

introduction To Managerial Accounting

2024 RELEASE

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INTRODUCTION TO MANAGERIAL ACCOUNTING, 2024 RELEASE

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DEDICATION

To our families and to our many colleagues who use this book.



About the Authors



Peter C. Brewe

Peter C. Brewer teaches in the Department of Accountancy at Wake Forest University. Prior to joining the faculty at Wake Forest, he was an accounting professor at Miami University for 19 years. He holds a BS degree in accounting from Penn State University, an MS degree in accounting from the University of Virginia, and a PhD from the University of Tennessee. He has published more than 40 articles in a variety of journals, including *Management Accounting Research*, the *Journal of Information Systems, Cost Management*, *Strategic Finance*, the *Journal of Accountancy, Issues in Accounting Education*, and the *Journal of Business Logistics*.

Professor Brewer has served on the editorial boards of the *Journal of Accounting Education* and *Issues in Accounting Education*. His article "Putting Strategy into the Balanced Scorecard" won the 2003 International Federation of Accountants' Articles of Merit competition, and his articles "Using Six Sigma to Improve the Finance Function" and "Lean Accounting: What's It All About?" were awarded the Institute of Management Accountants' Lybrand Gold and Silver Medals in 2005 and 2006. He has received Miami University's Richard T. Farmer School of Business Teaching Excellence Award.

Prior to joining the faculty at Miami University, Professor Brewer was employed as an auditor for Touche Ross in the firm's Philadelphia office. He also worked as an internal audit manager for the Board of Pensions of the Presbyterian Church (USA).



Ray H. Garrison

Ray H. Garrison is emeritus professor of accounting at Brigham Young University, Provo, Utah. He received his BS and MS degrees from Brigham Young University and his DBA degree from Indiana University.

As a certified public accountant, Professor Garrison has been involved in management consulting work with both national and regional accounting firms. He has published articles in *The Accounting Review, Management Accounting*, and other professional journals. Innovation in the classroom has earned Professor Garrison the Karl G. Maeser Distinguished Teaching Award from Brigham Young University.





Eric W. Noreen

Eric W. Noreen has taught at INSEAD in France and the Hong Kong Institute of Science and Technology and is emeritus professor of accounting at the University of Washington. Currently, he is the Accounting Circle Professor of Accounting, Fox School of Business, Temple University.

He received his BA degree from the University of Washington and MBA and PhD degrees from Stanford University. A Certified Management Accountant, he was awarded a Certificate of Distinguished Performance by the Institute of Certified Management Accountants.

Professor Noreen has served as associate editor of *The Accounting Review* and the *Journal of Accounting and Economics*. He has numerous articles in academic journals, including the *Journal of Accounting Research; The Accounting Review;* the *Journal of Accounting and Economics; Accounting Horizons; Accounting, Organizations and Society; Contemporary Accounting Research;* the *Journal of Management Accounting Research;* and the *Review of Accounting Studies.*

Professor Noreen has won a number of awards from students for his teaching.



Wake Forest University School of Business

Norma Ramirez Montague,

Ph.D., is an Associate Professor of Accounting and the Senior Associate Dean of Academic Programs at the Wake Forest University School of Business. She earned her Ph.D. at the University of South Florida, and her BA and Master of Accounting at North Carolina State University. At WFU, she has taught numerous accounting and business courses in the School of Business's undergraduate, Master of Science in Accountancy, Master of Business Administration, and Master of Science in Management programs.

Professor Montague has received the American Accounting Association's Innovation in Auditing and Assurance Education award, Issues in Accounting Education's Best Paper Award, and Auditing: A Journal of Practice & Theory's Best Paper Award. Her work has been featured on the cover of the Journal of Accountancy, and has been published in Accounting, Organizations and Society, Auditing: A Journal of Practice & Theory, Issues in Accounting Education, Current Issues in Auditing, CPA Journal, Today's CPA, Strategic Finance, and Executives' Tax & Management Report. She serves on the Board of Directors of the American Accounting Association and has served on the editorial boards of Issues in Accounting Education and Auditing: A Journal of Practice & Theory, and Current Issues in Auditing. Norma has also received awards and recognitions from colleagues and students for her innovations in the classroom.

