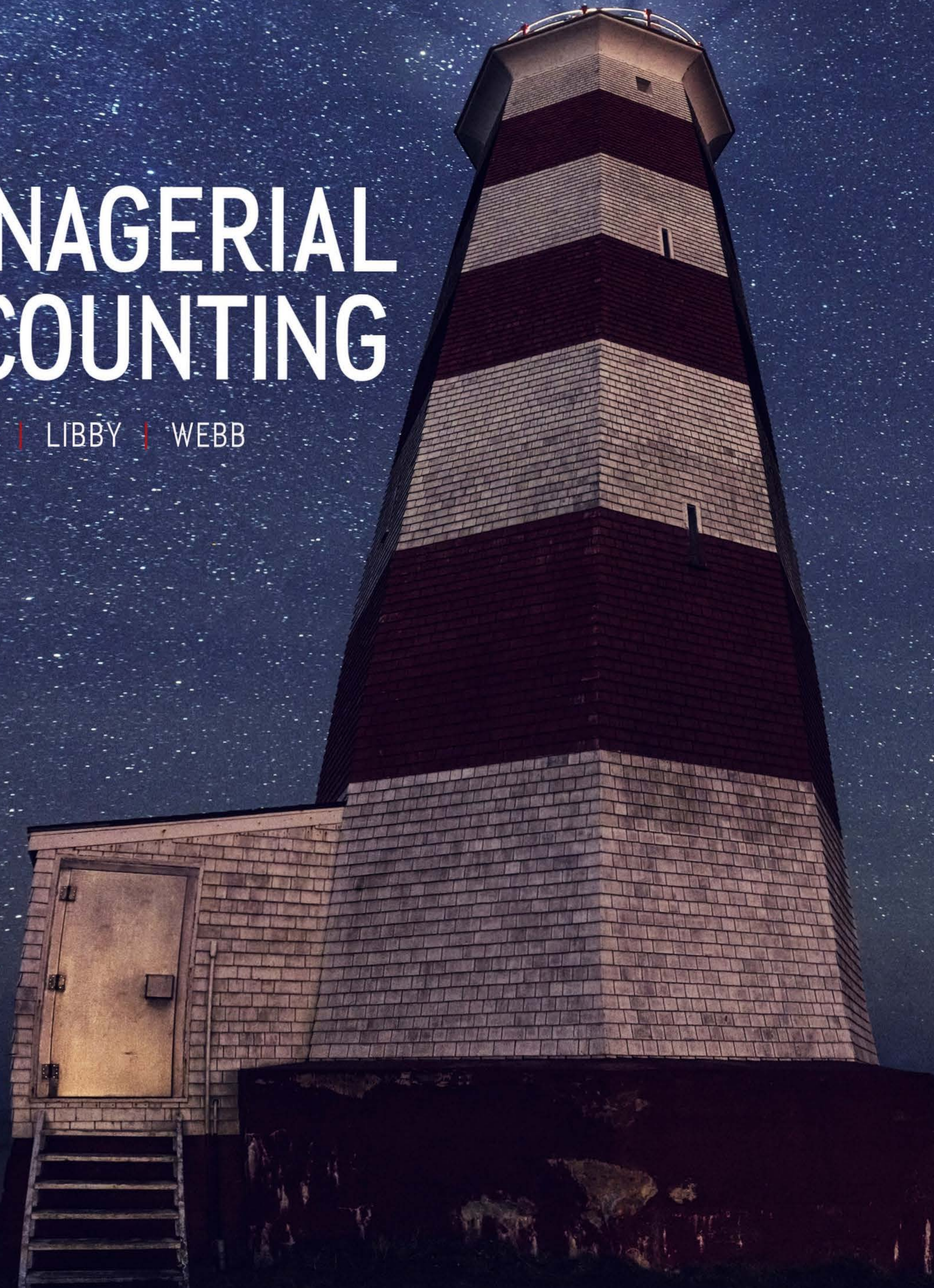


# MANAGERIAL ACCOUNTING

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# MANAGERIAL ACCOUNTING

**Eleventh Canadian Edition**

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## **MANAGERIAL ACCOUNTING**

**Eleventh Canadian Edition**

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## **Dedication**

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To our families, and the students and instructors who will use this book.

