

# ACCOUNTING 2020-Sections 01 and 02

## Managerial Accounting

### Fall 2010

#### *Course Syllabus*

Instructor:	Bill Stratton, Ph.D., CMA
Office:	Room 127, Udvar-Hazy Business Building
Telephone:	Office 435-652-7926
E-mail:	<a href="mailto:Stratton@dixie.edu">Stratton@dixie.edu</a>
Office Hours:	MWF 12:00 noon – 1:00 p.m. and by appointment

#### 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, 15<sup>th</sup> 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 businesses 
- 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 or solution prepared by others.** 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:

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

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:

Mon, Aug 23 Class work starts  
 Wed, Aug 25 Last day to add without a signature  
 Mon, Aug 30 Drop fee begins (\$10 per class)  
 Mon, Sep 6 Labor Day  
 Tue, Sep 8 \$50 Late registration/payment fee  
 Mon, Sep 13 Last day for refund  
 Mon, Sep 13 Last day to drop without a “W” grade  
 Fri, Sep 17 Last day to add classes  
 Fri, Oct 1 Last day to apply for graduation  
 Thurs-Fri, Oct 14-15 Semester break  
 Mon, Oct 18 Last day to drop or audit classes  
 Fri, Nov 12 Last day for complete withdrawal  
 Tue, Nov 16 Career Day

Wed-Fri, Nov 24-26 Thanksgiving break

Fri, Dec 10 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, 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](http://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
8/23	Introduction and Overview	None	<u>Attendance required to keep space in class.</u>
8/25	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.
8/27	Ch. 2	Read Chapter 2 ( <u>see comments column</u> )	<b>Chapter 2 is a very important chapter!</b> 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 <b>the Break-even Point</b> 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 August 30.
8/30	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 ( <u>see comment</u> ), A2, 27	<b>For problem A1, add the following additional requirements.</b> <b>3. Prepare a process map for the cleaning activity showing the activity, resources used, cost driver(s), and costs.</b> <b>4. Assume the relevant range is between 160,000 – 332,100 square feet cleaned. What two cost amounts vary with changes in the cost driver within the relevant range? What two cost amounts do not vary with changes in the cost driver within the relevant range?</b> <b>5. How does knowledge of the capacity of a fixed cost resource help managers control costs (see class notes related to A1 for answer)?</b> <b>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.”</b>
9/1	Ch. 2	29, 30, 31, 32,	
9/3	Ch. 2	42, 44, 52	Read Appendix 2B before attempting 42
9/6	No class – Labor Day	-	
<b>9/8&amp;9 Wednesday or Thursday</b>	<b>Prepare for First Term Exam</b>	<b>Term Examination 1</b>	<b>Exam in Testing Center; 16% of grade</b>
9/10	Ch. 3	Read Chapter 3	Focus on the sections <b>MIXED COSTS</b> (Pages 82-83) and <b>Form of Cost Functions and Developing Cost Functions</b> on pages 86-87.
9/13	Ch. 3	A1	<b>Last day to drop without a W grade</b> <b>Last day for a refund</b>
9/15	Ch. 3	A3, 38	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.
9/17	Ch. 4	Read Chapter 4 up to page 129	<b>Last day to add</b> <b>This chapter contains the most difficult concept to master in the course – ABC costing. Spend extra time on the Lopez Plastics illustration.</b> Careful study is critical so reread these pages as necessary to become familiar with the concepts <u>prior to class</u> . Focus especially on understanding the Li Company illustration (beginning on page 127) and Exhibit 4-3.
9/20	Ch. 4	31-34, 39, A1	The section <b>Traditional and Activity-based Cost Accounting Systems</b> is

		Read pages 133-142	the central focus of this chapter. The illustration Lopez Plastics Company (beginning on page 134) is especially important to study.
9/22	Ch. 4	40, B4	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. <b>Also note that B4 and 47 are very challenging problems.</b>
9/24	Ch. 4	A3, 42, 43	Problems A3, 42, and 43 are an application of ABC to the banking industry – a service-sector illustration.
9/27	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 <b>Customer Profitability</b> from Chapter 12. In Ch. 12 read only the section <b>A General Framework for Cost Allocation</b> and the section <b>Allocation of Costs to Customer Cost Objects to Determine Customer Profitability</b> to page 490. If you have mastered the cost allocation material from Chapter 4, the extension to customer profitability should not be too difficult.
9/29	Ch. 12	1, 4, 17, B2	Study carefully the section <b>Measuring and Managing Customer Profitability</b> and the Cedar City Distributors illustration on pages 491-495.
10/1	Ch. 12	Read pages 490-497 Review the capacity planning example we did in Chapter 2. A2, 34, 58 (see comments for the extra requirement for 58)	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. <b>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.</b>
10/4	Review for Second Term Exam		
10/6 Wednesday	<b>Prepare for Second Term Exam</b>	<b>Term Examination 2</b>	<b>Exam in Testing Center; 18% of grade</b>
10/8	Ch. 5	Read pages 197 – 199 and 203-209	Focus on the sections <b>The Concept of Relevance</b> (pages 198-199) and <b>Pricing Special Sales Orders</b> (pages 203-209).
10/11	Ch. 5	A2, A4, 46 Read pages 213-214 and Exhibit 10 and pages 220-224	Focus on the section <b>Target Costing</b>
10/13	Ch. 5	60	
10/15	No class – semester break		
10/18	Ch. 6	Read Chapter 6, pages 251-256	Focus on the section <b>Make-or-Buy Decisions</b>
10/20	Ch. 6	A1	<b>Last day to drop or audit classes</b>
10/22	Ch. 7	Read pages 304-317	Focus on the illustration <b>The Cooking Hut</b> beginning on page 306. 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.
10/25	Ch. 7	A1	
10/27	Ch. 8	Read pages 341-346	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 347 onward.
10/29	Ch. 8	A1, B2, 43	
11/1	Ch. 8		We begin analysis of problem 54 which will be due Wednesday.
11/3	Ch. 8	54	A brief review for term exam 3 will follow Q & A on problem 54.
11/5 Friday	<b>Prepare for Third Term Exam</b>	<b>Term Examination 3</b>	<b>Exam in Testing Center; 23% of grade</b>
11/8	Ch. 9	Read pages 384-394	

11/10	Ch. 9	B3, 35 Read pages 401-402	Carefully read the section <b>The Balanced Scorecard</b> on pages 401-402
11/12	Ch. 9	42	We begin an analysis of a more thorough treatment of performance management using a case to be handed out in class.
11/15	Ch. 9	Handout Case Analysis	<b>Last day for complete withdrawal</b>
11/17	Ch. 9	Handout Case Analysis	
11/19	Ch. 10	Read pages 433-441	Focus on the computation of ROI and EVA. Understand the key differences in these aggregate, company-wide performance measures.
11/22	Ch. 10	A1, B2, 30 Handout Case Analysis	
11/24 & 26	No classes- Thanksgiving break		
11/29	Ch. 11	Read pages 472-481 A1 (solutions in the text)	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.
12/1	Ch. 11	53	
12/3	Ch. 11	59	
12/6	Ch. 11	TBA	
12/8 Wednesday	<b>Prepare for Fourth Term Exam</b>	<b>Term Examination 4</b>	<b>Exam in Testing Center; 28% of grade</b>
12/10	Last day of class		Term exam 4 results given