



This course supports the assessment for Accounting for Decision Makers. The course covers 5 competencies and represents 3 competency units.

Introduction

Overview

This course provides you with the accounting knowledge and skills to assess and manage a business. Topics include the accounting cycle, financial statements, taxes, and budgeting. You will improve your ability to understand reports and use accounting information to plan and make sound business decisions.

Getting Started

Welcome to Accounting for Decision Makers! This course will cover topics including the nature and purpose of accounting; financial statements and financial analysis; the balance sheet, the income statement, and the statement of cash flows; internal controls; managerial accounting; cost concepts; activity-based costing; and cost-volume-profit analysis. You will also learn more about IMA (The Association of Accountants and Financial Professionals in Business).

You will read text within MyEducator and complete self-checks to review the key points covered. Competency will be demonstrated by the successful completion of an objective assessment. To get started, click "Course Material." Complete the pre-assessment after you have learned the content in this course. If you feel you already have a solid background in the content, discuss the timing of the pre-assessment with your mentor.

Watch the following introduction video for this course:

Competencies

This course provides guidance to help you demonstrate the following 5 competencies:

- **Competency 3014.1.1: Financial Analysis**
The graduate analyzes financial statements to evaluate company performance and makes recommendations.
- **Competency 3014.1.2: Controls and Regulations**
The graduate analyzes internal corporate controls to determine their adequacy and compliance with legal and regulatory requirements.
- **Competency 3014.1.3: Cost Systems**
The graduate uses economic cost concepts and activity-based costing (ABC) data to make cost-based decisions.
- **Competency 3014.1.4: Profit Planning**
The graduate uses cost-volume-profit concepts and applies various analytical tools to improve company profit potential.
- **Competency 3014.1.5: Budgeting**
The graduate uses budgeting tools for planning and control purposes, including



analyzing cash flows to ensure adequacy of funds.

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 help you prepare for another attempt. You should expect to work with course instructors for the duration of your coursework, and you are encouraged 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 Resources

You can access the learning resources listed in this section by clicking on the links provided throughout the course. You may be prompted to log in to the WGU student portal to access the resources.

MyEducator

You will access modules from the following MyEducator courseware at the activity level within this course.

- Stice, K., & Stice, J. (2017). *Accounting for MBAs* (2nd ed.). MyEducator

Note: Internet Explorer users will need to utilize version 10 or higher of the browser to access this resource. If you are not at least utilizing IE10, you will need to update your browser software, or select an alternative browser to access MyEducator.

Minimum Technical Requirements

Obtain a Calculator

You will need a financial calculator or access to spreadsheet software, such as Microsoft Excel, for computational problems throughout this course. The recommended financial calculator is the



Texas Instruments BA-II Plus. You may only use an approved financial calculator during the pre-assessment and assessment for this course. You are unable to use Excel during the assessments.

Topics and Pacing

The pacing and topics 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 the pacing guide carefully to complete the course in the suggested timeframe.

Week 1

- Preparing for Success
- The Nature and Purpose of Accounting
- Overview of Financial Statement

Week 2

- Introduction to Financial Statement Analysis
- The Balance Sheet

Week 3

- The Income Statement
- The Statement of Cash Flows

Week 4

- Cash Budgeting
- Internal Controls
- Managerial Accounting and Cost Concepts

Week 5

- Activity-Based Costing
- Cost-Volume-Profit Analysis

Week 6

- Application and Review
- Final Steps

Accounting for Decision Makers

Managers need to know the vocabulary of accounting and the meaning of the data in order to use the information to make business decisions. This course puts that vocabulary and data into context and introduces some of the basic accounting calculations.

The Nature and Purpose of Accounting



Accounting is the way that individuals and companies measure and record their financial transactions. This information is reported to various stakeholders of a company through structured reports called financial statements.

This topic addresses the following competency:

- **Competency 3014.1.1: Financial Analysis**

The graduate analyzes financial statements to evaluate company performance and makes recommendations.

This topic highlights the following objectives:

- Describe the purpose of accounting.
- Describe the three financial statements.
- Identify users of financial statements for a particular situation.
- Identify U.S. accounting rules and their origins.
- Differentiate the roles of important accreditation organizations.
- Describe current trends that are causing changes in the field of accounting.

Complete Module 1: The Nature and Purpose of Financial Accounting

Complete the module linked below, including reading the text, viewing the videos, and doing the practice problems. The module covers the following concepts:

- what is financial accounting
- who uses accounting
- reporting format for accounting
- the rules and governing bodies that oversee accounting

Access and complete the following module in *Accounting for MBAs*:

- [Module 1 \("The Nature and Purpose of Financial Accounting"\)](#)

Self-Check: Module 1: The Nature and Purpose of Financial Accounting

You can review and study the key points for this module. Go back through the module or contact your mentor for any concepts that aren't clear.

