

# GARRISON NOREEN



# Managerial Accounting

Tenth Edition

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### MANAGERIAL ACCOUNTING

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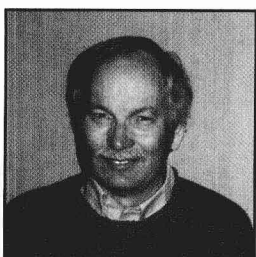
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# About the Authors



**Ray H. Garrison** is emeritus Professor of Accounting at Brigham Young University, Provo, Utah. He received his B.S. and M.S. degrees from Brigham Young University and his D.B.A. 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** is a globe-trotting academic who has held appointments at institutions in the United States, Europe, and Asia. He is Professor Emeritus of Accounting at the University of Washington and was Visiting Price Waterhouse Professor of Management Information & Control at INSEAD, an international graduate school of business located in France.

He received his B.A. degree from the University of Washington and MBA and Ph.D. 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 published 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*. He is a frequent presenter at workshops and conferences throughout the world.

Professor Noreen has taught management accounting at the undergraduate, master's, and doctoral levels and has won a number of awards from students for his teaching.



## Your guide through

### For centuries,

the lighthouse has acted 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 have chosen to decorate the tenth edition of our “flagship” accounting publication, **Managerial Accounting** by Garrison and Noreen, with an image that we feel encapsulates the greatest strengths of this market-leading text.

Garrison is your guide through the challenging waters of managerial accounting. It identifies the three functions managers must perform within their organizations—plan operations, control activities, and make decisions—and explains what accounting information is necessary for these functions, how to collect it, and how to interpret it. To achieve this, **Managerial Accounting 10/E** focuses, now as in the past, on three qualities:

# Garrison/Noreen:

## the challenging waters of managerial accounting.

**Relevance.** Every effort is made to help students relate the concepts in this book to the decisions made by working managers. With insightful chapter openers, the popular Managerial Accounting in Action segments within the chapters, and stimulating end-of-chapter exercises, a student reading Garrison should never have to ask, “Why am I learning this?”

**Balance.** Garrison mixes its coverage to include a variety of business types, including not-for-profit, retail, service, and wholesale organizations as well as manufacturing. In the tenth edition, service company examples are highlighted with icons in the margins of the text.

**Clarity.** Generations of students have praised Garrison for the friendliness and readability of its writing, but that’s just the beginning. Technical discussions have been simplified, material has been reordered, and the entire book has been carefully retuned to make teaching—and learning—from Garrison as easy as it can be. In addition, the supplements package is written by Garrison and Noreen, insuring that students and professors 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. **Managerial Accounting** has been used by over 1.5 million students and is one of the few texts to win both the McGuffey and the Texty Awards from the Text and Academic Authors Association, which recognizes works for their excellence in areas of content, presentation, appeal, and teachability.

As seafarers looked to the lighthouse for direction along an unfamiliar shore, so too can Garrison act as a crucial compass for students seeking to master this challenging course area. It is a responsibility that has consistently brought out the best in the Garrison team and will continue to do so for many years to come.

# What makes Garrison such a powerful learning tool?

**Managerial Accounting** is full of pedagogy designed to make studying productive and hassle-free. On the following pages, you will see the kind of engaging, helpful pedagogical features that make Garrison a favorite among both teachers and students.

## Service

Owing to the growing number of service-based companies in business today, the tenth edition uses a helpful icon to distinguish service-related examples in the text.

## Activity-Based Costing

The chapter on activity-based costing has been completely rewritten, allowing for greater accessibility. The more complex material has been moved to an appendix, where it may be included at the instructor's discretion.

## Author-Written Supplements

Unlike other managerial accounting texts, Garrison and Noreen write all of the text's major supplements, ensuring a perfect fit between text and supplement. For more information on **Managerial Accounting's** supplements package, see pages xx and xxi.

## Chapter Two

### Cost Terms, Concepts, and Classifications

After studying Chapter 2, you should be able to:

1. Identify and give examples of each of the three basic manufacturing cost categories.
2. Distinguish between product costs and period costs and give examples of each.
3. Prepare an income statement including calculation of the cost of goods sold.
4. Prepare a schedule of cost of goods manufactured.
5. Understand the differences between variable costs and fixed costs.
6. Understand the differences between direct and indirect costs.
7. Define and give examples of cost classifications used in making decisions: differential costs, opportunity costs, and sunk costs.
8. (Appendix 2A) Properly account for labor costs associated with idle time, overtime, and fringe benefits.
9. (Appendix 2B) Identify the four types of quality costs and explain how they interact.
10. (Appendix 2B) Prepare and interpret a quality cost report.