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Pointing Students in the Right Direction

"Why do I need to learn Managerial Accounting?"

Brewer's Introduction to Managerial Accounting has earned a reputation as the most accessible and readable book on the market, while leveraging assets from the Garrison Managerial Accounting franchise. Its manageable chapters and clear presentation point students toward understanding just as the needle of a compass provides direction to travelers.

However, the book's authors also understand that everyone's destinations are different. Some students will become accountants, while others are destined for careers in management, marketing, or finance. Not only does the Brewer text teach students managerial accounting concepts in a clear and concise way, but it also asks students to consider how the concepts they're learning will apply to the real-world situations they will eventually confront in their careers. This combination of conceptual understanding and the ability to apply that knowledge directs students toward success, whatever their final destination happens to be.

Here's how your colleagues have described Brewer's *Introduction to Managerial Accounting*:

"This is the best introductory managerial accounting textbook that I know of. It is concise, easy to follow, and comes with a number of useful materials. I like this book especially because it is very much student-oriented."

Minwoo Lee, Western Kentucky University

"Brewer has always been an outstanding text and this newest edition continues the tradition while providing excellent options for students to utilize to enhance their learning and creative options for instructors to enhance their presentations."

Diane Marker, University of Toledo

"Great, readable text with streamlined coverage. The number of chapters combined with the readability make this a lean, up-to-date product." Timothy Griffin, Hillsborough Community College

"A book with an appropriate level of coverage for students who may not all be majoring in accounting. This book has enough detail for accounting majors, with coverage that still keeps the interest and understanding of non-majors."

Dawn McKinley, Harper Community College

"Ground breaking, aimed at making it easy for students to appreciate the concepts and material."

Isaac Bonaparte, Towson University

CONFIDENCE AT THE CORE

Your students want a text that is concise and that presents material in a clear and readable manner. *Introduction to Managerial Accounting* retains accessible materials while avoiding advanced topics related to cost accounting. Students' biggest concern is whether they can solve the end-of-chapter problems after reading the chapter. Market research indicates that *Brewer, Garrison, Noreen, and Montague* helps students apply what they've learned better than any other managerial accounting text on the market. Additionally, the key supplements are written and continually revised to ensure that students and instructors will work with clear, well-written supplements that employ consistent terminology. Author Pete Brewer examined each and every end-of-chapter question in **Connect** to guarantee accuracy and consistency.

RELEVANCE AND DECISION MAKING

All students who pass through your class need to know how accounting information is used to make business decisions, especially if they plan to be future managers. That's why *Brewer*, *Garrison*, *Noreen*, *and Montague* make decision making a pivotal component of *Introduction to Managerial Accounting*. In every chapter you'll find the following key features that are designed to teach your students how to use accounting information: Each chapter opens with an Entrepreneur Spotlight that shows how managerial accounting relates to real companies; Decision Point boxes within the chapters help students to develop analytical, critical thinking, and problem-solving skills; and end-of-chapter Building Your Skills cases challenge students' decision-making skills.

A CONTEMPORARY APPROACH TO LEARNING

Today's students rely on technology more than ever as a learning tool, and *Introduction to Managerial Accounting* offers the finest technology package of any text on the market. From study aids like narrated, animated **Guided Examples** to online grading and course management, our technology assets have one thing in common: They make your class time more productive, more stimulating, and more rewarding for you and your students. **McGraw Hill Connect** is an online assignment and assessment solution that connects students with the tools and resources they'll need to be successful. These resources include an online, media-rich, searchable version of the text in addition to access to **Connect**, giving students a convenient way to access everything they need to succeed in their course.

BREWER/GARRISON/NOREEN/MONTAGUE'S

Introduction to Managerial Accounting includes pedagogical elements that engage and instruct students without cluttering the pages or interrupting student learning. Brewer's key pedagogical tools enhance and support students' understanding of the concepts rather than compete with the narrative for their attention.

NEW* REAL-WORLD EXERCISE SUITE: BLUE RIDGE HOMEMADE ICE CREAM

The 2024 Release includes a new set of exercises in Connect that follows managerial accounting decisions at a real small business. Each exercise features Blue Ridge Homemade Ice Cream, and everything is based on author Pete Brewer's experiences opening an ice cream shop in Asheville, NC. The serial case study that spans most of the textbook's chapters enables students to see that managerial accounting provides an **integrated** set of tools that support organizational planning, control, and decision making.