- [Module 1.7 \("Review of Key Points"\)](#)

Overview of Financial Statements

The three main accounting financial statements consist of the income statement, the balance sheet, and the statement of cash flows. The balance sheet reports a company's financial position at a specific point in time, while the income statement describes a company's financial performance for a period of time. Finally, the statement of cash flow details how a company obtained and spent cash for a period of time.

This topic addresses the following competency:



- **Competency 3014.1.1: Financial Analysis**

The graduate analyzes financial statements to evaluate company performance and makes recommendations.

This topic highlights the following objectives:

- Identify the purposes of financial statements in specific situations.
- Identify components of a balance sheet.
- Use the accounting equation to calculate total assets, total liabilities, or total stockholders' equity.
- Identify components of the income statement.
- Identify components of the cash flow statement.
- Explain the purpose of notes to financial statements.
- Describe the purpose of an external audit.
- Explain the concepts of comparability, conservatism, materiality, and articulation.

Complete Module 2: Overview of the Financial Statements

Complete the module linked below, including reading the text, viewing the videos, and doing the practice problems. The module covers the following concepts:

- different financial statements
- their purpose and components
- other important accounting principles

Access and complete the following module in *Accounting for MBAs*:

- [Module 2 \("Overview of the Financial Statements"\)](#)

Self-Check: Module 2: Overview of the Financial Statements

You can review and study the key points for this module. Go back through the module or contact your mentor for any concepts that aren't clear.

- [Module 2.8 \("Review of Key Points"\)](#)

Introduction to Financial Statement Analysis

Analysis of financial statement numbers can be used to forecast how a company will perform in the future as well as to diagnose existing problems. Analysis involves examining the relationships among financial statement numbers and the trends in those numbers over time.

This topic addresses the following competency:

- **Competency 3014.1.1: Financial Analysis**

The graduate analyzes financial statements to evaluate company performance and makes recommendations.

This topic highlights the following objectives:



- Recognize the purpose of financial statement analysis and financial ratios.
- Compute widely used financial ratios.
- Interpret widely used financial ratios.
- Interpret changes in financial statements accurately.
- Calculate cash flow ratios for a given situation.

Complete Module 3: Introduction to Financial Statement Analysis

Complete the module linked below, including reading the text, viewing the videos, and doing the practice problems. The module covers the following concepts:

- the techniques and methods used to analyze financial statements

Access and complete the following module in *Accounting for MBAs*:

- [Module 3 \("Introduction to Financial Statement Analysis"\)](#)

Self-Check: Module 3: Introduction to Financial Statement Analysis

You can review and study the key points for this module. Go back through the module or contact your mentor for any concepts that aren't clear.

- [Module 3.7 \("Review of Key Points"\)](#)

The Balance Sheet

The balance sheet shows the values of an organization's assets, liabilities, and equity at a point in time. At all times, the total assets must equal the sum of the liabilities and equities.

This topic addresses the following competency:

- **Competency 3014.1.1: Financial Analysis**
The graduate analyzes financial statements to evaluate company performance and makes recommendations.

This topic highlights the following objectives:

- Identify the order of assets, liabilities, and stockholders' equity accounts on a balance sheet.
- Record the proper values for items on a balance sheet in a particular situation.

Complete Module 4: The Balance Sheet

Complete the module linked below, including reading the text, viewing the videos, and doing the practice problems. The module covers the following concepts:

- the balance sheet
- the various types of assets, liabilities, and equities that are included on the balance sheet
- how various business transactions impact the balance sheet



Access and complete the following module in *Accounting for MBAs*:

- [Module 4 \("The Balance Sheet"\)](#)

Self-Check: Module 4: The Balance Sheet

You can review and study the key points for this module. Go back through the module or contact your mentor for any concepts that aren't clear.

- [Module 4.6 \("Review of Key Points"\)](#)

The Income Statement

The income statement reports the revenues, expenses, and profits of a company for a period of time. Net income is viewed as the fundamental measure of a company's profitability.

This topic addresses the following competency:

- **Competency 3014.1.1: Financial Analysis**
The graduate analyzes financial statements to evaluate company performance and makes recommendations.

This topic highlights the following objectives:

- Describe the purpose of net income on an income statement.
- Prepare a simplified income statement.
- Explain when revenues and expenses are recognized for a particular situation.
- Analyze the impact of revenue transactions on the expanded accounting equation and financial statements.
- Evaluate a historical income statement to forecast a future income statement.