LEARNING OBJECTIVES

The most important characteristic of discretionary fixed costs is that management is not locked into a decision regarding such costs. They can be adjusted from year to year, or even perhaps during the course of a year if circumstances demand such a modification.

**The Trend Toward Fixed Costs** The trend in many industries is toward greater fixed costs relative to variable costs. Chores that used to be performed by hand have been taken over by machines. For example, grocery clerks at Safeway and Kroger used to key in prices by hand on cash registers. Now, most stores are equipped with bar-code readers that enter price and other product information automatically. In general, competition has created pressure to give customers more value for their money—a demand that often can only be satisfied by automating business processes. For example, an H & R Block employee used to fill out tax returns for customers by hand and the advice given to a customer largely depended on the knowledge of that particular employee. Now, sophisticated computer software is used to complete tax returns, and the software provides the customer with tax planning and other advice tailored to the customer's needs based on the accumulated knowledge of many experts.

As machines take over more and more of the tasks that were performed by humans, the overall demand for human workers has not diminished. The demand for "knowledge" workers—those who work primarily with their minds rather than their muscles—has grown tremendously. And knowledge workers tend to be salaried, highly trained, and difficult to replace. As a consequence, the costs of compensating knowledge workers are often relatively fixed and are committed rather than discretionary costs.

**Is Labor a Variable or a Fixed Cost?** As the preceding discussion suggests, wages and salaries may be fixed or variable. The behavior of wage and salary costs will differ from one country to another, depending on labor regulations.



**Dissecting the Value Chain**

United Colors of Benetton, an Italian apparel company headquartered in Ponzano, is unusual in that it is involved in all activities in the "value chain" from clothing design through manufacturing, distribution, and ultimate sale to customers in Benetton retail outlets. Most companies are involved in only one or two of these activities. Looking at this company allows us to see how costs are distributed across the entire value chain. A recent income statement from the company contained the following data:

	Billions of Italian Lire	Percent of Net Sales
Net sales	2,768	100.0%
Cost of sales	1,721	62.2
Selling and general and administrative expenses:		
Payroll and related cost	166	6.0
Distribution and transport	57	2.1
Sales commissions	115	4.2
Advertising and promotion	120	4.3
Depreciation and amortization	42	1.5
Other expenses	275	9.9
Total selling and general and administrative expenses	775	28.0%

Even though this company spends large sums on advertising and runs its own shops, the cost of sales is still quite high in relation to the net sales—62% of net sales. And despite the company's lavish advertising campaigns, advertising and promotion costs amounted to only a little over 15% of net sales.

**In Business****"In Business"**

These helpful boxed features offer a glimpse into how real companies use the managerial accounting concepts discussed within the chapter. Every chapter contains from two to nine of these current examples.

**Opening Vignette****Costs Add Up**

Understanding costs and how they behave is critical in business. Labor Ready is a company based in Tacoma, Washington, that was started in 1989 with an investment of \$50,000. The company fills temporary manual labor jobs throughout the United States, Canada, and the UK—issuing over 6 million paychecks each year to more than half a million laborers. For example, the food vendors at the new Seattle Mariners' Safeco Field hire Labor Ready workers to serve soft drinks and food at baseball games. Employees are charged about \$11 per hour for this service. Since Labor Ready pays its workers only about \$6.50 per hour and offers no fringe benefits and has no national competitors, this business would appear to be a gold mine generating about \$4.50 per hour in profit. However, the company must maintain 687 hiring offices, each employing a permanent staff of four to five persons. Those costs, together with payroll taxes, workers' compensation insurance, and other administrative costs, result in a margin of only about 5%, or a little over \$0.25 per hour. Costs add up—make sure you learn what costs are commonly encountered in practice.

Source: Celine Gilling, "Short-Term Work, Long-Term Profits," *Washington CEO*, January 2000, pp. 10–12.

BUSINESS FOCUS

all the costs that are involved in producing goods, these costs consist of direct and indirect costs. Direct costs are viewed as those that can be traced to the product. Indirect costs, on the other hand, are those that cannot be traced to the product. So initially, product costs are those costs that are incurred when the goods are sold, the costs of goods sold, and matched with the revenue from the sale.

Product costs are those costs that are necessarily treated as expenses in the income statement. Period costs, on the other hand, are those costs that are not necessarily treated as expenses in the income statement. Period costs are those costs that are incurred in the period in which they are incurred, and they are not matched with the revenue from the sale of a product.

Product costs. These costs are expenses that are incurred, using the usual financial accounting. Period costs are those costs that are incurred in the period in which they are incurred, and they are not matched with the revenue from the sale of a product.