The business serves a product line that is familiar to all students—ice cream! This familiar context is more



Elena Veselova/Shutterstock

engaging for students than a generic manufacturing setting. The company's primary mission is to employ adults with intellectual and developmental disabilities, thereby exposing students to the important topic of environmental, social, & governance (ESG) responsibilities.

DATA ANALYTICS

Brewer's **Data Analytics Exercises** teach students how to use software tools to derive managerial insights and communicate them to stakeholders. These new exercises, which appear in **Connect**, are linked to a diverse range of learning objectives that span numerous chapters. Some of these exercises require students to use various Microsoft Excel-based tools, such as Goal Seek, Pivot Tables, and Solver to analyze data sets to derive solutions. Other exercises also teach students how to use a variety of **Data Visualization** techniques, such as charts, graphs, and maps, to communicate their findings in succinct and compelling ways. Students will also be given the opportunity to acquire the value-add skill of interpreting Tableau data visualizations.

POWERFUL PEDAGOGY

APPLYING TABLEAU

The authors have incorporated new **Data Analytics** exercises featuring **Tableau** at the end of each chapter. These exercises are auto-gradable in **Connect** and help students develop in-demand skills in analyzing and interpreting data and effectively communicating findings. Students will be provided data as well as a video tutorial and step-by-step instructions to build a dashboard using **Tableau software**. Over the course of these exercises, students will gain both managerial insights as well as confidence in telling the story of data through visualization software.

APPLYING POWER BI

These exercises will introduce and teach students to drive better business decisions by analyzing data for insights via **Microsoft's Power BI** software. **Power BI** aims to provide interactive visualizations, business intelligence capabilities, and supports users' ability to gain deeper data insight. Users create their own reports and dashboards, harnessing data to tell a compelling business story.

EXCEL ANALYTICS

Excel Analytics were created to allow students to work with complex datasets in live Excel. They will need to use Excel-based tools to analyze data sets and derive solutions using a variety of Data Visualization techniques to communicate findings. These go beyond basic data manipulations and Excel skills and are an auto-graded feature in **Connect.**

CONNECT-ONLY TEST BANK

Brewer's online-only test bank is available in **Connect**, containing more than **1,400 multiple-choice** test bank questions. These, author-created **Connect-only Test Bank** questions were written in such a way to prevent students from finding answers on external sites. The questions are presented in a combination of static and algorithmic (both quantitative and qualitative algo) modes and they cover all learning objectives for all chapters. These qualitative or quantitative algo questions can span the entire degree of difficulty continuum.



INTEGRATION EXERCISES

We have 15 exercises located in the back of the text and in **Connect** that integrate learning objectives across chapters. These exercises will increase the students' level of interest in the course because they forge the connections across chapters. Rather than seeing each chapter as an isolated set of learning objectives, students begin to see how it all fits together to provide greater managerial insight and more effective planning, controlling, and decision making. The **Integration Exercises** are also tailor-made for flipping the classroom because they offer challenging questions that require students to work in teams to derive solutions that synthesize what they have learned throughout the semester.

AUDIO HINTS

Audio Hints have been added to certain problems in **Connect** and offer brief explanations of the key steps students need to solve specific end-of-chapter problems. With callouts to individual chapter learning objectives, audio hints are both a helpful tool for completing an assignment as well as an additional opportunity for students to link their work to the chapter content.

CHAPTER OUTLINE

Each chapter opens with an **outline** that provides direction to the student about the road they can expect to traverse throughout the chapter. The **A Look Back/A Look at This Chapter/A Look Ahead** feature reminds students what they have learned in previous chapters, what they can expect to learn in the current chapter, and how the topics will build on each other in chapters to come.





HELPFUL HINT

Helpful Hint boxes are found several times throughout each chapter and highlight a variety of common mistakes, key points, and "pulling it all together" insights for students.