Complete Module 5: The Income Statement

Complete the module linked below, including reading the text, viewing the videos, and doing the practice problems. The module covers the following concepts:

- the income statement
- what revenues and expenses are
- when revenues and expenses are recognized

Access and complete the following in *Accounting for MBAs*:

- [Module 5 \("The Income Statement"\)](#)

Self-Check: Module 5: The Income Statement

You can review and study the key points for this module. Go back through the module or contact your mentor for any concepts that aren't clear.

- [Module 5.7 \("Review of Key Points"\)](#)



The Statement of Cash Flows

The statement of cash flows presents information on how a company acquires and spends cash for a given time period. Cash flows are presented for operating, investing, and financing activities.

This topic addresses the following competency:

- **Competency 3014.1.1: Financial Analysis**

The graduate analyzes financial statements to evaluate company performance and makes recommendations.

This topic highlights the following objectives:

- Describe the purpose of the statement of cash flows.
- Identify the categories of a cash flow statement and cash flow activities included in each category.
- Prepare a simplified statement of cash flows.
- Describe the differences between the direct and indirect methods of the cash flow statement.
- Analyze a statement of cash flows to identify operating, investing, or financing activities.

Complete Module 6: The Statement of Cash Flows

Complete the module linked below, including reading the text, viewing the videos, and doing the practice problems. The module covers the following concepts:

- how to prepare a statement of cash flows
- what is included in cash flows from operating, investing, and financing activities

Access and complete the following in *Accounting for MBAs*:

- [Module 6 \("The Statement of Cash Flows"\)](#)

Self-Check: Module 6: The Statement of Cash Flows

You can review and study the key points for this module. Go back through the module or contact your mentor for any concepts that aren't clear.

- [Module 6.6 \("Review of Key Points"\)](#)

Cash Budgeting

Knowledge of cash flow history contributes to decisions about credit and the timing of business payments.

This topic addresses the following competency:

- **Competency 3014.1.5: Budgeting**

The graduate uses budgeting tools for planning and control purposes, including



analyzing cash flows to ensure adequacy of funds.

This topic highlights the following objectives:

- Evaluate a company's credit policy.
- Calculate cash collections from cash and credit sales based upon collection history.
- Calculate cash payments for disbursement based upon a company's payment policy.

Complete Module 7: Cash Budgeting

Complete the module linked below, including reading the text, viewing the videos, and doing the practice problems. The module covers the following concepts:

- how to forecast cash inflows and outflows

Access and complete the following module in *Accounting for MBAs*:

- [Module 7 \("Cash Budgeting"\)](#)

Internal Controls

Internal controls are safeguards to prevent intentional or unintentional errors or fraudulent activities, such as the theft of assets or the misstatement of financial situations.

This topic addresses the following competency:

- **Competency 3014.1.2: Controls and Regulations**
The graduate analyzes internal corporate controls to determine their adequacy and compliance with legal and regulatory requirements.

This topic highlights the following objectives:

- Identify common financial statement errors.
- Recommend the proper internal controls to prevent accidental loss or intentional theft or fraud for a particular situation.
- Identify motivations and common techniques used to manage earnings.
- Explain the effect of the Sarbanes-Oxley Act on financial reporting.
- Describe the role of auditors and their impact on the integrity of financial statements.
- Explain the role of the U.S. Securities and Exchange Commission (SEC) in financial reporting.

Complete Module 8: Internal Controls

Complete the module linked below, including reading the text, viewing the videos, and doing the practice problems. The module covers the following concepts:

- different types of errors
- fraudulent activities
- controls that are put into place to prevent errors and fraud



Access and complete the following module in *Accounting for MBAs*:

- [Module 8 \("Internal Controls"\)](#)

Self-Check: Module 8: Internal Controls

You can review and study the key points for this module. Go back through the module or contact your mentor for any concepts that aren't clear.

- [Module 8.7 \("Review of Key Points"\)](#)

Managerial Accounting and Cost Concepts

Managerial accounting is a set of practices and techniques aimed at providing managers with financial information to help them make effective decisions for the company. This information is used to determine the cost of products and jobs, which includes costs of direct labor, direct material, and overhead.

This topic addresses the following competency:

- **Competency 3014.1.3: Cost Systems**

The graduate uses economic cost concepts and activity-based costing (ABC) data to make cost-based decisions.

This topic highlights the following objectives:

- Describe the purpose of management accounting.
- Differentiate between management and financial accounting.
- Describe the differences between accounting in a manufacturing environment and a service environment.
- Define common terms and concepts used in management accounting.
- Distinguish between product costs and period costs.
- Describe the role of key ethical standards in the field of management accounting.
- Calculate the cost of a product.
- Differentiate how the types of inventory affect calculations.
- Explain the difference between job costing and product costing.