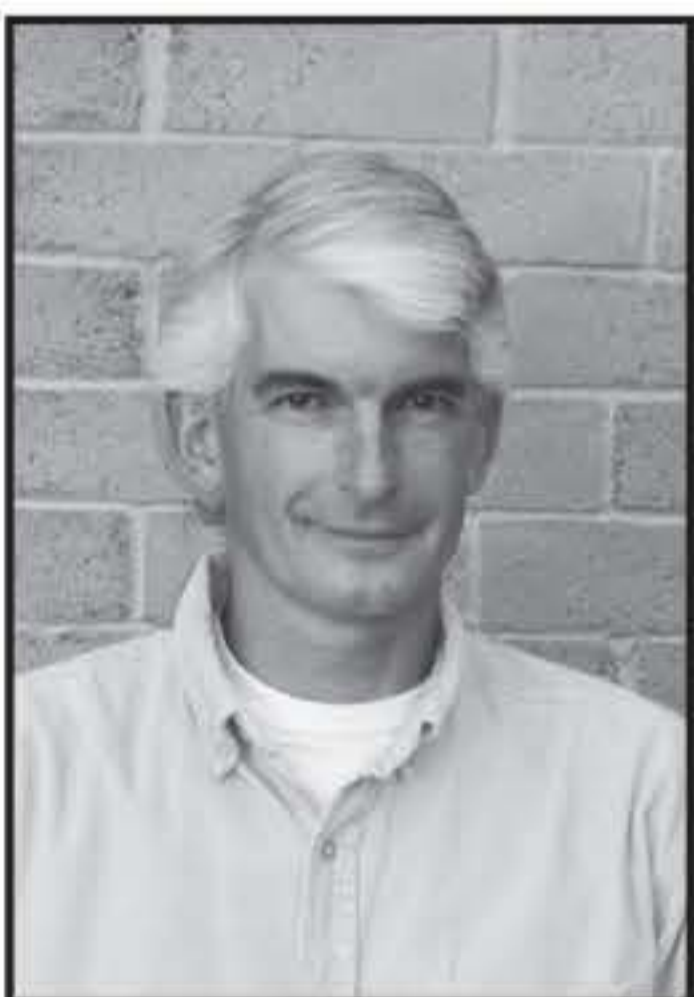
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# Garrison/Libby/Webb:

**For centuries,** the lighthouse has stood as a beacon of guidance for mariners at sea. More than an aid to navigation, the lighthouse symbolizes safety, permanence, reliability, and the comforts of the familiar.

For this reason, we continue to illustrate the eleventh Canadian edition of our flagship accounting publication, *Managerial Accounting* by Garrison, Libby, and Webb, with an image that we feel encapsulates the greatest strengths of this market-leading text.

Garrison is your guide through the challenges of learning managerial accounting. It identifies the three functions that managers must perform within their organizations—plan operations, control activities, and make decisions—and explains the managerial accounting information necessary for these functions; how to collect, prepare, or analyze it; and, just as importantly, how to interpret that information. To achieve this, the eleventh Canadian edition of *Managerial Accounting* focuses, now as in the past, on three qualities: relevance, balance, and clarity.



# Your guide through the challenges of learning managerial accounting

**Relevance.** Every effort is made to help students relate the concepts in this book to the decisions made by managers in practice. With chapter openers based on real-world scenarios, in-chapter examples providing practical applications, beyond the bottom line features, knowledge in action summaries, and extensive end-of-chapter material, a student reading Garrison should never have to ask, “Why am I learning this?”

**Balance.** Garrison provides extensive examples and end-of-chapter material covering the breadth of business types found in practice, including manufacturing, service, retail, wholesale organizations, and not-for-profit entities. Moreover, we feature a range of small to large companies to show the relevance of management accounting to organizations of differing size and complexity.

**Clarity.** Generations of students have praised Garrison for the accessibility and readability of its writing, but that’s just the beginning. Discussions of technical material have been further simplified where possible and the entire book has been thoroughly revised with the objective of making learning and teaching from Garrison as easy as possible. Key term definitions and icons signifying ethics, writing, and Excel assignments continue to add clarity for both students and instructors. In addition, students and instructors will work with clear, well-written supplements that employ consistent terminology.

The authors’ steady focus on these three core elements has led to tremendous results.

# What makes Garrison such a powerful learning tool?

*Managerial Accounting* is full of pedagogy designed to make studying productive. Here you will see the kind of engaging, helpful pedagogical features that make Garrison a favourite among both instructors and students.

## Section Overviews

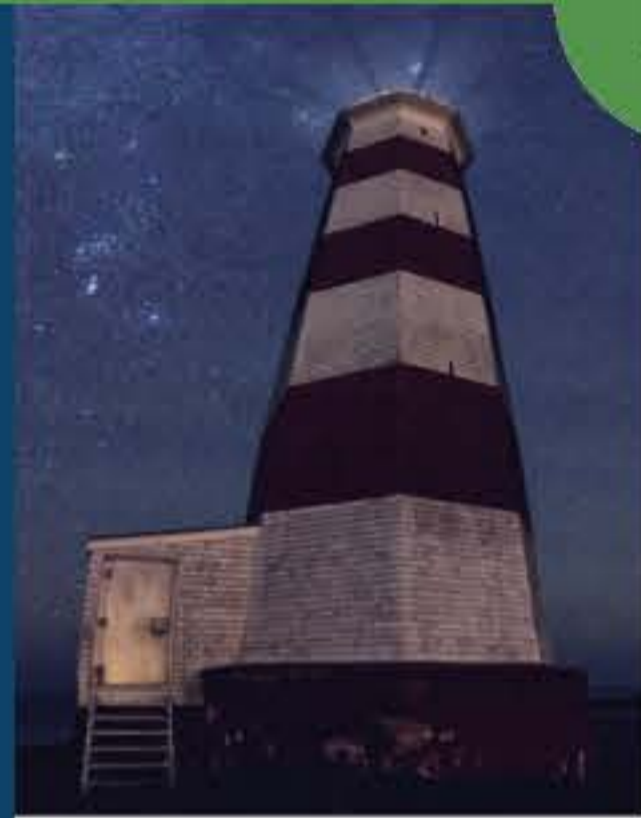
The eleventh Canadian edition is divided into five sections. One-page summaries at the beginning of each section map the chapters included and how they are related.