Cost Accounting Systems Design and Costing

In the performance and safety of the ride. Before we begin our discussion, recall from the previous chapter that companies generally classify manufacturing costs into three broad categories: (1) direct materials, (2) direct labor, and (3) manufacturing overhead. As we study the operation of a job-order costing system, we will see how each of these three types of costs is recorded and accumulated.

**Managerial Accounting in Action**

The Issue

**YOST**☆

PRECISION MACHINING

Yost Precision Machining is a small company in Michigan that specializes in fabricating precision metal parts that are used in a variety of applications ranging from deep-sea exploration vehicles to the inertial triggers in automobile air bags. The company's top managers gather every morning at 8:00 A.M. in the company's conference room for the daily planning meeting. Attending the meeting this morning are: Jean Yost, the company's president; David Cheung, the marketing manager; Debbie Turner, the production manager; and Marcus White, the company controller. The president opened the meeting:

**Jean:** The production schedule indicates we'll be starting job 2B47 today. Isn't that the special order for experimental couplings, David?

**David:** That's right, Jean. That's the order from Loops Unlimited for two couplings for their new roller coaster ride for Magie Mountain.

**Debbie:** Why only two couplings? Don't they need a coupling for every car?

**David:** That's right. But this is a completely new roller coaster. The cars will go faster and will be subjected to more twists, turns, drops, and loops than on any other existing roller coaster. To hold up under these stresses, Loops Unlimited's engineers had to completely redesign the cars and couplings. They want to thoroughly test the design before proceeding to large-scale production. So they want us to make just two of these new couplings for testing purposes. If the design works, then we'll have the inside track on the order to supply couplings for the whole ride.

72 Chapter 2 Cost Accounting

# What makes Garrison such a powerful learning tool?

## End-of-Chapter Material

**Managerial Accounting** has earned a reputation for the best end-of-chapter review and discussion material of any text on the market. Our problem and case material continues to conform to AECC and AACSB recommendations and makes a great starting point for class discussions and group projects. Other helpful features include:

*Writing assignments encourage your students to practice critical thinking.*

*Internet assignments teach students how to find information online and apply it to managerial accounting situations.*

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Chapter 2 Cost Terms, Concepts, and Classifications

**Required:**

1. Prepare a schedule of cost of goods manufactured.
2. Prepare an income statement.
3. Assume that the company produced the equivalent of 10,000 units. What was the average cost per unit for direct materials? What was factory depreciation?
4. Assume that the company expects to produce 15,000 units of product. What average cost per unit and what total cost would you expect direct materials at this level of activity? For factory depreciation? (Assume that direct materials is a variable cost and that depreciation that depreciation is computed on a straight-line basis.)
5. As the manager responsible for production costs, explain to the president the average costs per unit between (3) and (4) above.

**Ex****PROBLEM 2-20 Schedule of Cost of Goods Manufactured; Income Statement**

Skylar Company was organized on November 1 of the previous year. Up to date, management had expected to earn a profit during June, but the president was disappointed, however, when the income statement for June was received. The income statement follows:

SKYLAR COMPANY Income Statement For the Month Ended June 30	
Sales.....	
Less operating expenses:	
Selling and administrative salaries .....	\$ 35,000
Rent on facilities .....	40,000
Purchases of raw materials .....	190,000
Insurance .....	8,000
Depreciation, sales equipment .....	10,000
Utilities costs .....	50,000
Indirect labor .....	108,000
Direct labor .....	90,000
Depreciation, factory equipment .....	12,000
Maintenance, factory .....	7,000
Advertising .....	80,000
Net operating loss .....	

After seeing the \$30,000 loss for June, Skylar's president stated, "I can't believe this! We're losing money! We're still spilling red ink on the towel and accepting one of those offers we've had for a long time. I just heard that Linda won't be back from her surgery for at least a month. I'm in a bind. What do I do?"

Linda is the company's controller. In her absence, the statement of cost of goods manufactured is being prepared by a new controller's assistant who has had little experience in manufacturing operations. The company follows:

- a. Only 80% of the rent on facilities applies to factory operations; the remainder applies to selling and administrative activities.
- b. Inventory balances at the beginning and end of the month were as follows:

	June 1	June 30
Raw materials .....	\$17,000	\$42,000
Work in process .....	70,000	85,000
Finished goods .....	20,000	60,000

- c. Some 75% of the insurance and 90% of the utilities cost apply to factory operations; the remaining amounts apply to selling and administrative activities.

The president has asked you to check over the above income statement and make a recommendation as to whether the company should continue operations.