Complete Module 9: Management Accounting and Cost Concepts

Complete the module linked below, including reading the text, viewing the videos, and doing the practice problems. The module covers the following concepts:

- what management accounting is
- what makes up the cost of a product
- how the cost of a product is determined under different techniques

Access and complete the following module in *Accounting for MBAs*:

- [Module 9 \("Management Accounting and Cost Concepts"\)](#)



Self-Check: Module 9: Management Accounting and Cost Concepts

You can review and study the key points for this module. Go back through the module or contact your mentor for any concepts that aren't clear.

- [Module 9.5 \("Review of Key Points"\)](#)

Activity-Based Costing

Activity-based costing is a costing methodology that assigns manufacturing overhead costs to a product based upon the overhead incurred in production. Activity-based costing is regarded as a more accurate product costing system than the traditional product costing method.

This topic addresses the following competency:

- **Competency 3014.1.3: Cost Systems**

The graduate uses economic cost concepts and activity-based costing (ABC) data to make cost-based decisions.

This topic highlights the following objectives:

- Compare and contrast traditional costing to activity-based costing (ABC).
- Identify categories of ABC activities and their related overhead costs.
- Identify appropriate cost drivers for a particular situation.
- Compute overhead costs under an ABC system.
- Compute product costs under a traditional volume-based costing system.
- Justify a decision about a selling price based on traditional volume-based costing or activity-based costing systems.

Complete Module 10: Activity-Based Costing

Complete the module linked below, including reading the text, viewing the videos, and doing the practice problems. The module covers the following concepts:

- the definition of activity-based costing (ABC)
- the benefits ABC provides
- how to assign overhead to a product using ABC

Access and complete the following module in *Accounting for MBAs*:

- [Module 10 \("Activity-Based Costing"\)](#)

Self-Check: Module 10: Activity-Based Costing

You can review and study the key points for this module. Go back through the module or contact your mentor for any concepts that aren't clear.

- [Module 10.6 \("Review of Key Points"\)](#)

Cost-Volume-Profit Analysis



Cost-volume-profit analysis shows the relationship between costs and volume and how a change in either affects a company's net income. The two basic cost behavior patterns, variable and fixed, are key factors in this analysis.

This topic addresses the following competency:

- **Competency 3014.1.4: Profit Planning**

The graduate uses cost-volume-profit concepts and applies various analytical tools to improve company profit potential.

This topic highlights the following objectives:

- Describe cost-volume-profit analysis.
- Describe how basic cost behavior patterns change as sales volumes change.
- Apply cost-volume-profit analysis to demonstrate the effect of changes in variable costs, fixed costs, sales price, and sales volume on profit.
- Analyze a cost-volume-profit graph to determine the level of variable costs, fixed costs, break-even point, and profit.

Complete Module 11: Cost-Volume-Profit Analysis

Complete the module linked below, including reading the text, viewing the videos, and doing the practice problems. The module covers the following concepts:

- variable and fixed costs
- how variable and fixed costs impact the cost-volume-profit analysis

Access and complete the following module in *Accounting for MBAs*:

- [Module 11 \("Cost Behavior and Decisions Using C-V-P Analysis"\)](#)

Self-Check: Module 11: Cost-Volume-Profit Analysis

You can review and study the key points for this module. Go back through the module or contact your mentor for any concepts that aren't clear.

- [Module 11.8 \("Review of Key Points"\)](#)

Application and Review

Synthesize your learning about financial management principles by reviewing how they are applied in the real world.

Explore: American Institute of CPAs website

Explore the AICPA (American Institute of CPAs) website linked below to examine the following topics:

- the purpose and mission of the AICPA
- what it takes to become a CPA



- other areas of interest to you

Go to the following website:

- [AICPA](#)

Examine: Financial Statements from Ford Motor Company

Check out Ford Motor Company's latest annual reports on the website linked below to examine the following items:

- consolidated income statement
- balance sheet
- statement of cash flows

Read the "Notes to the Financial Statements" section. What GAAP accounting principles did the company follow?

Go to the following website:

- [Ford Motor Company: Financial Annual Reports](#)

Explore: IMA Website

Explore IMA (The Association of Accountants and Financial Professionals in Business) website linked below to examine the following topics:

- the history and mission of the organization
- why the trademark (The Association of Accountants and Financial Professionals in Business) does not resemble the title of the organization
- learn what it takes to become a CMA (Certified Management Accountant)

Go to the following website:

- [IMA](#)

Talk with the accounting professionals who work in your organization about the following topics:

- Find out what certifications they have.
- How has the work for their certifications affected the way they do their work now?
- How have their certifications affected their career goals?

Final Steps

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