## Opening Vignettes

These chapter openers, based on real-world scenarios, introduce the chapter and highlight some of the issues, concepts, and decisions faced by managers that are discussed in the ensuing pages.

SECTION

2



## COSTING

Chapters 5 through 8

Chapters 5 through 8 provide a comprehensive description of how costs are associated with manufacturing and other activities. In addition, these costing systems can be applied to service organizations and not-for-profit organizations. To permit costing for such specialized situations, two costing systems, job-order costing and process costing, can be mixed and matched.

Chapter 5 begins with the most basic and widely used costing system, *job-order costing*. Job-order costing permits costs to be assigned to specific outcomes, termed *jobs*, so that costs can be accumulated for what a company produces. In addition, manufacturing overhead—a term often shortened to just *overhead*—is assigned by a process of averaging to estimate its amount before actual overhead costs are known.

Chapter 6 introduces an averaging calculation used for costing similar units of product, termed *process costing*. The ordering of costs learned in financial accounting (namely, average and FIFO) can be applied. The idea of equivalent units is explained, so that

partially finished work in process can be valued. Chapter 6 also presents an elaborate overhead method so that overhead can be allocated to departments (the cost object in this case) to permit better management control of overhead costs.

Chapter 7 introduces activity-based costing, a way to disaggregate overhead and non-manufacturing costs. Cost objects are defined as activities, and costs are costed by identifying a relevant cost driver. Doing this, overhead costing can be improved. Management can focus on managing activities rather than outcomes. Given the increasing importance of overhead costs incurred in some types of organizations, methods to improve the management of overhead costs are important.

Chapter 8 completes the costing segment by describing variable costing. Variable costing assigns variable manufacturing costs to production as opposed to all manufacturing costs, as was described in chapters under the term *absorption costing*.

CHAPTER

5



## LEARNING OBJECTIVES

After studying Chapter 5, you should be able to

- 1 Distinguish between process costing and job-order costing, and identify the production or service processes that fit with each costing method.
- 2 Recognize the flow of costs through a job-order costing system.
- 3 Compute predetermined overhead rates, and explain why estimated overhead costs (rather than actual overhead costs) are used in the costing process.
- 4 Record the journal entries that reflect the flow of costs in a job-order costing system.
- 5 Apply overhead cost to work in process using a predetermined overhead rate.
- 6 Prepare schedules of cost of goods manufactured and cost of goods sold.
- 7 Compute underapplied or overapplied overhead cost, and prepare the journal entry to close the balance in manufacturing overhead to the appropriate accounts.

## SYSTEMS DESIGN: JOB-ORDER COSTING

### CUSTOM DESIGN AT IJTEAM.COM

## Start Designing Your Jersey



Courtesy of IJTeam.com

IJTeam.com, a Quebec-based online retailer, offers custom outfitting services to hockey teams of all skill levels on a global level. Customers use an online tool called "JerseyBuilder" to choose colours and styles. Individual team members' names, numbers, and the team logo are printed or stitched on each jersey to meet customer specifications.

Accurately pricing custom-designed jerseys depends critically on the quality of costing information available to managers at companies like IJTeam.com as well as on the prices charged by competitors. The price quoted by IJTEAM.com for a custom batch of

hockey jerseys must adequately cover costs and allow for an adequate profit margin while remaining price-competitive. In this chapter, we will examine methods of accurately estimating the total cost per unit for specifically identifiable products and services such as custom jerseys, and we will explore why this information is key to setting prices and to identifying opportunities for cost control for many firms.

Source: Reprinted with the permission of IJTeam.com.

## Learning Aids

These pedagogical boxes emphasize and summarize key content for students.

## LEARNING AID

### Key Formulas for Contribution Format Income Statements

Operating income = Unit CM  $\times$  Q - Fixed expenses  
 CM = Sales - Variable expenses  
 CM per unit = Per unit sales - Per unit variable expenses  
 CM ratio = Total CM  $\div$  Total sales or CM ratio = Per unit CM  $\div$  Per unit sales  
 Variable expense ratio = Variable expenses  $\div$  Sales

In these formulas, CM = contribution margin and Q = quantity of goods sold in units.

