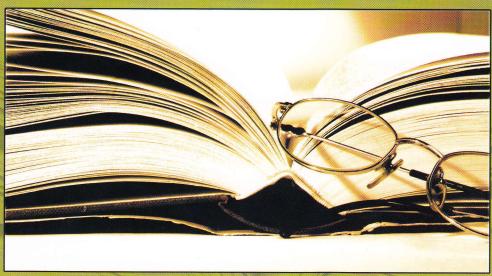
## Introduction to MANAGERIAL ACCOUNTING 1

Learning Strategies to Improve Student Performance



Zaimah Abdullah Ram Al Jaffri Saad Md Hairi Md Hussain Muhammad Syahir Abd Wahab Tan Che Yu Hasnah Hj Shaari Norfaiezah Sawandi Hazeline Ayoup

Zakaria Abas



## Published by

## **Prentice Hall**

Pearson Malaysia Sdn. Bhd. (4409-W) Lot 2, Jalan 215, Off Jalan Templer, 46050 Petaling Jaya, Selangor, Malaysia. Tel: 03-78012000 Fax: 03-77853435

Pearson Education offices in Asia: Bangkok, Beijing, Hong Kong, Jakarta, Manila, Kuala Lumpur, New Delhi, Seoul, Singapore, Taipei, Tokyo.

Printed in Malaysia

First print 2006

ISBN 10: 983-3655-37-8 ISBN 13: 978-983-3655-37-3

Introduction to Managerial Accounting 1 Zakaria Abas, Zaimah Abdullah, Ram Al Jaffri Saad, Md Hairi Md Hussain, Muhammad Syahir Abd Wahab, Tan Che Yu, Hasnah Hj Shaari, Norfaiezah Sawandi, Hazeline Ayoup

## Copyright © 2006 by Pearson Malaysia Sdn. Bhd.

All rights reserved. This publication is protected by Copyright and permission should be obtained from the Publisher prior to any prohibited reproduction, storage in a retrieval system, or transmission in any form or by any means, electronic, mechanical, photocopying, recording or otherwise. For information regarding permission(s), write to: Rights and Permissions Department.





CHAPTER 1	Understanding Bloom's Taxanomy for			
	Learning Strategy			
	1.0	Introduction	2	
		1.1 Long Answer Test Question	2	
		1.2 Types of Question	4	
	2.0	The Level of Cognitive Skills and Question Task	5	
		2.1 Introduction	5	
		2.2 Bloom's Taxonomy of Cognitive Skills	5	
		2.3 Question Task	10	
	3.0	Learning Strategies Using Bloom's Taxonomy	13	
		3.1 Tips and Strategies for Learning Process	14	
	4.0	How This Book is Organized to Benefit		
		Students	20	
CHAPTER 2	Ma	nagement Accounting and the		
-	Business Environment		23	
	2.0	Introduction	· 24	
	2.1	Learning Outcome 1: Describe the concepts of Management Accounting (MA)	24	
	2.2	Learning Outcome 2: Identify management roles and the management accounting		
		information needs	25	

