

ACCOUNTING 2020-Sections 50

Managerial Accounting

Spring 2011

Course Syllabus

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Course Description

For business and accounting majors. This is an introductory course to managerial accounting principles. Coverage includes product costing, cost-volume-profit analysis, profit planning, capital budgeting, and financial statement analysis. 3 lecture hours per week.
Prerequisites: ACCT 2010 and CIS 1200

Required Course Materials

Text: Introduction to Management Accounting, 15th Edition (version with Chapters 1-14), Horngren, Sundem, Stratton, Burgstahler, and Schatzberg, Pearson/Prentice Hall, 2011. **This text is required to be obtained by each student and to be brought to each class – no exceptions.**

Learning Objectives

Three levels of competency apply to the major topics covered in this course: awareness, recognition, and near-working level. Some concepts and issues in business require an awareness of their importance and relevance relative to a career that has a significant requirement of business knowledge. For example, we need to be aware that there are different product-costing systems such as job order and process-costing. However, in this course, we do not need to master these variations in treatment.

Other concepts and issues require accountants to recognize proper accounting treatment, definitions, and applications but not necessarily the ability to perform at a near working level. An example is designing activity-based costing systems. We need to recognize a properly-designed system but do not develop the competency to design one.

For the major topics covered in this course, it is expected that students achieve a near-working-level mastery. This is interpreted as the ability to apply proper accounting treatment in simplified real-world settings. Students who desire to achieve working-level competencies in the various management-accounting tools should consider taking the Cost Accounting course (3300). To measure the achievement of these competencies, several methods will be used including classroom inquiry by the instructor, homework, examinations, and judgment. A student who misses class on a regular basis should expect less than hoped for results.

The designation of the appropriate competency level for topics covered will be made as the topic is covered in class. A general rule of thumb is to assume that any topic that is assigned related “exercises, problems, or cases” from the text require a near-working level mastery. That is, if you can work the assigned or class-demonstrated exercises, problems, and cases correctly without the aid of a solution, you should feel comfortable with your level of knowledge.

General Learning Objectives

- Understand the importance of ethical behavior as a key success factor in businesses¹**
- Be able to perform cost-volume-profit analysis**
- Understand cost-management’s role in businesses**
- Understand how activity-based costing systems add value to businesses**
- Perform activity-based management to make strategic decisions and operational control improvements**
- Apply relevant cost and revenue information to marketing and pricing decisions**
- Develop a master budget**
- Develop a flexible budget**

Perform variance analysis including direct-cost variances and indirect-cost variances
Understand performance measurement including balanced scorecard systems
Perform investment justification analysis to evaluate long-term investment proposals

Specific learning objectives related to each chapter of the text are too numerous to list here but in general, you should treat ALL stated learning objectives (see the beginning page of each chapter of the text) as applicable for the course. Exceptions to this general rule will be announced in class at the beginning of the discussion of a chapter.

Learning Activities

Learning activities for which student performance is measured and included as part of the course grade include:

- Assigned work
- Term examinations

Assigned Work (15%) Assignments will be collected and graded. Little, if any, credit is given for work that is turned in late. Work may be prepared using Word, Excel, or by hand (pen or pencil). *It is unacceptable to turn in a copy in full or in any part from a solution manual.* Benefits of doing assigned work on time include enhanced understanding of the material and better performance on examinations. *Questions from homework serve as one of the bases for each term exam.*

Term Examinations (85%) There are four term exams. Term exams are closed book. Make ups for term exams are permitted only for unusual circumstances and *never because a student is “not prepared.”* *If* a makeup is permitted, it most often will not be the same exam taken by peers and will be of a different format (oral exams are a distinct possibility). Also, most make up exams will not be curved. *For example, do not expect that a makeup exam for an exam that has a 10% curve will also have a 10% curve (remember – the makeup exam is not the same exam so the level of difficulty is also different as well as any imputed curve.*

Weighting of learning activities:

Assigned work	15%
Four Term Examinations	<u>85%</u>
	<u>100%</u>

The course grading scale for all learning assessments is as follows:

94.5- 100%	89.5 – 94.4%	87.5 – 89.4%	82.5 – 87.4%	79.5 – 82.4%	77.5 – 79.4%	72.5 – 77.4%	69.5 – 72.4%	66.5 – 69.4%	62.5 – 66.4%	59.5 – 62.4%	0 – 59.4%
A	A-	B+	B	B-	C+	C	C-	D+	D	D-	F

The final grade in the course also may be increased based on a subjective evaluation by the instructor based on the individual student's overall performance including factors such as attendance and participation that contributes to the overall learning environment.