**IN BUSINESS**

**Majestic Ocean Kayaking**, of Ucluelet, British Columbia, is owned and operated by Tracy and Ted Eeftink. The company offers a number of guided kayaking excursions ranging from three-hour tours of the Ucluelet harbour to six-day kayaking and camping trips in Clayoquot Sound. One of the company's excursions is a four-day kayaking and camping trip to The Broken Group Islands in the Pacific Rim National Park Reserve. Special regulations apply to trips in the park—including a requirement that one certified guide must be assigned for every five guests or fraction thereof. For example, a trip with 12 guests must have at least three certified guides. Guides are not salaried and are paid on a per-day basis. Therefore, the cost to the company of the guides for a trip is a step-variable cost rather than a fixed cost or a true variable cost. One guide is needed for 1 to 5 guests, two guides for 6 to 10 guests, three guides for 11 to 15 guests, and so on.

Source: Tracy Eeftink, co-owner, Majestic Ocean Kayaking. For more information about the company, see <http://www.oceankayaking.com>.

**In Business**

These helpful boxed features offer a glimpse into how real companies use one or more of the managerial accounting concepts discussed in the chapter. Every chapter contains several of these current examples.

**IFRS Icon**

The IFRS icon continues to identify where changes as a result of IFRS adoption in Canada are affecting managerial accounting.



**Generally Accepted Accounting Principles**

Financial accounting statements prepared for external users must be prepared in accordance with generally accepted accounting principles (GAAP). External users must have some assurance that the reports have been prepared in accordance with some common set of ground rules. Beginning January 1, 2011, Canada joined more than 100 other countries, including Australia, New Zealand, and European Union member countries, in adopting International Financial Reporting Standards (IFRS) for publicly accountable enterprises. As of that date, in Canada, IFRS became GAAP for public companies. The purpose of IFRS is simple: to enhance the comparability and clarity of financial information on a global basis. Given the increasing degree of globalization of the economy and the interconnectedness of capital markets, accounting standard setters in Canada concluded that it was crucial to adopt IFRS.<sup>2</sup> Private companies and not-for-profit organizations are not required to adopt IFRS but instead can use accounting standards for private enterprises (ASPE). While the common ground rules

**KNOWLEDGE IN ACTION**

Managers can apply their knowledge of cost terms, concepts, and classifications when

- Preparing financial statements
- Determining selling prices for products or services
- Predicting costs
- Assigning costs to cost objects such as products, customers, jobs, or departments
- Deciding among various alternative courses of action



**Knowledge in Action**

These summaries provide examples of how key concepts covered in the chapter are applied by managers in practice. They are intended to reinforce the practical relevance of the material being learned.

**NEW! Beyond the Bottom Line**

This new feature focuses on qualitative issues about ethics and corporate social responsibility related to one or more of the topics covered in the chapter. They are intended to highlight issues that arise in the complex operating environment of today's organizations that extend well beyond concerns about profitability.

**BEYOND THE BOTTOM LINE**

Some managers believe that extrinsic incentives "crowd out" employees' intrinsic motivation. That is, they think that paying people based on their performance can actually reduce the extent to which they enjoy performing their job. To avoid this possibility, some companies pay only salaries to their employees and have no performance-based pay. Management in these companies believes that if employees are paid a fair salary and enjoy their job, intrinsic motivation will be high and extrinsic incentives will be unnecessary.

*Managerial Accounting* has earned a reputation for the best practice material of any text on the market. The eleventh Canadian edition includes both new and revised exercises, problems, and cases. Features include:

2-3

Cost of goods sold = Beginning inventory + Cost of goods manufactured – Ending inventory  
Rearranging to solve for ending finished goods inventory:

Ending inventory = Cost of goods manufactured – Cost of goods sold + Beginning inventory

Ending inventory = \$500,000 – \$520,000 + \$60,000

Ending inventory = \$40,000

2-4

Cost of goods manufactured = Direct materials + Direct labour + Manufacturing overhead +  
Beginning work in process inventory – Ending work in process inventory

Cost of goods manufactured = \$205,000 + \$30,000 + \$175,000 + \$45,000 – \$30,000

Cost of goods manufactured = \$425,000

### Instant Quizzes

These short questions are designed to allow students to test their understanding of key topics as they work through each chapter. Each question is intended to take only a few minutes at most to complete. Several instant quizzes are included in each chapter starting with Chapter 2. To provide feedback for the instant quizzes, solutions for all questions are provided at the end of each chapter.

