

◆ 国际通用MBA教材 ◆

加拿大毅伟管理学院
清华大学经管学院

共同策划、推荐

世界经济
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罗纳德 W. 希尔顿 / 著

Managerial Accounting

Ronald W. Hilton

THIRD EDITION

英文版·第③版



机械工业出版社



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序 言 1

此次首批专为中国影印的系列教材直接配合中国工商管理硕士课程的各门必修课程，而且是由加拿大西安大略大学毅伟管理学院的任课教授们专门参予选择的。

毅伟管理学院是加拿大西安大略大学（UWO）所属的一所专业学院，而西安大略大学是加拿大历史最悠久的大学之一。毅伟管理学院的本校在安大略省伦敦市，同时在多伦多的密西沙加设有分校，而且最近在香港也建立了分校。

历史地看，毅伟管理学院一直是管理学开发领域的领导者，现将部分成就列后，标示毅伟管理学院日新月异的发展：

- 1922 年，创立了加拿大第一个培养本科生的商学系。
- 1932 年，开始出版杂志《毅伟商学季刊》。该杂志发行到 25 个国家，发行量多达 10 000 册，深受学术界和管理界读者的喜爱。
- 1948 年，在加拿大首次设立行政管理人员培训计划以及工商管理硕士课程。
- 1961 年，首创了加拿大的第一个商学博士课程。
- 1974 年，被联邦政府正式指定为加拿大第一个（现在已发展到 8 个）国际商业研究中心（CIBS，即美国 CIBERS 的前身），联邦外交部对该中心持续提供财政支援。
- 1975 年，毅伟管理学院成立了自己的出版社。该部门目前拥有 2 000 个加拿大的案例，并成为哈佛案例的加拿大资料交换所。1998 年，毅伟管理学院的案例已分销至 20 多个国家的 100 多所学院和 100 多家企业。毅伟管理学院是全世界管理学案例研究的第二大制作者，每年向校外读者分销案例教材超过 100 万册。
- 1978 年开始实施第一项国际学生交换计划，目前该交换计划已增至 20 余项。
- 1984 年毅伟管理学院在加拿大联邦政府的支持下，在伦敦市组建国家管理学研究与开发中心的过程中发挥了主导作用。
- 1984 年，是毅伟管理学院和清华大学连续合作开始的第一年，合作内容包括：交换访问学者、教材编写与出版以及各种培训活动。
- 1992 年，毅伟管理学院被选为主导性的国际商学刊物，即《国际商学研究杂志》在 1993 年至 1997 年间的编辑总部。
- 1993 年，《加拿大商学》杂志根据由各大聘用公司首席执行官、人力资源管理人员和求职顾问等人士组成的所有评选组得出的全方位评比结果，将毅伟管理学院列为加拿大培养工商管理硕士的最佳学院，并且这一结论被逐年的评比一再肯定。1994 年《亚洲企业》杂志又将毅伟管理学院列于亚洲公认的 25 所世界最佳商学院的行列中。
- 1997 年，《国际管理学杂志》将毅伟管理学院评为国际战略管理学文献的主要贡献者，并领先于哈佛大学与西北大学凯洛格商学院。《商业周刊》将毅伟管理学院列为全世界最佳国际商学院之一，和欧洲管理学院（INSEAD）及伦敦商学院（LBS）并列，而且《美国新闻与世界报导》将毅伟管理学院选为全世界在行政管理人员培训

计划方面最佳的 15 所商业学院之一。

至 1998 年，毅伟管理学院拥有 65 名全职教授，他们每年负责教授 600 名普通课程的和行政管理人员培训课程的工商管理硕士生、300 名本科生、40 名博士生，以及范围广泛的非学位课程。

负责挑选这批 MBA 通用教材的教师们均具有著名商学院（如：哈佛、沃顿、密西根、麻省理工学院和毅伟管理学院等）的博士学位，每位教授都对大批现有教材进行了仔细筛选，确保为中国市场提供最佳教材。相信您会对他们的选择表示满意。

加拿大西安大略大学毅伟管理学院

PREFACE 1

The texts in this initial series of books were selected to directly correspond to each of the required courses in China's MBA programs. The books were selected for reprinting by faculty members at the Ivey Business School, The University of Western Ontario, Canada.