	2.3	Learning Outcome 3: List the scope of management accounting in organization	26
	2.4	Learning Outcome 4: Describe the basis of the role of management accounting in decision making process	27
	Cald	<u> </u>	28
		Evaluation Questions	29 29
	_	gested Answer for Question 1	32
	Sug	gested Answer for Question 2–10	32
CHAPTER 3	Cos	st Terms, Concepts and Classifications	39
	3.1	Learning Outcome 1: To identify the three basic cost elements involved in manufacturing a product.  (Manufacturing Cost)	40
	3.2	Learning Outcome 2: To distinguish between product costs and period costs. (Product Costs vs Period Costs)	41
	3.3	Learning Outcome 3: To prepare a schedule of cost of goods manufactured (Schedule of Cost of Goods Manufactured)	42
	3.4	Learning Outcome 4: To define cost classifications based on business functions, cost behavior, traceability of costs to cost objects and decision making. (Cost Classifications)	43
	3.5	Learning Outcome 5: To measure cost behavior using high low and regression method. (Cost Behavior Analysis)	44
	3.6	Cost Driver	45
		Evaluation Questions	46
		gested Answer for Question 1	48
		gested Answer for Question 2–10	<i>58</i>
	~~~		

CHAPTER 4	Job	Order Costing (JOC)	67
		Introduction	68
	4.1	Learning Outcome 1: To distinguish between JOC and PC and to identify companies that would use each costing method	68
	4.2	Learning Outcome 2: Identify the documents used in a JOC system	69
	4.3	Learning Outcome 3: Compute predetermined overhead rate (POR) and explain why estimated overhead cost (rather than actual overhead cost) is used in JOC	71
	4.4	Learning Outcome 4: Understand the flow of costs in a JOC system and prepare appropriate journal entries to record cost (figures are created in the illustration below (Y Company) to enhance understanding)	73
	4.5	Learning Outcome 5: Apply overhead cost to work in process (WIP) using predetermined overhead rate	74
	4.6	Learning Outcome 6: Prepare the journal entry to close the balance in Manufacturing Overhead to the appropriate accounts (Disposition of under-or over-applied	78
		overhead balances)	
		Evaluation Questions	79
	Sug	gested Answer for Question 1	81
	Cur	gosted Answer for Ouestian 2-10	103

CHAPTER 5	Process Costing		127
	5.0	Introduction	128
	5.1	Learning Outcome 1: describe characteristic of process costing	128
	5.2	Learning Outcome 2: prepare journal entries for the transactions in a process costing system	128
	5.4	Learning Outcome 3: calculate the equivalent units of production using the weighted-average method and the first-in, first-out (FIFO) method	129
	5.4	Learning Outcome 4: prepare a production report using the weighted-average method	130
	5.5	Learning Outcome 5: prepare a production report using the FIFO methods	133
	5.6	Learning Outcome 6: prepare a production report using the weighted-average method for the next department	135
	5.7	Learning Outcome 7: prepare a production report using the FIFO method for the next department	138
	Self Evaluation Questions		140
	Suggested Answer for Question 1		142
	Sug	gested Answer for Question 2–10	157
CHAPTER 6	Ma	rginal/Variable & Absorption Costing	179
	6.0	Introduction	180
	6.1	Learning Outcome 1: To differentiate among the cost bases of an absorption costing system and marginal costing	180
	6.2	Learning Outcome 2: To compute product cost per unit under both methods.  (Determination of Product Cost)	181

	6.3	Learning Outcome 3: To construct an income statement using both Costing Method. (Income Comparison of Absorption and Variable Costing)	182
	6.4	Learning Outcome 4: To prepare the reconciliation report for income gathered from both costing method. (Reconciliation)	183
	Self	Evaluation Questions	183
	Sug	gested Answer for Question 1	185
	Sug	gested Answer for Question 2–10	196
CHAPTER 7	COS	ST VOLUME PROFIT (CVP) ANALYSIS	213
	7.0	Introduction	214
	7.1	<ul><li>Learning Outcomes</li><li>1: Explain how changes in activity affect contribution margin and operating income</li><li>4: Compute the break-even point</li></ul>	215
	7.2	Learning Outcome 2: Prepare and interpret a CVP Graph	217
	7.3	Learning Outcome 3: Shows the effect on contribution margin of changes in variable and fixed cost, selling volume and price	218
	7.4	Learning Outcome 4: Compute Break Even Analysis	220
	7.5	Learning Outcome 5: Determine the sales level needed to achieve desired target profit	222
	7.6	Learning Outcome 6: Compute the margin of safety and degree of operating leverage and explain its significance	223
	7.7	Learning Outcome 7: Compute the break even point for multiple product company	224
	7.8	Learning Outcome 8: Consider the tax element in computing the break-event point	226
	Self	Evaluation Questions	229
	Sug	gested Answer for Question 1	231
	Sug	gested Answer for Question 2–10	245

CHAPTER 8	Budget		
	8.0	Introduction and Definition of Budget	266
	8.1	Learning Outcome 1: Prepare a sales budget, including a schedule of expected cash receipts	268
	8.2	Learning Outcome 2: Prepare a production budget	269
	8.3	Learning Outcome 3: Prepare a direct materials budget, including a schedule of expected cash disbursements	271
	8.4	Learning Outcome 4: Prepare a direct labor budget	273
	8.5	Learning Outcome 5: Prepare a manufacturing overhead budget	274
	8.6	Learning Outcome 6: Prepare an ending finished goods inventory budget	275
	8.7	Learning Outcome 7: Prepare a selling and administrative expense budget	275
	8.8	Learning Outcome 8: Prepare a cash budget	276
	8.9	Learning Outcome 9: Prepare a budgeted income statement	278
	8.10 Learning Outcome 10: Prepare a budgeted balance sheet		
	Self Evaluation Questions		
	Sug	gested Answer for Question 1	282
	Sug	gested Answer for Question 2–10	299

CHAPTER 9	Standard Cost and Variance Analysis		
	9.0	Introduction	324
	9.1	Learning Outcome 1: Explain how direct material and direct labour standards are set	325
	9.2	Learning Outcome 2: Compute the direct material price and quantity variances. (Using Standard Costs-Price and Quantity Variances)	326
	9.3	Learning Outcome 3: To compute the direct labour rate and efficiency variances	327
	9.4	Learning Outcome 4: Compute the variable overhead spending and efficiency variances	327
	9.5	Learning Outcome 5: To explain the advantages and disadvantages of using standard costs	328
	Self	Evaluation Questions	328
		gested Answer for Question 1	330
		gested Answer for Question 2–11	332