### Review Problems and Solutions

#### REVIEW PROBLEM: COST-VOLUME-PROFIT RELATIONSHIPS

Networks Company manufactures wireless routers. The company's contribution format income statement for the most recent year is given below:

	Total	Per Unit	Percentage of Sales
Sales (25,000 units) .....	\$2,500,000	\$100	100%
Less variable expenses .....	1,500,000	60	?
Contribution margin .....	1,000,000	\$ 40	?
Less fixed expenses .....	800,000		
Operating income .....	\$ 200,000		

### DISCUSSION CASE



#### DISCUSSION CASE 3-1

Despite the numerous benefits of developing an accurate understanding of cost behaviour discussed in this chapter, research indicates that surprisingly few companies use quantitative techniques such as the high-low method or regression analysis to separate mixed costs into fixed and variable components.

#### Required:

Discuss reasons why companies might not use quantitative techniques (high-low method or regression analysis) to develop an accurate understanding of cost behaviour.

### Discussion Cases

These short cases focus on one or more of the concepts covered in the chapter. They are designed to provoke thought about key topics and to generate in-class discussion. One case has been developed for each chapter.

### Questions

#### QUESTIONS

- 2-1 Would costs related to the building used only by administrative personnel, such as heat and lights, property taxes, and insurance, be considered part of manufacturing overhead? Why or why not?
- 2-2 Distinguish among the following: (a) direct materials, (b) indirect materials, (c) direct labour, (d) indirect labour, and (e) manufacturing overhead.
- 2-3 Are product costs always expensed in the period in which they are incurred? Explain.
- 2-4 What are administrative costs? How are they treated on the income statement?
- 2-5 What is the difference between raw materials inventory and work in process inventory? Are they included on the balance sheet or income statement?

### FOUNDATIONAL EXERCISES



[LO1, LO2, LO3, LO5, LO6, LO7]

Martinez Company's relevant range of production is 7,500 units to 12,500 units. When it produces and sells 10,000 units, its unit costs are as follows:

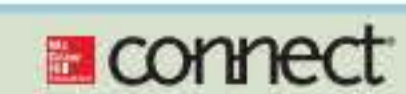
	Amount Per Unit
Direct materials .....	\$6.00
Direct labour .....	\$3.50
Variable manufacturing overhead .....	\$1.50
Fixed manufacturing overhead .....	\$4.00
Fixed selling expense .....	\$3.00
Fixed administrative expense .....	\$2.00
Sales commissions .....	\$1.00
Variable administrative expense .....	\$0.50

### NEW! Foundational Exercises

Each chapter of the text now contains one set of Foundational Exercises that include “building block” questions related to one concise set of data. These exercises can be used for in-class discussion or as homework assignments. Foundational Exercises are also available on Connect.

### Exercises

#### EXERCISES



##### EXERCISE 2-1 Classifying Manufacturing Costs [LO1]

The costs below all relate to Sounds Good, a company based in Alberta that manufactures high-end audio equipment such as speakers, receivers, CD players, turntables, and home theatre systems. The company owns all of the manufacturing facilities (building and equipment) but rents the space used by the non-manufacturing employees (accounting, marketing, sales, human resources).

#### Required:

For each cost, indicate whether it would most likely be classified as a direct labour, direct material, manufacturing overhead, marketing and selling, or administrative cost.

Problems

For the eleventh edition, **NEW! Check Figures** have been added to some problems and provide key numbers to help students confirm their calculations.

connect

**PROBLEMS**

**PROBLEM 2-13 Cost Classification [LO2, LO5, LO6]**

Cycle Business manufactures and sells road and mountain bikes through a network of retail outlets in western Canada. Below is a partial list of expense items incurred in the most recent month (November), when 1,000 bicycles were manufactured, shipped, and sold. There was no beginning or ending work in process or finished goods inventory in November:

*Required:*

1. What is the present yearly operating income or loss?
2. What is the present break-even point in unit sales and in dollar sales?
3. Assuming that the marketing studies are correct, what is the maximum annual profit that the company can earn? At how many units and at what selling price per unit would the company generate this profit?
4. What would be the break-even point in unit sales and in dollar sales using the selling price you determined in (3) above (e.g., the selling price at the level of maximum profits)? Why is this break-even point different from the break-even point you computed in (2) above?

**CHECK FIGURE**

Present operating loss—(\$90,000); Unit sales to break even—18,000; Maximum annual profit—\$270,000.

Excel Simulations

Simulated Excel questions, assignable within Connect, allow students to practise their Excel skills—such as using basic formulas and formatting—within the context of managerial accounting. These questions feature animated, narrated Help and Show Me tutorials (when enabled), as well as automatic feedback and grading for both students and professors.

Applying Excel

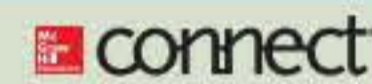
This feature links the power of Excel with managerial accounting concepts by illustrating how Excel functionality can be used to better understand accounting data. Applying Excel goes beyond plugging numbers into a template by providing students with an opportunity to build their own Excel worksheets and formulas. Students are then asked “what if” questions in which they analyze not only how related pieces of accounting data affect each other, but also what they do. Applying Excel is integrated within Connect allowing students to practise their skills online with algorithmically generated data sets.