The Richard Ivey School of Business is a professional School within The University of Western Ontario (UWO), one of Canada's oldest universities. Although Ivey is based in London, Ontario, it also has campuses in Mississauga (Toronto), Ontario and most recently, in Hong Kong.

Historically the School has been a leader in management development. A partial list of achievements follows.

- In 1922, the first undergraduate business department in Canada was established.
- In 1932, the school began to publish its own journal. Known as *Ivey Business Quarterly*, it reaches out to both academic and management audiences and enjoys a circulation of 10 000 in 25 countries.
- In 1948, Canada's first executive development program and first MBA program were established.
- In 1961, Canada's first Ph. D. program in business was introduced.
- In 1974, official designation was received by the Federal Government as Canada's first Centre for International Business Studies (CIBS).
- In 1975, Ivey opened its own case and publications office. This office now holds an inventory of 2 000 cases. In 1998, Ivey cases were being distributed to over 100 teaching institutions and 100 corporations in over 20 countries. Ivey is the second largest producer of management case studies in the world (and the largest producer of Asian cases), with over 1 000 000 copies studied each year by people outside the university.
- In 1978, commencement of its first international student exchange program took place. Over twenty such exchange programs are now in place.
- In 1984, the School took a leading role in establishing the National Centre for Management Research and Development in London with support from the Canadian Federal Government.
- 1984 also marked the beginning of a continuing linkage with Tsinghua University, one

which has involved visiting scholars, materials development and publication, and various training initiatives.

- In 1992, Ivey was selected to be the editorial home for the 1993-1997 period for the *Journal of International Business Studies*, the leading international business journal.
- In 1993, *Canadian Business* magazine's survey rated Ivey as the top MBA School in Canada, according to all groups: CEOs, human resources executives, and placement consultants. This ranking has been re – confirmed every year. In 1994, *Asia, Inc.* rated Ivey among the World's Top 25 Business Schools for Asians.
- In 1997, the *Journal of International Management* named Ivey the world's leading contributor in the previous decade to the international strategic management literature, ahead of Harvard & Kellogg. Business Week magazine ranked Ivey as one of the top international business schools in the world, alongside INSEAD and LBS; and *US News* and *World Report* selected Ivey as one of the top 15 business school in the world for executive development programs.

As of 1998, the School had 65 full – time faculty who annually taught 600 regular and executive MBA, 300 undergraduate, and 40 Ph. D. students, plus executives in a wide range of non – degree programs.

The faculty members who selected each book for reprinting all have Ph. D. s from major business schools such as Harvard, Wharton, Michigan, M. I. T., and Ivey. Each professor carefully reviewed the various books available to ensure the best possible choices of material for the China market. We are confident you will be pleased with their selection.

Richard Ivey School of Business
The University of Western Ontario

序 言 2

中国的改革开放事业催生了中国的现代管理教育，社会主义市场经济体制的确立，为中国的管理教育开辟了广阔的发展空间，使中国的管理教育，尤其是工商管理硕士（Master of Business Administration, MBA）的教育进入了一个全新的发展阶段。1991年，国务院学位办刚刚批准在部分高校中试办 MBA 教育时，只有九所院校得到授权，当年只招收了 86 名学生；到 1994 年，授权院校增加到 26 所，招生规模扩大为 1230 名；而在不久前结束的 1998 年招生工作中，已有 56 所院校得到了授权，这些院校共招收了 4000 名 MBA 学生。这一事实生动地说明了 MBA 教育在我国正方兴未艾。根据美国的经验，MBA 学位占每年硕士学位授予人数的四分之一，中国目前这一比例只占到百分之五，因此，从发展的前景看，MBA 教育在中国前程远大。