Chapter 2 Cost Terms, Concepts, and Classifications

**Required:**

1. Henry Ford made a now-famous statement that the Model T "cost as much as a black cat." Explain what he meant by this statement.
2. How would Henry Ford or any other manufacturer with a mass production approach have been able to achieve the efficiencies based on the traditional production model of the Model T?
3. Are there any limits to lowering the cost of black Model Ts, volume, commodity product? Explain.
4. Once understood, the economics of mass production were applicable to many other industries. Universities, hospitals, and airlines are prime examples of mass production, standardization, and specialization. Explain the costs of a university education. Of a stay in the hospital.

**GROUP EXERCISE 2-30 If Big Is Good, Bigger Must Be Better.** Steel production involves a large amount of fixed costs. Since costs are fixed, American steel manufacturers (and many of their major competitors) try to gain a competitive advantage by using economies of scale to increase productivity and drive unit costs lower. The result of their size.

**Required:**

1. How are fixed costs and variable costs normally defined?
2. Give examples of fixed costs and variable costs for a steel company. What is the relevant measure of production or service activity for a steel company?
3. Give examples of fixed and variable costs for a hospital. What is the relevant measure of production or service activity for a hospital?
4. Using the examples of fixed and variable costs for steel company, explain the relationship between production output at a steel company and fixed costs, fixed cost per unit, total variable costs, variable cost per unit, and average unit cost.
5. With an X axis (horizontal axis) of tons produced and a Y axis, graph total fixed costs, total variable costs, and total costs against tons produced.
6. With an X axis of tons produced and a Y axis of unit costs, graph cost per unit, and total (or average) cost per unit against tons produced.
7. Explain how costs (total and per unit) behave with changes in production volume.

**INTERNET EXERCISE 2-31 Internet Exercise**

As you know, the World Wide Web is a medium that is constantly evolving. To enable periodic update of site addresses, the textbook website ([www.mhhe.com/garrison10e](http://www.mhhe.com/garrison10e)). After accessing the website, select this chapter. Select and complete the Internet Exercise.

**Exhibit 5A-1** The Least-Squares Regression Worksheet for Brentline Hospital

	A	B	C	D	E
1		Patient	Maintenance		
2		Days	Costs		
3	Month	X	Y		
4	January	5,600	\$7,900		
5	February	7,100	8,500		
6	March	5,000	7,400		
7	April	6,500	8,200		
8	May	7,800	9,100		
9	June	8,000	9,800		
10	July	6,200	7,800		
11					
12	Intercept	\$3,431			
13	Slope	\$0.759			
14	RSQ	0.90			
15					

cally. Spreadsheet software, such as Microsoft® Excel, can also be used to do least-squares regression—although it requires a little more work than specialized statistical packages do.

To illustrate how Excel can be used to calculate the intercept  $a$ , the slope  $b$ , and the  $R^2$ , we will use the Brentline Hospital data for maintenance costs on page 204. The worksheet in Exhibit 5A-1 contains the data and the calculations.

As you can see, the  $X$  values (the independent variable) have been entered in cells B4 through B10. The  $Y$  values (the dependent variable) have been entered in cells C4 through C10. The slope, intercept, and  $R^2$  are computed using the Excel functions INTERCEPT, SLOPE, and RSQ. In each case, you must specify the range of cells for the  $Y$  values and for the  $X$  values. In the above worksheet, cell B12 contains the formula =INTERCEPT(C4:C10,B4:B10); cell B13 contains the formula =SLOPE(C4:C10,B4:B10); and cell B14 contains the formula =RSQ(C4:C10,B4:B10).

According to the calculations carried out by Excel, the fixed maintenance cost (the intercept) is \$3,431 per month and the variable cost (the slope) is \$0.759 per patient-day. Therefore, the cost formula for maintenance cost is:

$$Y = a + bX$$

$$Y = \$3,431 + \$0.759X$$

Note that the  $R^2$  (i.e., RSQ) is 0.90, which—as previously discussed—is quite good and indicates that 90% of the variation in maintenance costs is explained by the variation in patient-days.

- b. Identify potential problems that could arise in each individual's position, either due to the type of position (i.e., line or staff) or to the location of the individual's position within the organization.

(CMA, adapted)



#### PROBLEM 1-7 Ethics in Business [1.04]

Consumers and attorneys general in more than 40 states accused a prominent nationwide chain of auto repair shops of misleading customers and selling them unnecessary parts and services, from brake jobs to front-end alignments. Lynn Sharpe Paine reported the situation as follows in "Managing for Organizational Integrity," *Harvard Business Review*, March-April, 1994:

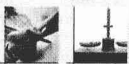
In the face of declining revenues, shrinking market share, and an increasingly competitive market . . . management attempted to spur performance of its auto centers. . . . The automotive service advisers were given product-specific sales quotas—sell so many springs, shock absorbers, alignments, or brake jobs per shift—and paid a commission based on sales. . . . [F]ailure to meet quotas could lead to a transfer or a reduction in work hours. Some employees spoke of the "pressure, pressure, pressure" to bring in sales.