HELPFUL HINT

When students prepare variable costing income statements, they often mistakenly assume that variable selling and administrative expense is a product cost. The confusion arises because variable selling and administrative expense is included in the calculation of contribution margin; however, it is not a product cost. Variable selling and administrative expense is always a period cost and the total amount of this expense included in the income statement is always derived by multiplying the variable selling and administrative expense per unit by the number of units sold—not the number of units produced.

DECISION POINT

The **Decision Point** feature fosters critical thinking and decision-making skills by providing real-world business scenarios that require the resolution of a business issue. The suggested solution is located at the end of the chapter.

The Pricing Decision

DECISION POINT

Each year Webb Company produces and sells 20,000 units of its only product. The selling price for this product is \$100 per unit, and its direct materials, direct labor, and variable manufacturing overhead costs per unit are \$25, \$15, and \$10, respectively. Webb's annual fixed manufacturing overhead expenses and fixed selling and administrative expenses are \$400,000 and \$150,000, respectively. It does not have any variable selling and administrative expenses. The company's marketing manager believes a 10 percent price increase would lead to a

20 percent decline in the number of units sold. He claims that if the level of production stays at 20,000 units, his price hike will increase gross margins and net operating income by \$40,000. Would you support the price increase? Do you think it will increase profits?

THE FOUNDATIONAL 15

Each chapter contains one **Foundational 15** exercise that includes 15 "buildingblock" questions related to one concise set of data. These exercises can be used for in-class discussion or as homework assignments. They are found before the Exercises and are available in **Connect.**

THE FOUNDATIONA	Greenwood Con Z. The company ing an activity-b pools. The follo and Z:	npany manufactures tr uses a plantwide ove based costing (ABC) wing additional infor	wo products—14,0 rhead rate based or system that allocat nation is available	00 units of Pr n direct labor es all of its n for the comp	roduct Y and 6,00 -hours. It is consic nanufacturing ove pany as a whole a	0 units of Product lering implement- rhead to four cost nd for Products Y
	Activity Cost Pool		Activity Measure		Estimated verhead Cost	Expected Activity
	Machining		Machine-hours		\$200,000	10,000 MHs
	Machine setups		Number of setu	ps	\$100,000	200 setups
	Production design		Number of prod	ucts	\$84,000	2 products
	General factory		Direct labor-hours		\$300,000	12,000 DLHs
		Activity Measure		Product Y	Product Z	
		Machining		8,000	2,000	
		Number of setups		40	160	
		Number of produc	ts	1	1	
		Direct labor-hours		9,000	3,000	
	 What is the Using the p How much What is the 	company's plantwide lantwide overhead rat is allocated to Produc activity rate for the N	overhead rate? e, how much manul t Z? Iachining activity c	facturing over	rhead cost is alloca	ated to Product Y?

What is the activity rate for the Product Design activity cost pool?
 What is the activity rate for the Product Design activity cost pool?

ENTREPRENEUR SPOTLIGHT



After working more than 10 years in nonprofit communications and 11 years in higher education publishing. Yvette Freeman statet **Red Angle Photography** in Henderssonville, North Carolina, Her company specializes in fine at beauty, maternily, family, and high school senior portraiture, as well as corporate headshots and brand ing. Growing up, Vvette loved taking photos of family and friends and creating adtums of her images. Since turning her lifelong love of photography into a full-time profession, she has taken 18 award-winning photographs in The Portrait Masters' annual image competition.

Applying Managerial Accounting

At Bed Angle Photography every client is unique—much like a jab-order production environment. Therefore, Viete could use job cost sheets to record the costs she incurs serving each client. For example, he direct multi-rial costs would include lems such as printer dimages/ frander, cause, on retal prints and cutom photo abusus and cards. Her direct labor cost would include the time speet setting up and disassembling before and after a The second se

Serving All Stakeholders

In addition to woining Red Angle Photography, Yvette Freeman also started **The Envoy** magazine for the purpose of "educating, featuring, and promoting minority and women entrepreseurs, community members, and creative attisk across the U.S. "Philabited three times per year, the magazine provides never valewant to minority and women-owned businesses, expert advice for starting and growing a business, and a directory of participating minority and women entrepresensa and atticks. See also started **PONTVEDIsTIMEmoges** to showcare popelo confor its he most "possible lifet growing here goals to for create basefulf images that dispol strenetypies and mis-conceptions by featuring people of color from all walks of life, and illustrating their unique, and not-so-unique, life experiences, relationships, tailert, and forthade." Sources: www.red

OBJECTIVES

After studying Chapter 3, you should be able to:

LO3–1 Understand the flow of costs in a job-order costing system and prepare appropri-ate journal entries to record

LO3-2 Use T-accounts to show the flow of costs in a job-order costing system.