然而，也应看到，中国的 MBA 教育还刚刚起步，在培养人的各个环节：师资、课程与教材方面还很落后，难以适应经济发展的需要，与发达国家的情况相比差距是十分巨大的。加强国际合作与交流，大胆地借鉴、引进世界上一切优秀的 MBA 教育方面的教学内容、方法和手段，特别是系统地引进国外优秀的 MBA 教材，在此基础上坚持贯彻“以我为主，博采众长，融合提炼，自成一家”的指导方针，是逐步提高师资水平、更新专业知识、不断改进课程结构与内容、努力改革教学方法、引进案例教学、从而大大缩小中国与发达国家的差距、迅速提高中国 MBA 教育水平的重要步骤。

为此，清华大学经济管理学院与加拿大西安大略大学毅伟管理学院（Richard Ivey School of Business, The University of Western Ontario）合作，联合推出一套能反映当代水平、体现国际规范、可供中国借鉴的 MBA 核心课程的教材。清华大学的经管学院成立于 1984 年，是国务院学位办首批授权举办 MBA 教育的九所院校之一，1997~1998 学年度招收 MBA 学生 400 多名，现拥有全国最大规模的 MBA 教育项目；毅伟管理学院成立于 1948 年，是加拿大最好的商学院，拥有很高的国际声誉，在 MBA 的培养方面具有丰富的经验和很强的力量，它所培养的 12000 名毕业生中有六分之一成为其所在机构的董事会主席、副主席，总裁、副总裁，首席执行官或经理。

两院推出的这套 MBA 教材共十八种，大致可分为四部分。第一部分是反映管理主要内容的《管理学》（Richard L. Daft）、《战略管理》（Arthur A. Thompson, Jr. and A. J. Strickland III）、《市场营销学基础：全球管理》（William D. Perreault, Jr. and Jerome McCarthy）、《人力资源管理》（Lawrence S. Kleiman）、《国际管理》（Paul W. Beamish, Allen Morrison and Philip M. Rosenzweig）、《经理人员的沟通》（Norman B. Sigband and Arthur H. Bell）与《管理沟通：原理与实践》（Michael E. Hattersley and Linda McJannet）；第二部分是反映企业资产负债管理、投融资与财务活动和企业会计理论与实践的《公司财务原理》（Richard A. Brealey and Stewart C. Myers）、《投资学精要》（Zvi Bodie, Alex Kane and Alan J. Marcus）、《财务会计》（Clyde P. Stickney and Roman L. Weil）与《管理会计》（Ronald W. Hilton）；第三部分是反映企业管理技术方面的《管理科学导论》（David R. Anderson, Dennis J. Sweeney

and Thomas A. Williams)、《信息时代的管理信息系统》(Stephen Haag, Maeve Cummings and James P. Dawkins)、《商务与经济统计》(David R. Anderson, Dennis J. Sweeney and Thomas A. Williams)与《生产与运作管理》(Richard B. Chase, Nicholas J. Aquilano and F. Robert Jacobs);最后一部分是反映管理基础内容的《经济学原理》(N. Gregory Mankiw)、《商业伦理学》(David J. Fritzsche)和《商法与监管环境》(Ronald A. Anderson, David P. Twomey, Ivan Fox and Marianne Moody Jennings)。

在这套 MBA 教材的挑选中,在版权允许的范围内,既照顾了课程的结构,又考虑了 MBA 的特点。反映最新成果、理论结合实际、突出案例分析、作者知名度高是挑选中注意把握的基本原则。毅伟管理学院还特意组织了 17 名教授专为这套教材编配了案例集。这套教材可以做教师的教学参考书,教师可以运用书中的原理与国情相结合,逐渐发展出有中国特色的 MBA 教材;它也可以做 MBA 学生的教科书,帮助学生掌握市场经济的原理与规律,以便分析、解决中国的实际问题。另外,所有具有英文阅读能力的企业界与经济界人士、对经济管理有兴趣的高校学生,都可以把它作为系统学习经济管理知识、了解市场经济的规范的学习材料,以便更好地理解经济管理问题,增长分析、处理经济管理问题的才干。