This pressure-cooker atmosphere created conditions under which employees felt that the only way to satisfy top management was by selling products and services to customers that they didn't really need.

Suppose all automotive repair businesses routinely followed the practice of attempting to sell customers unnecessary parts and services.

#### Required:

1. How would this behavior affect customers? How might customers attempt to protect themselves against this behavior?
2. How would this behavior probably affect profits and employment in the automotive service industry?



#### PROBLEM 1-8 Ethics in Business [1.04]

Adam Williams was recently hired as assistant controller of GroChem, Inc., which processes chemicals for use in fertilizers. Williams was selected for this position because of his past experience in chemical processing. During his first month on the job, Williams made a point of getting to know the people responsible for the plant operations and learning how things are done at GroChem.

During a conversation with the plant supervisor, Williams asked about the company procedures for handling toxic waste materials. The plant supervisor replied that he was not involved with the disposal of wastes and suggested that Williams might be wise to ignore this issue. This response strengthened Williams's determination to probe this area further to be sure that the company was not vulnerable to litigation.

Upon further investigation, Williams discovered evidence that GroChem was using a nearby residential landfill to dump toxic wastes. It appeared that some members of GroChem's manage-

*Ethics assignments serve as a reminder that good conduct is just as important as profits in business. Group projects can be assigned either as homework or as in-class discussion projects.*

# What's new about the Tenth Edition?

## Chapter 1

The discussion of JIT, TQM, and Process Reengineering has been condensed.

The chapter has been reorganized by bringing forward the section that discusses organizational structure and the work of the management accountant.

The role of the CFO is discussed.

Links between e-commerce and subsequent chapters are discussed.

## Chapter 2

The illustration of inventory flows in Exhibit 2-3 has been improved.

The alternative approach to computation of cost of goods sold has been eliminated.

New material dealing with ethical issues in the determination of product and period costs has been added.

Cost of quality material has been moved from an appendix at the back of the book to an appendix to Chapter 2.

## Chapter 3

The section on use of information technology has been updated to cover new web-based technologies.

## Chapter 4

Changes have been made in the format of the production report to improve its readability.

Rounding has been eliminated as an issue in all examples and end-of-chapter materials by ensuring that all computations carried out to the nearest whole cent yield exact answers.

## Chapter 5

Scattergraph plots now precede the high-low method.

We now refer to the method for estimating fixed and variable costs based on the visual fit to the scattergraph plot as the **quick-and-dirty** method. The emphasis in the scattergraph section of the text is now on diagnosis of cost behavior patterns rather than as a way to estimate fixed and variable costs.

The term **regression line** is now reserved for the line that is computed by least-squares regression.

Hand calculation of the least-squares regression estimates has been eliminated. In the appendix we show how Excel or another spreadsheet application can be used to estimate slope, intercept, and the  $R^2$  of the regression.

**Chapter 6**

The CVP graph is introduced before break-even analysis to provide a more intuitive basis for the mathematics.

**Chapter 7**

New “In Business” boxes have been added.

**Chapter 8**

The “Manufacturing Costs and Activity-Based Costing” section has been extensively rewritten.

The “Steps for Implementing Activity-Based Costing” have been more clearly highlighted.

“Step 4: Calculate Activity Rates” has been extensively rewritten.

The “Targeting Process Improvements” section has been moved later in the chapter, after the “Comparison of Traditional and ABC Product Costs” section.

A new section on “The Limitations of Activity-Based Costing” has been added.

Technically complex material has been moved to a new appendix entitled “ABC Action Analysis.” This appendix covers “Activity Rates—Action Analysis Report,”

“Assignment of Overhead Costs to Products—Action Analysis Report,” “Ease of Adjustment Codes,” and “The Action Analysis View of the ABC Data.”

**Chapter 9**

The Appendix covering Economic Order Quantity and the Reorder Point has been eliminated.

The mechanics of how to construct the various schedules in the master budget are more thoroughly explained in the text.

**Chapter 10**

A new exhibit, Exhibit 10–1, provides an overview of the variance reporting process.

**Chapter 11**

New “In Business” boxes have been added.

**Chapter 12**

Material on mandated segment reports has been added.

**Chapter 13**

A new, easy-to-understand example has been added illustrating the identification of relevant and irrelevant costs.

Material dealing with the reconciliation of the total and differential approaches has been added.

The section dealing with equipment replacement decisions has been eliminated. This subject is covered in the capital budgeting chapter.