Important Dates and Information

A summary of the most important dates follows:

Jan 10 Class work starts
 Jan 12 Last day to add without a signature
 Jan 18 Drop fee begins (\$10 per class)
 Jan 25 \$50 Late registration/payment fee
 Feb 1 Last day for refund
 Feb 1 Last day to drop without a “W” grade
 Feb 4 Last day to add classes
 Mar 4 Last day to drop or audit classes
 Mar 14-18 Semester break
 Apr 1 Last day for complete withdrawal
 Apr 28 Last day of classes

Other Useful Information

Dmail: Important class and college information will be sent to your Dmail account. This information includes your DSC bill, financial aid/scholarship notices, and notification of dropped classes, reminders of important dates and events, and other information critical to your success in this class and at DSC. All DSC students are automatically assigned a Dmail account. If you don't know your user name and password, go to www.dixie.edu and select "Dmail," for complete instructions. You will be held responsible for information sent to your Dmail email, so please check it often.

College resources: Several college resources are available to help you succeed. Check out the links for each one to get more information.

If you need help understanding the content of your courses, go to the Tutoring Center located in the Browning Learning Center, Room 105. There is a schedule of what courses have tutors at what times outside the door. You can also visit them online at <http://dsc.dixie.edu/tutoring/>

If you need to use a computer to do schoolwork on campus, go to the Computer Center in the Smith Computer Center or the Library basement.

If you are assigned to take a test in the Testing Center, go to the Browning Learning Center on the upper floor. You can get information on their website at <http://new.dixie.edu/testing/>

The Library has all kinds of information and resources. Visit the Val Browning Library or go to the library website at <http://library.dixie.edu/>

College approved absences: Dixie College Policy explains in detail what needs to happen if you anticipate being absent from class because of a college-sponsored activity (athletic events, club activities, field trips for other classes, etc). Please read this information and follow the instructions carefully! The policy can be found at: <http://www.dixie.edu/humanres/policy/sec5/523.html>

Any time you take credit for work you did not do, you are cheating. This includes getting the answers to study questions from someone else, copying information from a library or internet source and presenting it as if it were your own words (plagiarism), looking at someone else's answers on an exam, and asking someone who has already taken a test about what questions it contains.

I have tried to design assignments and exams to minimize the temptation to cheat, but it is not my job to prevent you from cheating. If you are successful, it doesn't mean that you "beat the system." It means you violated the student code of conduct and forfeited your integrity, whether or not you are caught. You will pay the price, sooner or later. (See DSC Policy 34.1.1-4).

Disability accommodations: If you are a student with a medical, psychological or a learning difference and requesting reasonable academic accommodations due to this disability, you must provide an official request of accommodation to your professor(s) from the Disability Resource Center within the first two weeks of the beginning of classes. Students are to contact the center on the main campus to follow through with, and receive assistance in the documentation process to determine the appropriate accommodations related to their disability. You may call (435) 652-7516 for an appointment and further information regarding the Americans with Disabilities Act (ADA) of 1990 per Section 504 of the Rehabilitation Act of 1973. Our office is located in the Student Services Center, Room #201 of the Edith Whitehead Building.

Attendance is a critical success factor in accounting. Over more than three decades of teaching accounting courses at schools including the University of Southern California, Boston University, the University of Michigan, Boise State University, the University of Washington, and Pepperdine University, I have observed a high correlation between attendance and performance – BE THERE!

Changes to Syllabus

Changes to this syllabus, other than grading scale, weighting of learning activities, and policies and procedures may be made with advance notice as deemed appropriate by the instructor. The most likely changes will be to the tentative class meeting and examination schedule. Students are responsible for awareness of any such changes announced in class or via e-mail to the class.