朱镕基总理在 1994 年写给清华大学经济管理学院建院十周年的贺信中曾明确指出:“建设有中国特色的社会主义,需要一大批掌握市场经济的一般规律、熟悉其运行规则、而又了解中国企业实情的经济管理人才。”他在 1996 年提出“管理科学、兴国之道”,希望在中国“掀起一股学习管理、加强管理、发展管理科学、加强管理培训的热潮”。我们联合推出这套书,就是希望能在普及市场经济的一般规律与运行规则的知识、促进管理教育在中国的发展、提高中国企业的管理水平方面做一点实际的工作。

清华大学经济管理学院

1998 年 6 月 16 日

About the Author



Photo by Jon Reis/PHOTOLINK

Ronald W. Hilton is a Professor of Accounting at Cornell University. With bachelor's and master's degrees in accounting from The Pennsylvania State University, he received his Ph.D. from The Ohio State University.

A Cornell faculty member since 1977, Professor Hilton also has taught accounting at Ohio State and the University of Florida, where he held the position of Walter J. Matherly Professor of Accounting. Prior to pursuing his doctoral studies, Hilton worked for Peat, Marwick, Mitchell and Company and served as an officer in the United States Air Force.

Professor Hilton is a member of the Institute of Management Accountants and has been active in the American Accounting Association. He has served as associate editor of *The Accounting Review* and as a member of its editorial board. Hilton currently serves on the editorial board of the *Journal of Management Accounting Research*. He has served on the resident faculties of both the Doctoral Consortium and the New Faculty Consortium sponsored by the American Accounting Association.

With wide-ranging research interests, Hilton has published articles in many journals, including the *Journal of Accounting Research*, *The Accounting Review*, *Management Science*, *Decision Sciences*, *The Journal of Economic Behavior and Organization*, and *Contemporary Accounting Research*. He also has published a monograph in the AAA *Studies in Accounting Research* series, is a co-author of *Budgeting: Profit Planning and Control*, and is a co-author of *Cost Accounting: Concepts and Managerial Applications*. Professor Hilton's current research interests focus on contemporary cost management systems and international issues in managerial accounting. In recent years, he has toured manufacturing facilities and met with practicing managerial accountants in North America, Europe, Asia, and Australia.

**To my wife, Meg, and our sons,
Brad and Tim.**

Preface

Managers in all types of organizations rely heavily on managerial accounting information for decision making, planning, and control. The goal of this text is to acquaint students of management with the fundamentals of managerial accounting. The emphasis throughout the book is on *using* accounting information in managing an organization. *Managerial Accounting* is intended to be used by students after they have completed a basic course in financial accounting. Most of the material in the text can be covered in one semester or one and one-half quarters. The book includes enough material, however, to allow an instructor some choice of topics when designing the course.

In preparing the third edition of *Managerial Accounting*, many features of the first two editions were retained. However, several improvements and changes have been made based on the comments of the reviewers, instructors, and students who have used the text. This preface provides a summary of the text's key features and the changes in the third edition.

■ KEY FEATURES OF THIS TEXTBOOK

Conveying the importance of managerial accounting and stimulating students' interest

Each chapter is built around one major illustration, in which all aspects of the chapter's coverage are addressed. The illustration is used consistently throughout the chapter, allowing students to gain a deeper understanding of all dimensions of the topic. Each illustration has a management case flavor, with enough descriptive background to involve students in the scenario. These illustrations are built around realistic situations with plausible decisions and believable people. The types of illustrations vary widely across chapters. Although these major chapter illustrations are based on fictitious organizations, they are generally based on real-world situations. As a result the illustrations, though not real, are extremely realistic.