The section on joint costs has been completely rewritten and features a new, appealing example.

**Chapter 14**

The material on income taxes that was in Chapter 15 has been simplified by eliminating MACRS depreciation and has been condensed and moved to Appendix 14D.

The section on automated equipment has been generalized and rewritten as a section on evaluating projects with uncertain future cash flows.

The section on interpolation in internal rate of return calculations has been eliminated.

Problem materials now ask for the internal rate of return to the nearest whole percent.

The present value tables have been expanded to include all rates of return between 5% and 25%.

Many new “In Business” examples have been added.

**Chapter 15 (formerly Chapter 16)**

New “In Business” boxes have been added.

**Chapter 16 (formerly Chapter 17)**

New “In Business” boxes have been added.

**Chapter 17 (formerly Chapter 18)**

New “In Business” boxes have been added.

**Pricing Appendix**

New “In Business” boxes have been added.

## Can technology really help students and professors in the learning process?

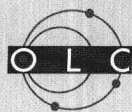
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college instructors use the Internet in their respective courses. Some are just getting started, while others are ready to embrace the very latest advances in educational content delivery and course management.

That's why we at McGraw-Hill/Irwin offer you a complete range of digital solutions. Your students can use **Managerial Accounting's** complete Online Learning Center, NetTutor, and PowerWeb on their own, or we can help you create your own course website using McGraw-Hill's PageOut.

In addition to Web-based assets, **Managerial Accounting** boasts **Topic Tackler**, a CD-ROM that offers special chapter-by-chapter assistance for the most demanding managerial accounting topics. With McGraw-Hill's **Presentation Manager** CD-ROM, instructors have access to nearly every crucial supplement, from the instructor's resource manual to the test bank, in both print and electronic media.

McGraw-Hill is a leader in bringing helpful technology into the classroom. And with **Managerial Accounting**, your class gets all the benefits of the digital age.



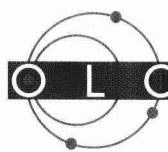
**Net Tutor™**

**POWERWEB**

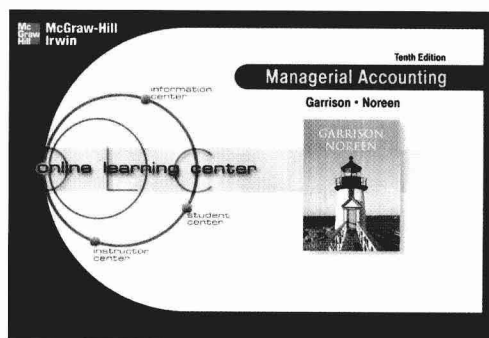
**PageOut**

## How can I easily integrate Web resources into my course?

### ONLINE LEARNING CENTER (OLC)



More and more students are studying online. That's why we offer an Online Learning Center (OLC) that follows **Managerial Accounting** chapter by chapter. It doesn't require any building or maintenance on your part. It's ready to go the moment you and your students type in the URL.



www.mhhe.com/garrison10e

As your students study, they can refer to the OLC website for such benefits as:

- Internet-based activities
- Self-grading quizzes
- Links to text references
- Links to professional resources on the Web and job opportunity information
- Learning objectives
- Chapter overviews
- Internet factory tours

A secured Instructor Resource Center stores your essential course materials to save you prep time before class. The instructor's manual, solutions, PowerPoint®, and sample syllabi are now just a couple of clicks away. You will also find useful packaging information and transition notes.

The OLC website also serves as a doorway to other technology solutions like PageOut which is free to **Managerial Accounting** adopters.

**Many of my students work or have other obligations outside of class. How can they get book-specific help at their convenience?**

## NET TUTOR™

**NetTutor™** is a breakthrough program that allows one-on-one assistance completely online. Qualified accounting tutors equipped with **Managerial Accounting** work online with your students on specific problems or concepts from their text.

