



This course supports the assessments for Problems in Budgeting and Financial Statements. The course covers 3 competencies and represents 6 competency units.

Introduction

Overview

The financial accounting you learned in previous coursework is a great foundation for your study of internal accounting. Managerial Accounting is designed to help managers manage better by focusing on the following five managerial functions:

- Planning
- Organizing
- Staffing
- Directing
- Controlling

Managerial accounting techniques can be useful in helping a manager make the best decisions.

Competencies

This course provides guidance to help you demonstrate the following 3 competencies:

- **Competency 308.1.7: Developing Budgets**
The graduate can develop various forms of operating budgets, including a flexible budget system.
- **Competency 308.1.8: Job Order Costing**
The graduate can use capital budgeting to make decisions.
- **Competency 308.1.9: Analyzing Financial Statements**
The graduate can analyze a financial statement.

Course Instructor Assistance

As you prepare to demonstrate competency in this subject, remember that course instructors stand ready to help you reach your educational goals. As subject matter experts, mentors enjoy and take pride in helping students become reflective learners, problem solvers, and critical thinkers. Course instructors are excited to hear from you and eager to work with you.

Successful students report that working with a course instructor is the key to their success. Course instructors are able to share tips on approaches, tools, and skills that can help you apply the content you're studying. They also provide guidance in assessment preparation strategies and troubleshoot areas of deficiency. Even if things don't work out on your first try, course instructors act as a support system to guide you through the revision process. You should expect to work with course instructors for the duration of your coursework, so you are welcome to contact them as soon as you begin. Course instructors are fully committed to your success!

Preparing for Success



The information in this section is provided to detail the resources available for you to use as you complete this course.

Learning Resources

The learning resources listed in this section are required to complete the activities in this course. For many resources, WGU has provided automatic access through the course. However, you may need to enroll manually in or independently acquire other resources. Read the full instructions provided to ensure that you have access to all of your resources in a timely manner.

Automatically Enrolled Learning Resources

You will be automatically enrolled at the activity level for the following learning resources. Simply click on the links provided in the activities to access the learning materials.

McGraw-Hill Connect

Please note that the primary learning resource for BGA1 is the e-text. The e-text chapters will provide you with an overview of the key concepts, as well as examples of how these concepts are utilized in real-world organizations. Once you have moved through the corresponding e-text chapter for each section, there will be resources from the McGraw-Hill Connect site to provide you with additional reviews of the concepts found in the e-text.

The following textbook is available to you as an e-text within this course:

- Garrison, R., Noreen, E., & Brewer, P. (2015). *Managerial Accounting* (15th ed.). New York: McGraw-Hill Education. ISBN: 978-0-07-802563-1

Note: This e-text is available to you free of charge, but you may purchase a hard copy at your own expense through a retailer of your choice. If you choose to do so, please use the ISBN listed to ensure that you receive the correct edition.

The major activities in the program include the following elements:

- LearnSmart modules or narrated presentations;
- interactive exercises and problems;
- and chapter quizzes.

It is recommended that you complete the LearnSmart module or the narrated presentations for each chapter, then complete the questions assignment, and finally take the quiz for the same chapter. You are also encouraged to complete the chapters in order, without skipping any, including the appendices.

SkillSoft and Books 24x7

You will access SkillSoft items at the activity level within this course. For more information on accessing SkillSoft items, please see the [“Accessing SkillSoft Learning Resources”](#) page.

Introduction to Accounting: Language of Business

The Introduction to Accounting: The Language of Business courseware contains modules with



lessons that are instructor-led with on-screen presentation of material. There are numerous helps built into each lesson. You will be directed to specific links to this resource in the activities that follow.

Additional Preparations

Begin Your Reading

Read Chapters 1 and 2 in [Managerial Accounting](#):

Be sure you understand direct costs, indirect costs, variable costs, fixed costs, opportunity costs, and sunk costs.

View the Chapters 1 and 2 videos from the [video library](#). Use the practice exams for chapter 2 on the [textbook companion website](#). The answers are at the end of the exam, so be sure to make your best effort on the questions prior to going to the end of the exam.

Topics and Pacing

This outline suggests a weekly structure to pace your completion of learning activities. It is provided as a suggestion and does not represent a mandatory schedule. Follow these guidelines carefully to complete the course in the suggested timeframe.

- Weeks 1-4:
 - The Master Budget - ch 8, lesson 17, and 3 SkillSoft modules. Complete Tasks 1 & 2.
- Weeks 5-6:
 - Net Present Value, Internal Rate of Return, Profitability Index - ch 13, lesson 7, 4 SkillBriefs. Complete Task 3.
- Week 7:
 - Weighted Average Cost of Capital - 1 web page, 1 SkillSoft, Complete T4.
- Week 8:
 - Financial Statement Analysis Concepts - ch 15, lesson 2, 4 SkillSoft. Complete T5.
 - Final Steps - pre-assessment and proctored assessment.

Note: This pacing guide does not replace the course. Please continue to refer to the course for a comprehensive list of the resources and activities.