The text includes frequent descriptions of the actual managerial-accounting practices of real-world organizations. These *illustrations from management accounting practice* are highlighted to catch the students' attention and are dispersed throughout the book. Among the many organizations represented in these real-world scenarios are Aetna Casualty and Life; American Can; American Express; British Airways; B. F. Goodrich; Caterpillar; Chrysler; City of Charlotte, North Carolina; Cornell University; Corning Glass Works; Cummins Engine; Daihatsu; Deere & Company; Dow Chemical; Dutch Pantry; Federal Express; Firestone Tire & Rubber; General Electric; Harley Davidson; Hewlett-Packard; Honeywell; H. J. Heinz; ITT; Ingersoll-Rand; J. C. Penney; McDonald's; Motorola; a public school district in suburban Rochester, New York; Rockwell International; Southwest Airlines; Toyota; United Parcel Service; and Wal-Mart.

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Balanced coverage of managerial accounting topics in manufacturing, retail, nonprofit, and service-industry settings

A large percentage of the students pursuing studies in management will choose careers in nonmanufacturing environments. It is important that students realize the applicability of managerial accounting to a variety of organizations. Some managerial accounting topics are integrally related to the manufacturing sector; others are just as applicable in nonmanufacturing settings. The major illustrations, around which the chapters in this text are built, are drawn from a wide variety of enterprises. As the chapter outline on the front endpaper shows, seven of the illustrations are set in the manufacturing sector, seven illustrations involve service-industry firms, four illustrations are built around retail companies, and three illustrations involve nonprofit or governmental settings.

Flexible sequence of chapters written in modular style

Since managerial accounting instructors often have differing views on the optimal chapter sequence, flexibility in usage was a paramount objective in writing the text. Each chapter is a module, which can be assigned out of sequence if the instructor desires. For example, some instructors might prefer to cover cost behavior and estimation (Chapter 7) and cost-volume-profit analysis (Chapter 8) before delving into cost-accumulation issues. Other instructors may wish to cover these two topics in the section of the course on decision making. In this text, Chapter 7 and 8 can be assigned as early as immediately after Chapter 2, or as late as just prior to Chapter 14. The decision-oriented chapters (14, 15, 16, and 17) can be moved up to an earlier point in the course if the instructor prefers. These four chapters could be assigned any time after the students have completed Chapters 1, 2, 7, and 8. Chapter 18 covers the details of cost allocation for service-departments and joint products. These two modules in Chapter 18 could be covered along with the cost accumulation chapters (3, 4, and 5) if the instructor prefers. Chapters 12 and 13, which cover a variety of issues pertaining to responsibility accounting and decentralization, can be assigned later in the course if desired.

Instructors' preferences vary widely with respect to the best place in the course for the topic of variable versus absorption costing. Some instructors prefer to cover the topic immediately after cost-volume-profit analysis (covered in Chapter 8). Others prefer to cover the topic after standard costing and overhead variances, so that the effect of the fixed-overhead volume variance can be included in the discussion. To satisfy both approaches, Chapter 12 is formally divided into two parts, with one of these parts covering variable and absorption costing. This part of the chapter is a stand-alone module and can be covered immediately after Chapter 8 (CVP) by instructors who want to emphasize the connection between CVP relationships and variable costing. Alternatively, instructors who wish to cover the fixed-overhead volume variance (in Chapter 11) first, can cover variable costing as a normal part of Chapter 12. The effect of the volume variance on the variable versus absorption costing issue is examined in the Appendix to Chapter 12.

In short, the instructor has a great deal of flexibility in course design and topical sequence when using *Managerial Accounting*.

