounting in the business environment              |
| <b>Competency:</b> | 2. Identify the variety of cost terms, concepts and classifications                         |
| <b>Competency:</b> | 3. Prepare job-order costing report and explain its components                              |
| <b>Competency:</b> | 4. Prepare process costing report and explain its components                                |
| <b>Competency:</b> | 5. Demonstrate usage of cost-volume-profit relationships                                    |
| <b>Competency:</b> | 6. Explain the key concepts involved in variable costing                                    |
| <b>Competency:</b> | 7. Complete the full series of operational business budgets                                 |
| <b>Competency:</b> | 8. Use standard costs to analyze the efficiency of business operations                      |
| <b>Competency:</b> | 9. Demonstrate grasp of profitability analysis and segmented reporting                      |
| <b>Competency:</b> | 10. Explain the importance and application of relevant costs for decision making            |
| <b>Competency:</b> | 11. Outline the key concepts involved in capital budgeting decisions                        |
| <b>Competency:</b> | 12. Illustrate concepts of income taxes and depreciation as they apply to capital budgeting |

### Learning Activities:

- \_\_\_\_\_ 1. Complete pre-test
- \_\_\_\_\_ 2. Read relevant chapter from the assigned textbook
- \_\_\_\_\_ 3. Discuss chapter concepts in class discussion
- \_\_\_\_\_ 4. Take class notes during class discussion
- \_\_\_\_\_ 5. Practice concepts through completion of homework assignment
- \_\_\_\_\_ 6. Verify and correct homework assignment as it is reviewed in class
- \_\_\_\_\_ 7. Actively participate in team activity for competency
- \_\_\_\_\_ 8. Take and pass portion of exam that applies to that competency

- Performance** \_\_\_\_\_ 1. Compete homework assignments

**Assessment Activities:**

- \_\_\_\_\_ 2. Participate in team activities
- \_\_\_\_\_ 3. Compete periodic exams
- \_\_\_\_\_ 4. Complete post-test