Budgeting: Tasks 1 and 2

Your first two performance tasks use the same set of data. In task 1, you will complete the budgeting process from the sales budget through the overhead budget. Task 2 begins at the selling and administrative budget and continues until the cash budget is completed.

When the template for the first part of the budget is complete (Task 1) then submit it for evaluation. Task 2 is a continuation of the budget process, so verify you are on track with the budget process based on the evaluator's feedback before you begin that task.

The master budget is a static budget based on one expected sales level. A flexible budget includes multiple budgets presented side by side using the master budget as baseline figures.



In these tasks, you will complete the master budget through the cash budget.

The Master Budget

The master budget provides a forecast based on sales projections for the next budget period. The budget period is usually a year but there are other reportable periods chosen by management depending on circumstances and business needs. You will complete the budget in these tasks for a three month period.

This topic addresses the following competency:

- **Competency 308.1.7: Developing Budgets**

The graduate can develop various forms of operating budgets, including a flexible budget system.

This topic highlights the following key concepts:

- budget processes
- sales budgets
- cash collection schedules
- production budgets
- direct materials budgets
- direct labor budgets
- manufacturing overhead budgets
- cash budgets

Profit Planning

Read the following chapters in *Managerial Accounting*:

- [Chapter 8 \("Profit Planning"\)](#)

Chapter 8 Website Resources

Complete the following activities on the [student resources website](#):

- View the Chapter 8 video in the video library.
- Take the multiple-choice quiz.
- Take the practice exam located in "More Resources." The solution is at the end of the practice exam so you can self-check your efforts.

Introduction to Accounting Lesson 17

Complete the following in [Introduction to Accounting](#):

- Expanded Lesson 17

Budgeting with SkillSoft

Budgets can be completed for different time periods and also using different methodologies like zero-based budgeting and continuous budgeting.



Complete the following modules in SkillSoft:

- [Basics of Budgeting](#)
- [Creating and Analyzing an Operating Budget](#)
- [Master Budgets](#)

Budgeting Activity: Factory Tour

Take the following factory tour:

- [Jelly Belly Factory Tour](#)

Based on the virtual plant tour of Jelly Belly Company, identify the first budget that would be prepared and the subsequent budgets that the company would prepare based on those estimates. Provide some specific examples of costs that would be included in the product costs for jellybeans. Post your work to the message board topic, "Factory Tour."

Problems in Budgeting and Financial Statements Performance Tasks 1 and 2

Complete the following task in Taskstream:

- Problems in Budgeting and Financial Statements: Task 308.1.7-01, 03-07
- Problems in Budgeting and Financial Statements: Task 308.1.7 02, 08-09

For details about this performance assessment, see the "Assessment" tab in this course.

Capital Budgeting-NPV, IRR, Profitability Index

Investment center managers make decisions about capital investments that will help implement strategic plans for a longer time horizon. The methods provide a way to measure the best alternative for the use of the limited resource, capital. Capital budgeting techniques are used to determine the feasibility of making an investment in a new asset. The firm will decide on the rate of return the asset must provide (cost of capital or hurdle rate). Management will potentially use one or more of these methods to analyze the project and the return that can be expected.

Net Present Value, Internal Rate of Return, Profitability Index

Net present value and internal rate of return both use the expected outflows and inflows of cash for an investment in a capital resource. The two methods should yield the same indication, although in different forms, of the acceptability of an investment option. The profitability index summarizes the cash flows and yields an answer that is either greater than (acceptable) or less than (unacceptable) the number one.

This topic addresses the following competency:

- **Competency 308.1.8: Capital Budgeting**
The graduate can use capital budgeting to make decisions.

This topic highlights the following key concepts:



- the net present value method
- the internal rate of return method
- uncertain cash flows
- ranking investments
- payback periods
- simple rates of return
- value concepts and value tables
- income taxes in a capital budgeting analysis

Capital Budgeting Decisions

Read the following chapters in *Managerial Accounting*:

- [Chapter 13 \("Capital Budgeting Decisions"\)](#)

Chapter 13 Website Resources

Complete the following activities on the [student resources website](#):

- View the Chapter 13 video in the video library.
- Take the multiple-choice quiz.
- Take the practice exam located in "More Resources." The solution is at the end of the practice exam so you can self-check your efforts.

Introduction to Accounting Lesson 7

Review the following in [Introduction to Accounting](#):

- Expanded Lesson 7

Capital Budgeting With SkillSoft

Review or complete the following modules and the associated SkillBriefs and Job Aids:

- [The Ins and Outs of Capital Budgeting](#)
- [Introduction to Advanced Finance](#)
- [Investment Project Analysis and Selection](#)
- [Managerial Decisions and Capital Budgeting](#)

Time Value of Money

Review the following web pages to learn about time value of money presentations and resources:

- [Investopedia: "Understanding the Time Value Of Money"](#)
- [Study Finance: "Time Value of Money"](#)

Message Board Capital Budgeting

Visit the message board topic, "Capital Budgeting" and answer the following questions:

- Should a business decide to invest in a new asset using only the payback method for



the analysis? Why or why not?