Blend of traditional material and up-to-date coverage of emerging topics in managerial accounting

There is no doubt that managerial accounting is undergoing a revolution in thought and practice. Much of this change is due to recent changes in manu-

facturing technology and philosophy. Such innovations as just-in-time inventory systems, flexible manufacturing, and computer-integrated manufacturing systems are dramatically changing the manufacturing environment. As a result, managerial accounting systems are changing as well. New concepts and procedures have been devised, and many traditional approaches have been challenged.

Managerial Accounting provides thorough coverage of these contemporary issues. Two complementary approaches are taken. First, these emerging issues are thoroughly integrated throughout the text. Virtually every chapter includes major coverage of some aspect of contemporary cost management systems and the new manufacturing environment. This provides for continual reinforcement of these topics throughout the course, and also allows students to study the issues in a variety of organizational contexts.

Second, Chapters 5 and 6 are devoted entirely to contemporary cost management systems. Issues such as cost drivers, activity-based costing, activity-based management, non-value-added costs, and costing systems for just-in-time production environments are covered in these chapters. By covering many of these topics together, in the context of a particular company, students are better able to understand how these diverse issues are interrelated.

Breadth and depth of coverage

This textbook is thoroughly comprehensive in that it includes all topics of relevance for an introductory managerial accounting course. Moreover, the book provides enough depth to give students an appreciation for the relationship of each topic to the management process. When appropriate, the behavioral implications of managerial accounting information and procedures are explored. For a thorough understanding of managerial accounting, students should not only be able to produce accounting information, but also understand how managers are likely to use and react to the information.

Pedagogical features designed to enhance the learning process

To help students learn managerial accounting and gain an appreciation for its importance, *Managerial Accounting* includes a wide range of pedagogical features.

- **Learning Objectives.** Each chapter begins with a list of learning objectives to help students identify the most important issues in the chapter.
- **Comprehensive Illustrations with a Real-World Flavor.** As noted previously, each chapter is built around a major illustration that progresses throughout the chapter. These diverse illustrations include enough background to add realism to the presentation and stimulate the students' interest in the topic.
- **Photos.** A photograph at the beginning of each chapter and a logo for each organization add to the realism of the presentation. In addition, numerous photos from practice are included throughout each chapter. These photos are intended to enhance the students' interest and emphasize key points.
- **Clarity and Step-by-Step Presentation.** Great care was taken to write this text in a clear, readable, and lively style. Extensive review by managerial accounting instructors coupled with classroom testing have helped in achieving this goal. The text contains numerous exhibits, graphs, tables, and step-by-step instructions to help students master the material.
- **Illustrations from Management Accounting Practice.** As noted previously, the managerial accounting practices of well-known, real-world or-

ganizations are highlighted in these numerous illustrations. They are intended to stimulate student interest and provide a springboard for classroom discussion.

- **Review Problems.** Most chapters include a review problem along with its solution to provide students with a vehicle for testing their understanding of the material.
- **Key Terms.** Each chapter includes a list of key terms with page references. A complete glossary is included at the end of the text.
- **Review Questions, Exercises, Problems, and Cases.** Each chapter includes a wide selection of assignment material. This end-of-chapter material, which has been classroom tested, is comprehensive in covering the points in the chapter. The assignment material exhibits a wide range of difficulty, and the *Instructor's Guide* provides guidance for the instructor on the difficulty level and time required for each problem. Numerous adapted CMA and CPA problems are included in the text. In many cases, these problems were very heavily adapted to preserve the essence of the problems while ensuring that they were pitched at a level appropriate for the text.

■ CHANGES IN THE THIRD EDITION

The key features of the first and second editions have been retained. However, several changes have been made to improve on those strengths. Some of the more significant changes are described here.

Expanded pedagogical material

In responding to the comments of adopters and reviewers of the second edition, new pedagogical material has been added where indicated. For example, at the suggestion of a reviewer, a time-line diagram was added in Chapter 3 to help students understand the differences between budgeted, applied, and actual overhead.