Tentative Class Meeting and Examination Schedule:

Date	Readings, Preparation	Assignment & Activity	Comments
1/12	Introduction and Overview Ch. 1	A3, 32, 33, 44, 52	<u>Attendance required to keep space in class.</u> Focus on Exhibits 1, 2, 5, and 7 along with related text materials. Search Nike's 10K (Appendix C on page A11) for the various components of the value chain listed in Exhibit 1-5 on page 10.
	Ch. 2	Chapter 2 (<u>see comments column</u>)	Chapter 2 is a very important chapter! YOU SHOULD SPEND EXTRA TIME LEARNING THIS MATERIAL AS IT WILL BE A FOUNDATION FOR MUCH OF THE WORK TO FOLLOW DURING THE COURSE – I.E. A CRITICAL SUCCESS FACTOR! Focus on Exhibits 1 – 6 the Summary Problem for Your Review on pages 39-40, and the section Computing the Break-even Point beginning on page 43. Pay special attention to the symbols introduced on page 38 and in Exhibit 4. The definitions on pages 55 and 56 are important. The operating leverage concept on page 53 is also important. We will spend extra effort on problem A1 so you should study this problem prior to class on January 19.
1/19	Ch. 2 and Ch... 4, from the bottom of page 133 to the end of the section on page 134 (def. of process maps)	A1 Including new added requirements 3. to 6. given in class (see comment), A2, 27	For problem A1, add the following additional requirements. 3. Prepare a process map for the cleaning activity showing the activity, resources used, cost driver(s), and costs. 4. Assume the relevant range is between 160,000 – 332,100 square feet cleaned. Which of the two cost amounts vary with changes in the cost driver within the relevant range? Which of the two cost amounts do not vary with changes in the cost driver within the relevant range? 5. How does knowledge of the capacity of a fixed cost resource help managers control costs (see class notes related to A1 for answer)? 6. Prepare an analysis for a process improvement that shows the potential costs associated with the fixed costs of cleaning. The data for this improvement is given on the class handout titled "Boeing Plant Cleaning Analysis."
1/26&27 Wednesday or Thursday 2/2	Ch. 2 Ch. 2 Prepare for First Term Exam	29, 30, 31, 32, 42, 44, 52 Term Examination 1	Read Appendix 2B before attempting 42 Exam in Testing Center; 16% of grade
	Ch. 3 Ch. 3	Read Chapter 3 A1 A3, 38	Focus on the sections MIXED COSTS (Pages 82-83) and Form of Cost Functions and Developing Cost Functions on pages 86-87. Focus attention on learning the hi-low and visual-fit methods. Also study how to interpret results from a least-squares regression analysis. Pages 92-96 and Appendix 3 cover this material with illustrations. You will be given a duplicate of the charts for problem 3-38 on page 107.
2/9	Ch. 4 Ch. 4 Ch. 4	Read Chapter 4 up to page 129 31-34, 39, A1 Read pages 133-142 40, B4	This chapter contains the most difficult concept to master in the course - ABC costing. Spend extra time on the Lopez Plastics illustration. Careful study is critical so reread these pages as necessary to become familiar with the concepts <i>prior to class</i> . Focus especially on understanding the Li Company illustration (beginning on page 127) and Exhibit 4-3. The section Traditional and Activity-based Cost Accounting Systems is the central focus of this chapter. The illustration Lopez Plastics Company (beginning on page 134) is especially important to study. Exercise 40 refers to the Lopez example on pp. 134-138 and Exhibit 7. Problem B4 also refers to the Lopez example. You should carefully study the posted solution to unassigned problem 47 that is very similar to B4. Also note that B4 and 47 are very challenging problems.