LO3–3 Prepare schedules of cost of goods manufactured and cost of goods sold and an income statement.

LO3-4 Compute underap-plied or overapplied overhea cost and prepare the journal entry to close the balance in Manufacturing Overhead to the appropriate accounts.

LO3–5 (Appendix 3A) Use Microsoft Excel to summarize the flow of costs in a job-order costing system.

CHAPTER OPENER FEATURES

Each chapter opens with an Entrepreneur **Spotlight** that serves four purposes. First, it acknowledges small business entrepreneurs as the life-blood of our economy. Second, it features an inclusive group of entrepreneurs to ensure all of our students can see themselves within these vignettes. Third, it connects each entrepreneur's company to the subject matter covered within the corresponding chapter. Fourth, it describes how each entrepreneur's company fulfills its environmental, social, and governance (ESG) responsibilities. Learning Objectives alert students to what they should expect as they progress through the chapter.

IN BUSINESS

Challenging Times for "Just-in-Time"

Disruptions in supply chains prompted by the COVID-19 pandemic have left some pharmaceuth cal companies rethinking their reliance on "just-in-time" manufacturing and sourcing. The trend, which streamlined manufacturing and reduced on-hand stocks to only what was necessary. created more efficient supply chains, reduced spoiled or expired inventories, and improved created more efficient supply chains, reduced spoiled or expired inventories, and improved corporate bottom lines yet proved extremely vulnerable to shocks to the system such as the pandemic. Companies like **Gilead Sciences Inc.** utilizing "just-in-time" processes found them-selves without many critical components needed to resume production of syringes, glass vials, and filters. Others, such as Swiss pharmaceutical producer Novaria **AG** and furget. Anyte, have begun to protect themselves from future disruptions by decentralizing inventories, strategically placing them closer to customers while also creating more supply points.

Source: Alistair MacDonald and Georgi Kantchev, "Companies Grapple with Post-Pandemic Im ries Dilemma", The Wall Street Journal, November 7, 2021, www.wsj.com/articles/companies-gr with-post-pandemic-inventories-allemma-1163200000.

CONCEPT CHECK 1

3. Which of the following statements is false with respect to the schedule of cost of goods manufactured? (You may select more than one answer.)

- goous manufactureor (100 may select more than one answer.) a. The beginning raw materials inventory plus raw materials purchases minus ending raw materials inventory equals the raw materials used in production. b. Direct labor costs and actual manufacturing overhead costs are included in the schedule of cost of goods manufactured. I The not of goods manufactured.
- c. The cost of goods manufactured represents the amount that will be debited to Cost
- decrease the cost of goods inventory increases during an accounting period, it will decrease the cost of goods manufactured.

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IN BUSINESS BOXES

These helpful boxed features appear in every chapter and demonstrate how selected managerial accounting topics apply to real organizations and contexts.

CONCEPT CHECK

Concept Checks allow students to test their comprehension of topics and concepts covered at meaningful points throughout each chapter.

END-OF-CHAPTER MATERIAL

Introduction to Managerial Accounting has earned a reputation for the best end-of-chapter review and discussion material of any text on the market. Our exercises and problems conform to AICPA, AACSB, and Bloom's Taxonomy categories, and they make a great starting point for class discussions and group projects. With **review problems, discussion questions, Excel problems,** the **Foundational 15 set, exercises, problems,** and **Building Your Skills,** Brewer offers students practice material of varying complexity and depth.



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NEW* AUTHOR-CREATED LEARNING OBJECTIVE VIDEOS

Author Pete Brewer created narrated PowerPoint videos for each chapter. There is one video for every learning objective plus chapter overview videos. Each video is three to eight minutes in duration and includes a brief explanation of the learning objective's key concepts accompanied by a numerical example.