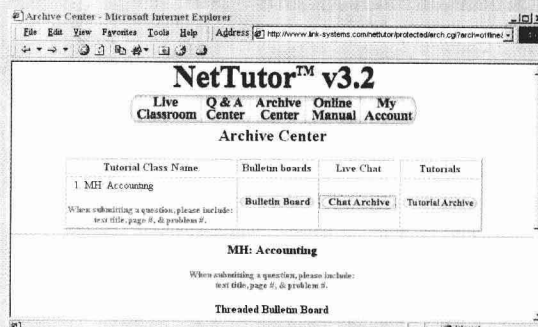
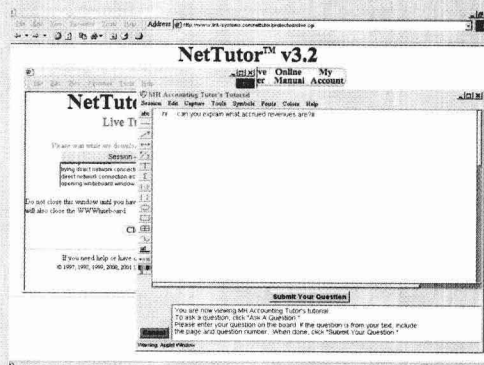
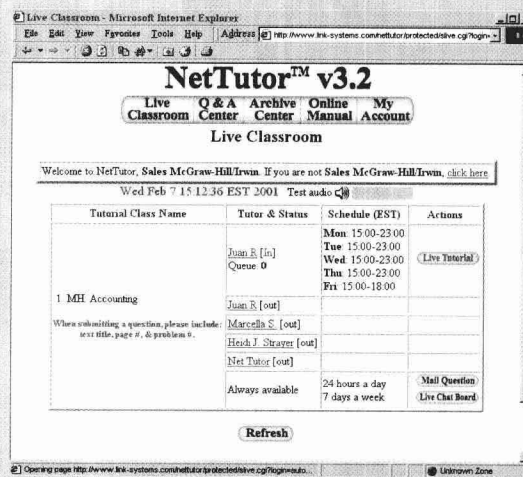
NetTutor allows tutors and students to communicate with each other in a variety of ways:

**The Live Tutor Center** via NetTutor's WWWhiteboard enables a tutor to hold an interactive, online tutorial session with a student or several students. The WWWhiteboard acts as a virtual chalkboard where students can view tutor-created spreadsheets, t-accounts, and written explanations during hours that work with your students' schedules.

**The Q&A Center** allows students to submit questions at any time and retrieve answers within 24 hours.

**The Archive Center** allows students to browse for answers to previously asked questions. They can also search for questions pertinent to a particular topic. If they encounter an answer they do not understand, they can ask a follow-up question.

Students are issued five hours of free NetTutor time when they purchase a new copy of **Managerial Accounting**. Additional time may be purchased in five-hour increments. Tutors are available during the week to help students clear those afternoon and evening study hurdles.



# What help can I rely on from McGraw-Hill for setting up my online course?

## KNOWLEDGE GATEWAY

### *Knowledge* Gateway

Developed with the help of our partner, Eduprise, the McGraw-Hill Knowledge Gateway is an

all-purpose service and resource center for instructors teaching online. While training programs from WebCT and Blackboard will help teach you their software, only McGraw-Hill has services to help you actually *manage and teach* your online course, as well as run and maintain the software. Knowledge Gateway offers an online library full of articles and insights that focus on how online learning differs from a traditional class environment.

The first level of Knowledge Gateway is available to all professors browsing the McGraw-Hill Higher Education website and consists of an introduction to OLC content, access to the first level of the Resource Library, technical support, and information on Instructional Design services available through Eduprise.

The second level is password-protected and provides access to the expanded Resource Library, technical and pedagogical support for WebCT, Blackboard, and TopClass, the online instructional design helpdesk, and an online discussion forum for users. The Knowledge Gateway provides a considerable advantage for teaching online—and it's only available through McGraw-Hill.

To see how these platforms can assist your online course, visit [www.mhhe.com/solutions](http://www.mhhe.com/solutions).

## PAGEOUT & SERVICE

**PageOut** is McGraw-Hill/Irwin's custom website service. Now you can put your course online without knowing a word of HTML, selecting from a variety of prebuilt website templates. And if none of our ideas suit you, we'll be happy to work with your ideas.

If you want a custom site but don't have time to build it yourself, we offer a team of product specialists ready to help. Just call 1-800-634-3963, press 0 to get the receptionist, and ask to speak with a PageOut specialist. You will be asked to send in your course materials and then participate in a brief telephone consultation. Once we have your information, we build your website for you, from scratch.

## INSTRUCTOR ADVANTAGE AND INSTRUCTOR ADVANTAGE PLUS

**Instructor Advantage** is a special level of service McGraw-Hill offers in conjunction with WebCT and Blackboard. A team of platform specialists is always available, either by toll-free phone or e-mail, to ensure everything runs smoothly through the life of your adoption. Instructor Advantage is available free to all McGraw-Hill customers.

**Instructor Advantage Plus** is available to qualifying McGraw-Hill adopters (see your representative for details). IA Plus guarantees you a full day of on-site training by a Blackboard or WebCT specialist, for yourself and up to nine colleagues. Thereafter, you will enjoy the benefits of unlimited telephone and e-mail support throughout the life of your adoption. IA Plus users also have the opportunity to access the McGraw-Hill Knowledge Gateway (see left).