CASES



**CASE 2-28 [LO1, LO2, LO3, LO4]**

John Ranton, president and founder of Running Mate, could hardly contain his excitement over the operating results for his company's second year of operations. Running Mate is an online retailer of a GPS running watch that records distance, time, speed, heart rate, and a number of other statistics. Ranton's company does not manufacture the watches, but instead purchases them directly from the manufacturer based in China and resells them through its online shopping site. During the first two years of operation, Ranton decided to hold the selling price of the watch constant at \$100 per unit in an effort to attract business. He was also able to negotiate a deal with the supplier to hold Running Mate's cost per watch constant at \$80 per unit for the two years.



Cases

**NEW! Connecting Concepts**

These new cases appear at the end of each of the first four sections of the book and illustrate how numerous concepts covered in each chapter can be applied to a single company. The four cases each use the same company setting and often require integration of multiple concepts from the chapters included in the section.

CONNECTING CONCEPTS

SECTION 1

**Cost Behaviour and Cost-Volume-Profit Analysis**

Easy Learning (EL) develops online learning platforms for companies using gamification techniques to make the learning experience engaging. Research shows that employees are far more likely to use learning platforms if they are easy and fun to use. EL's approach is to embed the learning content, usually a series of multiple choice questions, in the games they use in their platform. EL works with company management to develop the learning content and their platforms have been used in a wide variety of functional areas such as manufacturing, sales, customer service, distribution, and product development. EL has developed a strong reputation for being the most creative and reliable developer of online learning platforms and the company has clients across Canada and the United States.



Writing Assignments

These encourage students to practise critical thinking and effective writing.



Ethics Assignments

These serve as a reminder that ethical conduct is just as important as profits in business.



# Focus on the Eleventh Canadian Edition

## Book Philosophy and Structure

Developing and improving a textbook on a topic as broad as managerial accounting requires a guiding philosophy to ensure a valuable learning experience for students.

The authors of the eleventh Canadian edition use the framework established by Garrison, Noreen, and Brewer in their fourteenth U.S. edition as a starting point. Although we rely on this framework in guiding our general approach, our text reflects the distinctiveness of the Canadian business and education setting. Our main objectives are to make the various topics as easy to learn for students as possible and to provide the flexibility necessitated by the varied requirements of our Canadian users. We have developed a text that can be covered in a single-term course and that also provides students with a useful resource for subsequent courses in managerial accounting.

In the first two chapters we describe the key responsibilities of managers, their need for managerial accounting information, and the role of professional ethics for management accountants. We also address the major differences between financial and managerial accounting and cover key cost terms and classifications. Next, we cover two major topic areas that support the information needs of managerial accounting: cost behaviour and analysis, and the costing of products and services. This foundational material is the basis for Chapters 3 and 4, which focus on cost behaviour patterns, cost prediction models, and cost–volume–profit analysis. The remaining foundational material is covered in Chapters 5 through 8, which collectively examine the major types of costing systems used by organizations.

In Chapters 9 through 11, we build on this foundation in our coverage of planning and control topics. Chapters 9 and 10 illustrate managers' use of predetermined costs in the form of budgets and standard costs both to plan for the future and to evaluate and understand past performance. Chapter 11 examines several major management control techniques, including responsibility centre reporting and evaluation and performance measurement.

The second major application of the foundational material is addressed in Chapters 12 and 13, which focus on short-term and long-term decision analysis. In Chapter 12, we introduce relevant costs and several analysis techniques used for short-term decisions. In Chapter 13, we cover the common approaches used to analyze long-term capital budgeting decisions. Because the analysis required for short- and long-term decisions requires estimates of future costs, a thorough understanding of the cost behaviour concepts covered in Chapters 3 and 4 is essential. The book concludes with online Chapter 14 that covers financial statement analysis, which we view as an extension of both the control topics covered in earlier chapters and the decision analysis material presented in Chapters 12 and 13.

Each chapter provides an extensive set of exercises, problems, and cases that cover manufacturing, service, and not-for-profit organizations, as well as international businesses. This material has been developed to give students an

appreciation for the types of situations faced by a wide variety of actual businesses. Feedback from our users indicates that while there is variety in the set of topics covered in any single course and the order in which they are covered, the structure and flexibility offered by our book makes it well suited to meet their needs.

Overall, our book is written in a way that facilitates understanding at the conceptual level and provides a sound basis for application.