CONCEPT OVERVIEW VIDEOS

Concept Overview Videos, available within Connect, teach the core concepts of the content in an animated, narrated, and interactive multimedia format, bringing the key learning objectives of the course to life. Checkpoint questions allow instructors to assign points to knowledge checks and grade for accuracy, not just completion. **Concept Overview Videos** are particularly helpful for online courses and for those audio and visual learners who struggle reading the textbook page by page.

INTEGRATED EXCEL ASSIGNMENTS

Integrated Excel assignments pair the power of Microsoft Excel with the power of Connect. A seamless integration of Excel within Connect, Integrated Excel questions allow students to work in live, auto-graded Excel spreadsheets—no additional logins, no need to upload or download files. Instructors can choose to grade by formula or solution value, and students receive instant cell-level feedback via integrated Check My Work functionality.

GUIDED EXAMPLES/HINT VIDEOS

Guided Example/Hint Videos provide an animated walk-through with narration of select exercises similar to those assigned. These short presentations, which can be turned on or off by instructors, provide reinforcement when students need it most.



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REMOTE PROCTORING & BROWSER-LOCKING CAPABILITIES



New remote proctoring and browser-locking capabilities, hosted by Proctorio within Connect, provide control of the assessment environment by enabling security options and verifying the identity of the student.

Seamlessly integrated within Connect, these services allow instructors to control students' assessment experience by restricting browser activity, recording students' activity, and verifying students are doing their own work.

Instant and detailed reporting gives instructors an at-a-glance view of potential academic integrity concerns, thereby avoiding personal bias and supporting evidence-based claims.

TEGRITY: LECTURES 24/7

Tegrity in Connect is a tool that makes class time available 24/7 by automatically capturing every lecture. With a simple one-click start-and-stop process, you capture all computer screens and corresponding audio in a format that is easy to search, frame by frame. Students can replay any part of any class with easy-to-use, browser-based viewing on a PC, Mac, iPod, or other mobile device.

Educators know that the more students can see, hear, and experience class resources, the better they learn. In fact, studies prove it. Tegrity's unique search feature helps students efficiently find what they need, when they need it, across an entire semester of class recordings. Help turn your students' study time into learning moments immediately supported by your lecture. With Tegrity, you also increase intent listening and class participation by easing students' concerns about note-taking. Using Tegrity in Connect will make it more likely you will see students' faces, not the tops of their heads.

TEST BUILDER IN CONNECT

Available within Connect, Test Builder is a cloud-based tool that enables instructors to format tests that can be printed or administered within a LMS. Test Builder offers a modern, streamlined interface for easy content configuration that matches course needs, without requiring a download.

Test Builder allows you to:

- Access all test bank content from a particular title.
- Easily pinpoint the most relevant content through robust filtering options.
- Manipulate the order of questions or scramble questions and/or answers.
- Pin questions to a specific location within a test.
- Determine your preferred treatment of algorithmic questions.
- Choose the layout and spacing.
- Add instructions and configure default settings.

Test Builder provides a secure interface for better protection of content and allows for just-in-time updates to flow directly into assessments.





UTILIZING THE ICONS

This icon indicates **Data Analytic Exercises** in Connect tied to chapter learning objectives.



To reflect our service-based economy, the text is replete with examples from service-based businesses. A helpful icon distinguishes service-related examples in the text.



Ethics assignments and examples serve as a reminder that good conduct is vital in business. Icons call out content that relates to ethical behavior for students.



The writing icon denotes problems that require students to use critical thinking as well as writing skills to explain their decisions.

AUTHOR-WRITTEN SUPPLEMENTS

Unlike other managerial accounting texts, the book's authors write the major supplements such as the test bank and solution files, ensuring a perfect fit between text and supplements.

ASSURANCE OF LEARNING READY

Many educational institutions today are focused on the notion of assurance of learning, an important element of some accreditation standards. *Introduction to Managerial Accounting*, is designed specifically to support your assurance of learning initiatives with a simple, yet powerful, solution.

Each question for *Introduction to Managerial Accounting*, maps to a specific chapter learning outcome/objective listed in the text. The reporting features of **Connect** can aggregate student to make the collection and presentation of assurance of learning data simple and easy.