# How can I easily create an online course?

**For the instructor** needing to educate students online, we offer **Managerial Accounting** content for complete online courses. To make this possible, we have joined forces with the most popular delivery platforms currently available. These platforms are designed for instructors who want complete control over course content and how it is presented to students. You can customize the **Managerial Accounting Online Learning Center** content and author your own course materials. It's entirely up to you.

Products like **WebCT**, **Blackboard**, **eCollege**, and **TopClass** (a product of WBT) all expand the reach of your course. Online discussion and message boards will now complement your office hours. Thanks to a sophisticated tracking system, you will know which students need more attention—even if they don't ask for help. That's because online testing scores are recorded and automatically placed in your grade book, and if a student is struggling with coursework, a special alert message lets you know.

Remember, **Managerial Accounting's** content is flexible enough to use with any platform currently available. If your department or school is already using a platform, we can help. For information on McGraw-Hill/Irwin's course management supplements, including **Instructor Advantage** and **Knowledge Gateway**, see "Knowledge Gateway" on the previous page.



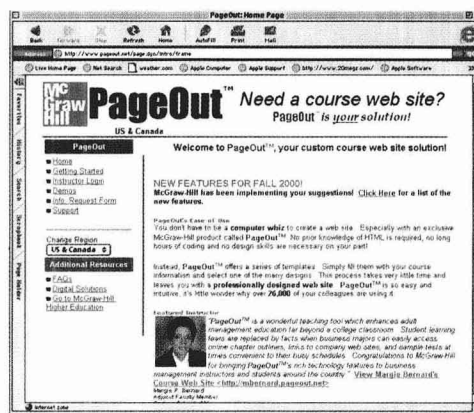
## PAGEOUT

**PageOut**

**McGraw-Hill's Course Management System**

PageOut is the easiest way to create a website for your accounting course.

There's no need for HTML coding, graphic design, or a thick how-to book. Just fill in a series of boxes with simple English and click on one of our professional designs. In no time, your course is online with a website that contains your syllabus!

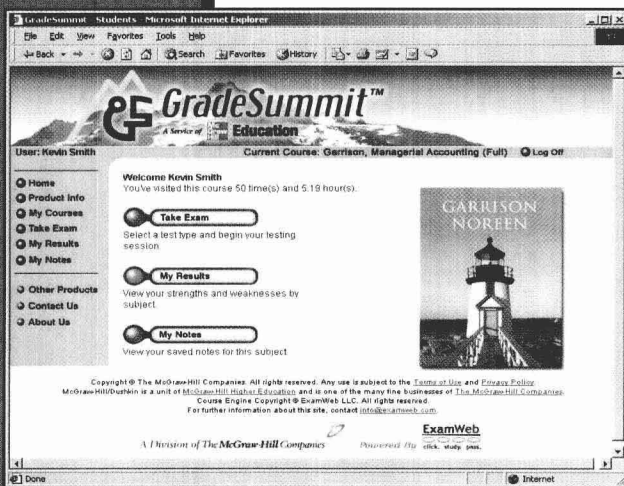


If you need assistance in preparing your website, we can help. Our team of product specialists is ready to take your course materials and build a custom website to your specifications. You simply need to call a McGraw-Hill/Irwin PageOut specialist to start the process. (For information on how to do this, see "Superior Service" on the next page.) Best of all, PageOut is free when you adopt **Managerial Accounting!** To learn more, please visit <http://www.pageout.net>.

# How can my students use their study time more effectively?

## The online resource GradeSummit

tells your students everything they need to know in order to study effectively. And it provides you, the instructor, with valuable insight into which of your students are struggling and which course topics give them the most trouble.



For the student, GradeSummit provides a series of practice tests written to coincide with **Managerial Accounting's** coverage. The tests can be taken in various formats according to student preference: *practice mode*, for instance, displays the correct answer immediately, while *exam mode* simulates a real classroom exam and displays results at the end. There's even a smart testing engine, *SummitExpress*, that automatically scales the difficulty level of the questions according to the student's responses.

Once a student has taken a particular test, GradeSummit returns a detailed results page showing exactly where the student did well and where he or she needs to improve. Students can compare their results with

those of their other classmates, or even with those of every other student using the text nationwide. With that information, students can plan their studying to focus exclusively on their weak areas, without wasting effort on material they've already mastered. And they can come back to take a retest on those subjects later, comparing their new score with their previous efforts.

As an instructor, you'll know which students are falling behind simply by consulting GradeSummit's test logs, where results for every student in your course are available for review. Because GradeSummit's results are so detailed, you'll know exactly what topics are causing difficulties—an invaluable aid when it comes to planning lectures and homework.