Reorganization of process-costing coverage

Chapter 4, which covers process costing, has been reorganized as follows:

- **Main part of Chapter 4:** Covers general concepts of process costing, such as equivalent units, and the *weighted-average* process-costing method in a *single production department*.
- **Appendix A to Chapter 4:** Covers the *first-in, first-out (FIFO)* process-costing method in a *single production department*.
- **Appendix B to Chapter 4:** Covers process costing in *sequential production departments* (both weighted-average method and FIFO method).

These changes in the process-costing coverage were made to provide instructors with the maximum flexibility in course design. Instructors who wish to cover only the weighted-average method may assign only the main chapter, excluding both appendixes. Coverage of both weighted-average and FIFO process costing can be accomplished by assigning the chapter and Appendix A. An instructor who prefers to cover only the weighted-average method, but with sequential production departments, may assign the chapter and the first part of Appendix B, stopping when the FIFO coverage begins (and skipping Appendix A). Finally, all aspects of process costing are covered by assigning the chapter and both appendixes. The end-of-chapter material clearly indi-

cates whether an exercise, problem, or case is dependent on the material in either appendix.

Expansion and reorganization of material on contemporary cost management systems

In the first two editions, Chapter 5 covered contemporary cost management systems and the new manufacturing environment. In the third edition, this chapter has been reformatted into two chapters, 5 and 6, with coverage as follows:

Chapter 5. Traditional manufacturing process and plant layout; Activity-based costing; Differences between traditional, volume-based product costing, and activity-based costing; Product cost distortion; Selection of cost drivers; Indicators that a new product-costing system is needed; Identification of non-value-added costs; Activity-based costing in the service industry.

Chapter 6. Implications of advanced manufacturing technology for managerial accounting; Just-in-time (JIT) inventory and production management systems; Cost management systems; Two-dimensional activity-based costing; Activity-based management; Eliminating non-value-added activities and costs; Target costing; Kaizen costing; Continuous improvement; Keys to successfully implementing ABC and ABM.

Aerotech Corporation, the same illustration used in Chapter 5 of the first two editions, now runs throughout Chapters 5 and 6. Chapter 5 now focuses on activity-based *costing*. Chapter 6 is devoted more to activity-based *management*. In general, Chapter 5 is more quantitative while Chapter 6 is more qualitative. In this edition, the two chapters follow the natural evolution of a new cost management system from focusing primarily on cost assignment to impacting management of the organization's activities.

Chapters 5 and 6 make up a module on cost management systems. In general, Chapters 5 and 6 should be covered consecutively. However, the two-chapter module can be shifted around in the design of a course; they could be covered at either the beginning or end of the course.

Further integration of material on cost management systems and the new manufacturing environment

In the third edition, virtually every chapter includes significant coverage of various emerging topics in managerial accounting. Some of the topics covered in various chapters are as follows:

Chapter 1. Cost management systems; just-in-time production and inventory management; strategic cost analysis and the value chain; and the impact of the global economy.

Chapter 2. Cost drivers; volume-based versus operations-based cost drivers.

Chapter 3. Discussion and exhibits covering two-stage cost allocation and departmental overhead rates.

Also in Chapter 3 is an introduction to activity-based costing. The main part of the chapter includes a conceptual introduction to ABC, without getting into the details. Then the Appendix to Chapter 3 provides follow-up material with a straightforward numerical illustration. The ap-

pendix briefly shows the effects on product costs of the following three alternative approaches to product costing: plantwide overhead rate, departmental overhead rates, and activity-based costing.

The ABC coverage in Chapter 3 is intended for those instructors who prefer to introduce activity-based costing early in the course, without getting into a lot of details about ABC systems. A much more in-depth treatment of ABC is given in Chapter 5.

Chapter 4. Hybrid product-costing systems and operation costing; implications of JIT for weighted-average versus FIFO process costing.

Chapter 5. As in the first and second editions, this chapter provides an in-depth treatment of activity-based costing and cost management systems. This edition includes many pedagogical devices to help students understand how an activity-based costing system works, and how ABC reduces product cost distortion. To make room for the expanded pedagogical material, several topics have been moved to other chapters. This has increased the integration of the material on contemporary cost management systems throughout the text.