## What's New in the Eleventh Edition

The eleventh Canadian edition represents a significant improvement over previous editions. Suggestions from peer reviews and innovations identified by the authors are reflected in the revisions and new content development throughout the book. We have retained all of the new features introduced in the tenth Canadian edition including Instant Quizzes, Knowledge in Action summaries, and Discussion Cases. We have also added several new features. Beyond the Bottom Line segments have been developed for each chapter that primarily highlight qualitative issues related to ethics and corporate social responsibility, which have become increasingly important in businesses of all types. To give students more opportunities to apply what they have learned, Foundational Exercises have been included in Chapters 2 through 13, which consist of multiple short-answer questions based on a single data set. Connecting Concepts cases have been developed in the final chapter of each of the four major sections of the book. These cases are all based on the same software development organization, a company in the service industry, and illustrate the relevance of numerous management accounting concepts to any given company. Based on a review of the most recent management accounting technical competencies required by CPA Canada we have also added several new topics such as benchmarking, process costing in service companies, activity-based supplier costing, and non-linear costs. Numerous exercises, problems, and cases have been updated, revised, or replaced with new material. Overall, we believe these changes will further enhance students' understanding and application of key managerial accounting topics.


The specific changes in each of the individual chapters of the eleventh edition are summarized below:

- **Chapter 1** has been significantly revised to remove material on corporate governance and organizational structure since they have limited relevance to students studying introductory management accounting. A new section has been added on “Managing Employees.” The topics discussed include intrinsic and extrinsic motivation and common cognitive biases, all of which are important behavioural issues to understand when managing employees. A Beyond the Bottom Line feature has been added. End of chapter material has been extensively revised.
- **Chapter 2** has been revised throughout to improve clarity. A Beyond the Bottom Line feature has been added. A set of Foundational Exercises has been included, several Instant Quizzes have been revised, and older In Business features removed. End of chapter material has been extensively revised.
- **Chapter 3** has been revised to include a discussion of non-linear costs, and the discussion of the account analysis method of analyzing cost behaviour has been expanded. A Beyond the Bottom Line feature has been added. A set of Foundational Exercises has been included, several Instant Quizzes have been revised, and older In Business features removed. End of chapter material has been extensively revised.
- **Chapter 4** has a new opening vignette to illustrate the relevance of cost–volume–profit analysis for small companies. The discussion of break-even analysis has been revised to remove the distinction made in previous editions between the “equation method” and the “formula method” since they reduce to the same approach. A Beyond the Bottom Line feature has been added. A set of Foundational Exercises has been included, several Instant Quizzes have been revised, and older In Business features removed. End of chapter material has been extensively revised. The first of four Connecting Concepts cases has been included for the Section 1 chapters.
- **Chapter 5** includes several new examples of the use of job-order costing in the service industry. Based on input from reviewers, we have expanded the conceptual material on over/underapplied overhead to explain

- in a simpler and more forthright manner why over/underapplied overhead occurs. A Beyond the Bottom Line feature has been added. A set of Foundational Exercises has been included, and an additional Instant Quiz has been added. End of chapter material has been extensively revised.
- **Chapter 6** includes new examples of service companies that might use process costing, as well as end of chapter exercises on the use of process costing in service companies. A Beyond the Bottom Line feature has been added. A set of Foundational Exercises has been included, an additional Instant Quiz has been added, and older In Business features removed. End of chapter material has been extensively revised.
  - **Chapter 7** includes new coverage of implementation issues linked to the introduction of activity-based costing as well as discussion of activity-based supplier costing. A set of Foundational Exercises has been included, an additional Instant Quiz has been included, and older In Business features removed. End of chapter material has been extensively revised.
  - **Chapter 8** is substantially unchanged, but does include a Beyond the Bottom Line feature, a set of Foundational Exercises, and an additional Instant Quiz. The second of four Connecting Concepts cases has been included for the Section 2 chapters. End of chapter material has been extensively revised.
  - **Chapter 9** has been revised to include a discussion of benchmarking as an input to the budgeting process. A Beyond the Bottom Line feature has been added. A set of Foundational Exercises has been included, several Instant Quizzes have been revised, and older In Business features removed. End of chapter material has been extensively revised.
  - **Chapter 10** includes a new Beyond the Bottom Line feature, a set of Foundational Exercises has been included, a new Instant Quiz has been added, and older In Business features have been removed. End of chapter material has been extensively revised.
  - **Chapter 11** and Appendix 11A have been reorganized to improve the flow of material throughout. This change is in response to requests from reviewers to link the topics more directly together in the chapter. In addition, a Beyond the Bottom Line feature has been added, a set of Foundational Exercises has been included, one new Instant Quiz has been added, and older In Business features removed. The third of four Connecting Concepts cases has been included for the Section 3 chapters. End of chapter material has been extensively revised.
  - **Chapter 12** has a shortened opening vignette concerning relevant costing in the airline industry, a set of Foundational Exercises has been included, and one new Instant Quiz has been added. End of chapter material has been extensively revised.
  - In **Chapter 13** the opening vignette has been shortened. A new learning aid on the use of WACC as a screening tool has been added. The discussion of behavioural considerations related to capital budgeting has been expanded. A Beyond the Bottom Line feature has been added. A set of Foundational Exercises has been included, several Instant Quizzes have been revised, and older In Business features removed. The final Connecting Concepts case has been included for the Section 4 chapters. End of chapter material has been revised.
  - In **Chapter 14**, an online chapter, some of the examples have been revised to reflect current values from publicly available sources of financial information. End of chapter material has been revised.