AACSB STATEMENT

McGraw Hill is a proud corporate member of AACSB International. Recognizing the importance and value of AACSB accreditation, we have sought to recognize the curricula guidelines detailed in AACSB standards for business accreditation by connecting selected questions in Introduction to Managerial Accounting, to the general knowledge and skill guidelines found in the AACSB standards. The statements contained in Introduction to Managerial Accounting, are provided only as a guide for the users of this text. The AACSB leaves content coverage and assessment clearly within the realm and control of individual schools, the mission of the school, and the faculty. The AACSB does also charge schools with the obligation of doing assessment against their own content and learning goals. While Introduction to Managerial Accounting, and its teaching package make no claim of any specific AACSB gualification or evaluation, we have, within Introduction to Managerial Accounting, tagged questions according to the six general knowledge and skills areas. The labels or tags within Introduction to Managerial Accounting, are as indicated. There are, of course, many more within the test bank, the text, and the teaching package which might be used as a "standard" for your course. However, the labeled questions are suggested for your consideration.

New in this Release

Faculty feedback helps us continue to improve *Introduction to Managerial Accounting*. In response to reviewer suggestions, the authors have made the following changes to the text:

- New **Entrepreneur Spotlights** have been added to the beginning of each chapter to highlight diverse businesspeople, their managerial decisions, and the ways they give back to their communities.
- New **Communicating with Data Visualizations** features in every chapter illustrate how analytics and data visualization can be used to answer managerial accounting questions.
- New **Real-World Exercise Suite: Blue Ridge Homemade Ice Cream** in Connect brings managerial accounting to the real world with engaging case materials, videos, exercises, and more. The Continuing Case focuses on the start-up of a real franchise business, Blue Ridge Homemade Ice Cream, in Asheville, NC.
- Additional *Data Analytics Exercises* and auto-graded **Tableau Dashboard Activities** have been added for each chapter in Connect for this edition.
- New author-created videos cover each learning objective in the chapter along with overview videos for each chapter.
- **In-Business boxes** are updated throughout to provide relevant and current real-world examples for use in classroom discussion and to support student understanding of key concepts as they read through a chapter.

Prologue

Revised Exhibit P–1 and its corresponding text to better describe the differences between financial accounting and managerial accounting. Revised the definition of strategy to better reflect its true meaning. Added coverage of organizational environmental, social, and governance (ESG) responsibilities as well as three new In Business boxes.

Chapter 1

Added four new In Business boxes.

Chapter 2

Added a new learning objective related to calculating ending inventories for the balance sheet and cost of goods sold for the income statement. Also, revised the Foundational 15, Exercise 2–17, and Problem 2–22. Added two new In Business boxes.

Chapter 3

Added three new In Business boxes.

Chapter 4

Added three new In Business boxes.

Chapter 5

Added three new In Business boxes.

Chapter 6

Reorganized the sequence of learning objectives to improve the students' ability to understand the material. Introduced Microsoft Excel as a tool for creating CVP and profit graphs. Added four new In Business boxes.

Chapter 7

Heavily edited the chapter to cover the same learning objectives in fewer pages. Added three new In Business boxes.

Chapter 8

Heavily edited the chapter to cover the same learning objectives in fewer pages. Added two new In Business boxes.

Chapter 9

Added three new In Business boxes.

Chapter 10

Added a new appendix covering environmental, social, and governance (ESG) responsibilities and reporting. Also added four new In Business boxes.

Chapter 11

Changed the language accompanying learning objective 6–3 from the manufacturing-centric "make or buy decisions" to the broader business language of "sourcing decisions." Created three new end-of-chapter exercises (11–11, 11–18, and 11–20) to illustrate (1) the decision to add a product line, (2) sourcing decisions in a nonmanufacturing context, and (3) the relevance of replacement costs in decisionmaking. Also, added three new In Business boxes.

Chapter 12

Added three new In Business boxes

Chapter 13

Added three new learning objectives corresponding to the three sections of the statement of cash flows. Also, added seven new end-of-chapter exercises.

Chapter 14

Added three new In Business boxes



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