	Ch. 4	A3, 42, 43	Problems A3, 42, and 43 are an application of ABC to the banking industry – a service-sector illustration.
2/16	Ch. 12	Read Chapter 12, pages 472-476 and 489-490	We will complete any remaining work on the banking problems and then begin the topic Customer Profitability from Chapter 12. In Ch. 12 read only the section A General Framework for Cost Allocation and the section Allocation of Costs to Customer Cost Objects to Determine Customer Profitability to page 490. If you have mastered the cost allocation material from Chapter 4, the extension to customer profitability should not be too difficult.
	Ch. 12	1, 4, 17, B2	Study carefully the section Measuring and Managing Customer Profitability and the Cedar City Distributors illustration on pages 491-495.
	Ch. 12	Read pages 490-497	The remaining assigned work in this chapter follows the Cedar City Distributors illustration closely. Use this as guide. We will revisit the topic capacity planning via a class work assignment.
		Review the capacity planning example we did in Chapter 2.	Extra requirement for Nike 10-K problem: a sketch of a process map showing profitability model assuming that Nike chooses to separately allocate the cost to serve its customers is in the class handout labeled Exhibit 12-58.
		A2, 34, 58 (see comments for the extra requirement for 58)	
2/23 & 24 Wednesday & Thursday 3/2	Prepare for Second Term Exam	Term Examination 2	Exam in Testing Center; 18% of grade
	Ch. 5	Read pages 179 – 180 and 184-189	Focus on the sections The Concept of Relevance (pages 179-180) and Pricing Special Sales Orders (pages 184-189).
	Ch. 5	A2, A4, 46 Read pages 198-201 and Exhibit 13	Focus on the section Target Costing (pages 198-201)
	Ch. 5	60	This problem is a favorite of mine. The related extensive PowerPoint presentation augments the discussion in the text and lends a flavor of real-world complexity. This presentation is posted to the class e-room for your study.
	Ch. 6	Read Chapter 6, pages 225-230	Focus on section Make-or-Buy Decisions
3/9	Ch. 6 Ch. 7	A1 Read pages 271-283	Focus on the illustration The Cooking Hut beginning on page 273. We begin developing a master budget for the assigned problem A1. This is a lengthy problem and will take most of two classes to complete. It is an important learning activity since it is a comprehensive treatment of the master budgeting process.
	Ch. 7	A1	Read the section on activity-based budgets on pages 283-284, studying Exhibit 7-8 on page 284.
3/14-18 3/23	No Class Ch. 8	Read pages 304-308	SPRING BREAK We will develop and use a model for evaluation of financial performance during class. Then, we will use this model instead of the one presented on pages 309 onward.
	Ch. 8 Ch. 8	A1, B2, 43	While not assigned, problem 8-44 is another favorite. We will work on problem 44 and begin analysis of problem 54 which will be due Friday.
	Ch. 8	54	A brief review for term exam 3 will follow Q & A on problem 54.
3/30 & 31 Wednesday & Thursday 4/6	Prepare for Third Term Exam	Term Examination 3	Exam in Testing Center; 23% of grade
	Ch. 9	Read pages 346-353	
	Ch. 9	B3, 35 Read pages 364-365	Carefully read the section The Balanced Scorecard on pages 364-365
	Ch. 9	42	We begin an analysis of a more thorough treatment of performance management using a case to be handed out in class.
4/13	Ch. 9	47, Handout Case Analysis	Problem 47 demonstrates an important concept in management control – act to reduce variability in customer-facing activities. In this case, variability in the time for delivery of products to the customer.

	Ch. 10	Read pages 390-397	Focus on the computation of ROI and EVA. Understand the key differences in these aggregate, company-wide performance measures.
	Ch. 10	A1, B2, 30	
4/20	Ch. 10		
	Ch. 10	Ch. 10 Handout Case Analysis	
	Ch. 11	Read pages 426-432	Although you should study the text pages assigned carefully to gain the necessary background for capital budgeting, we will develop an Excel-based approach to perform investment justification analysis.
	Ch. 11	A1 (solutions in the text)	
	Ch. 11	62	The text says to assume all cash flows are at the end of each period. You should only assume this when computing the net present value metric. For the payback period and the breakeven time, assume cash flows occur evenly throughout the period.
4/27 & 28 Wednesday & Thursday	Prepare for Fourth Term Exam	Term Examination 4	Exam in Testing Center; 28% of grade