# Market Leading Technology

## Learn Without Limits

 **connect**<sup>®</sup> McGraw-Hill *Connect*<sup>®</sup> is an award-winning digital teaching and learning platform that gives students the means to better connect with their coursework, with their instructors, and with the important concepts that they will need to know for success now and in the future. With *Connect*, instructors can take advantage of McGraw-Hill's trusted content to seamlessly deliver assignments, quizzes, and tests online. McGraw-Hill *Connect* is a learning platform that continually adapts to each student, delivering precisely what they need, when they need it, so class time is more engaging and effective. *Connect* makes teaching and learning personal, easy, and proven.

## Connect Key Features

### SmartBook<sup>®</sup>

As the first and only adaptive reading experience, SmartBook is changing the way students read and learn. SmartBook creates a personalized reading experience by highlighting the most important concepts a student needs to learn at that moment in time. As a student engages with SmartBook, the reading experience continuously adapts by highlighting content based on what each student knows and doesn't know. This ensures that he or she is focused on the content needed to close specific knowledge gaps, while it simultaneously promotes long-term learning.

### Connect Insight<sup>®</sup>

Connect Insight is *Connect*'s new one-of-a-kind visual analytics dashboard, now available for instructors, that provides at-a-glance information regarding student performance, and which is immediately actionable. By presenting assignment, assessment, and topical performance results together with a time metric that is easily visible for aggregate or individual results, Connect Insight gives instructors the ability to take a just-in-time approach to teaching and learning, which was never before available. Connect Insight presents data that helps instructors improve class performance in a way that is efficient and effective.

## Simple Assignment Management

With *Connect*, creating assignments is easier than ever, so instructors can spend more time teaching and less time managing.

- Assign SmartBook learning modules.
- Draw from a variety of text specific questions, resources, and test bank material to assign online.
- Instructors can edit existing questions and create their own questions.
- Streamline lesson planning, student progress reporting, and assignment grading to make classroom management more efficient than ever.

## Smart Grading

When it comes to studying, time is precious. *Connect* helps students learn more efficiently by providing feedback and practice material when they need it, where they need it.

- Automatically score assignments, giving students immediate feedback on their work and comparisons with correct answers.
- Access and review each response; manually change grades or leave comments for students to review.
- Track individual student performance—by question or assignment, or in relation to the class overall—with detailed grade reports.
- Reinforce classroom concepts with practice tests and instant quizzes.
- Integrate grade reports easily with Learning Management Systems, including Blackboard, D2L, and Moodle.

## Instructor Library

The *Connect* Instructor Library is a repository for additional resources to improve student engagement in and out of the class. It provides all the critical resources instructors need to build their course.

- Access instructor resources.
- View assignments and resources created for past sections.
- Post your own resources for students to use.

## Instructor Support

The following instructor resources are available online on Connect:

**Instructor's Manual** The *Instructor's Manual* includes chapter overviews, assignment grids featuring levels of difficulty, and chapter-by-chapter lists of service examples.

**Solutions Manual** This supplement contains completely worked out solutions to all assignment material and a general discussion of the use of group exercises. In addition, the manual contains suggested course outlines and a listing of exercises, problems, and cases scaled according to difficulty.

**Computerized Test Bank** Nearly 2,000 questions are organized by chapter and include true/false, multiple-choice, and essay questions, plus computational problems. Use it to make different versions of the same test, change the answer order, edit and add questions, and conduct online testing. Technical support for this software is available. The files are also available in RTF for printing.

**Microsoft PowerPoint Slides** Available on Connect, these slides offer a great visual complement for your lectures. A complete set of slides covers each chapter.

**Microsoft Excel® Templates** These are the solutions to the Microsoft Excel templates offered online.

## Superior Learning Solutions and Support

The McGraw-Hill Education team is ready to help you assess and integrate any of our products, technology, and services into your course for optimal teaching and learning performance. Whether it's helping your students improve their grades or putting your entire course online, the McGraw-Hill Education team is here to help you do it. Contact your Learning Solutions Consultant today to learn how to maximize all of McGraw-Hill Education's resources!

For more information, please visit us online:  
<http://www.mheducation.ca/he/solutions>

# Reviewers

The efforts of many people are needed to develop and improve a text. Among these people are the reviewers and consultants who point out areas of concern, cite areas of strength, and make recommendations for change. In this regard, the professors named on this page provided feedback that was enormously helpful in preparing the eleventh Canadian edition of *Managerial Accounting*.

Suggestions have been received from many of our colleagues across Canada and throughout the world who have used the prior editions of *Managerial Accounting*. This is vital feedback that we rely on in each edition. Each of those who have offered comments and suggestions has our thanks.

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