Chapter 6. This chapter covers activity-based management and the new manufacturing environment. Topical coverage includes the implications of advanced manufacturing technology for managerial accounting, just-in-time inventory and production management systems, two-dimensional activity-based costing, activity-based management, elimination of non-value-added costs, target costing, kaizen costing, continuous improvement, and the keys to successful implementation of ABC and ABM.

Chapter 7. Shifting cost structure in the new manufacturing environment; volume-based versus operations-based cost drivers.

Chapter 8. The implications of activity-based costing for CVP analysis; impact on CVP relationships of labor intensive production systems versus advanced manufacturing systems; and the implications of JIT and flexible manufacturing systems.

Chapter 9. Budgeting product life-cycle costs; and JIT versus EOQ views of inventory planning (appendix).

In addition, this chapter includes a considerable amount of pedagogical material to help students understand the linkage between production and purchasing, and how cash receipts and cash disbursements are budgeted.

Chapter 10. Performance measurement in the new manufacturing environment; limitations of standard costing; and relationships between ABC and standard costing.

Chapter 11. Implications of activity-based costing and contemporary cost management systems for flexible budgeting; controlling quality costs.

Chapter 12. Activity-based responsibility accounting.

Chapter 13. International and ethical issues in cost management systems.

Chapter 14. Implications of activity-based costing for relevant cost analysis.

Chapter 15. Pricing based on target costing; pricing implications of activity-based costing; and impact of distorted product costs on cost-based prices.

Chapter 16. Justification of investments in advanced manufacturing systems.

Chapter 17. Real-world capital-budgeting practices, including an international discussion.

Chapter 18. Relationships between service department cost allocation, two-stage allocation, and ABC systems.

Revision of end-of-chapter assignment material

Many new exercises, problems, and cases have been added in the third edition. In addition to the new assignment items, most of the exercises, problems, and cases in the first two editions have been revised. The result is that roughly three-quarters of the items in the third edition are new or revised.

Every chapter in the text includes one or more problems and cases dealing with ethical issues. Moreover, there is an increase in the number of problems and cases that include international issues, critical thinking skills, and written communications requirements.

The assignment material also includes many missing-data problems. These problems help students think through the conceptual linkages in a technique by requiring them to “work backwards” from the information given to reconstruct the missing data. Also, several integrative cases are included, for example, in the budgeting and standard costing chapters.



Many exercises and problems can be solved using the problem-solver software. Logos have been placed in the margins next to these exercises and problems.

Photos from practice

In addition to the chapter-opening photos, additional photos have been added throughout each chapter. These photos, which depict real-world practices and operations, are intended to enhance the students' interest and highlight selected key points.

■ SUPPLEMENTS FOR THE INSTRUCTOR

Solutions Manual (prepared by Ronald W. Hilton, Cornell University).

Contains complete solutions to all of the text's end-of-chapter review questions, exercises, problems, and cases.

Key Figures (prepared by Ronald W. Hilton, Cornell University). Provided

for end-of-chapter exercises, problems, and cases in the text. Available in class quantities.

Instructor's Manual (prepared by Margaret Hubbert, Cornell

University). Contains learning objectives, chapter overviews, chapter outlines, lecture topics, assignment grids for the text's problems and cases, and alternate assignment outlines and suggestions.

Test Bank (prepared by Gregory Lowry, Troy State University). Consists

of approximately 1500 test items including multiple-choice questions and short problems. Each question is keyed to the text's learning objectives.

Computerized Test Banks. Available for the IBM and Macintosh computers.

Overhead Transparencies. Solutions to all end-of-chapter exercises, problems, and cases in the text.

Teaching Transparencies (prepared by Margaret Hubbert, Cornell

University). Text and nontext enrichment material for classroom use.