Post your initial thoughts, then read and respond to the ideas presented by other students.

Problems in Budgeting and Financial Statements Performance Task 3

Complete the following task in Taskstream:

- Problems in Budgeting and Financial Statements: Task 308.1.8-01-04, 06-11

For details about this performance assessment, see the "Assessment" tab in this course.

Capital Budgeting? Cost of Capital

Investment center managers make decisions about capital investments. There are various ways the company can obtain the capital needed to make these investments. These strategic managers need to ascertain the cost of that capital and make decisions that are appropriate to control those costs.

Most companies will use multiple sources for obtaining the capital they need so they have funds for business operations and for new opportunities.

Weighted Average Cost of Capital

The weighted average cost of capital considers the cost of each source of capital, both equity and debt. Based on the proportionate amount of the total capital each source provides, the weighted average cost of capital can be determined.

This topic addresses the following competency:

- **Competency 308.1.8: Capital Budgeting**
The graduate can use capital budgeting to make decisions.

This topic highlights the following key concepts:

- determining cost averages for a full portfolio of capital sources

Weighted Average Cost of Capital

Review the following web page:

- [Weighted Average Cost of Capital](#)

Weighted Average Cost of Capital with SkillSoft

Complete the following module in SkillSoft:

- [Raising Capital and Financing Decisions](#)

Message Board Cost of Borrowing

Individuals do not have invested capital, but do have a cost of borrowing. Do you have a house



mortgage, credit cards, car loan, etc.? What is the weighted average cost of your capital (borrowing)? Post your comments to the message board topic, "My Cost of Borrowing."

Message Board Weighted Average

Visit the message board topic, "Weighted Average" and answer the following question:

- What does the term weighted average mean in weighted average cost of capital?

Post your initial thoughts, then read and respond to the ideas presented by other students.

Problems in Budgeting and Financial Statements Performance Task 4

Complete the following task in Taskstream:

- Problems in Budgeting and Financial Statements: Task 308.1.8-05, 12

For details about this performance assessment, see the "Assessment" tab in this course.

Financial Statement Analysis

The financial statements provide a basis for comparing companies through the use of a variety of analysis techniques. You will perform some of the analysis methods and, more importantly, make a judgment about the health of the company. Financial statement analysis is an important skill that requires the use of multiple analysis tools to get a good picture of how well a business is performing. This analysis is completed using some common methods applicable to multiple stakeholders, but each individual stakeholder will analyze the results based on their area of interest (e.g., investor, debtor, and company manager).

Financial statement analysis provides the analysis techniques the managerial accountant will use to help management make improved and more informed decisions. All of the principles, assumptions, rules, and logic have a purpose—to present a set of financial statements that can be analyzed by a variety of users including investors, managers, and loan officers. This chapter presents tools to conduct this analysis.

Note: Ratio formulas can vary depending on the resource. Please reference your Accounting textbook in MyAccountingLab.

Financial Statement Analysis Concepts

A company's financial statements reported in its annual report are analyzed by many different users. Some will be considering the company as an investment, while others might be deciding whether to approve a loan the company is seeking.

This topic addresses the following competency:

- **Competency 308.1.9: Analyzing Financial Statements**
The graduate can analyze a financial statement.

This topic highlights the following key concepts:



- financial statements in comparative and common-size form
- financial ratios that would be useful to a common stockholder
- financial ratios that would be useful to a short-term creditor
- financial ratios that would be useful to a long-term creditor

Financial Statement Analysis

Read the following chapters in *Managerial Accounting*:

- [Chapter 15 \("Financial Statement Analysis"\)](#)

Chapter 15 Website Resources

Complete the following activities on the [student resources website](#):

- View the Chapter 15 video in the video library.
- Take the multiple-choice quiz.
- Take the practice exam located in "More Resources." Use the solution at the end of the practice exam to self-check your efforts.

Introduction to Accounting Lesson 2

Complete the following in [Introduction to Accounting](#) to review financial statement analysis techniques and concepts:

- Expanded Lesson 2

Financial Statements with SkillSoft

Complete the following in SkillSoft:

- [Analyzing Cash Flow Statements](#)
- [Analyzing the Income Statement and Balance Sheet](#)
- [Analyzing Cash Flow](#)
- [Ratio Analysis for Financial Statements](#)

Message Board Financial Statement Analysis Tools

Visit the message board and answer the following question:

- What analysis tool that you applied provided the most important data for your analysis?

Post your initial thoughts, then read and respond to the ideas presented by other students.

Problems in Budgeting and Financial Statements Performance Task 5

Complete the following task in Taskstream:

- Problems in Budgeting and Financial Statements: Task 308.1.9-01-05

For details about this performance assessment, see the "Assessment" tab in this course.



Final Steps

Congratulations on completing the activities in this course! This course has prepared you to complete the assessments associated with this course. If you have not already been directed to complete the assessments, schedule and complete them now.