

# ACCOUNTING 3300

## Cost Accounting

### Fall 2009

#### Course Syllabus

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#### Course Description

Course covers the analysis of costs in a business organization for both internal and external use by management. Topics include: product costing, standard variances analysis, profit performance analysis, pricing, cost-volume-profit analysis, and budgeting. 3 lecture hours per week.

Prerequisite: ACCT 2020 and advanced standing in the business baccalaureate program.

#### Required Course Materials

**Text:** Introduction to Management Accounting, 14<sup>th</sup> Edition, (version with Chapters 1-14), Horngren, Sundem, Stratton, Burgstahler, and Schatzberg, Pearson/Prentice Hall, 2008.

#### Readings:

“Time-Driven Activity-Based Costing,” *Harvard Business Review* (November, 2004).

“The Balanced Scorecard -- Measures that Drive Performance,” *Harvard Business Review* (January-February, 1992).

“Coming Up Short on Nonfinancial Performance Measurement,” *Harvard Business Review* (November 2003).

“The Real Key to Creating Wealth”, *Fortune* (September 20, 1993).

**Cases:** Eight cases, including five Harvard Business School cases (the cost is approximately \$4.00 per case for the HBSP cases downloaded from the HBS site with code provided by instructor). The cases are:

1. Morabund Company - posted to Blackboard
2. Global Plastics Group - posted to Blackboard
3. Wilkerson Company (Harvard Business School)
4. Xyberspace Consulting, Inc. (Harvard Business School)
5. Kanthal (Harvard Business School)
6. Distribution Solutions case – posted to Blackboard
7. Vyaderm Pharmaceuticals (Harvard Business School)
8. Boston Lyric Opera (Harvard Business School)

You can access Harvard Business School on-line to purchase and then download your copy of the required cases by using the following link:

<http://cb.hbsp.harvard.edu/cb/access/4485105>

#### Learning Objectives

The course focuses on the use rather than the preparation of accounting information. Class time will be spent primarily on case discussions.

What are the key success factors for this course? In my opinion, they are:

- Develop an effective working relationship with your team members,
- Be in class 100% of the time, **be prepared**, and **actively participate**,
- Understand all the concepts related to the problems and cases,

### **General Working-Level Objectives**

**Ethical behavior as a key success factor**  
**Cost-volume-profit analysis**  
**Cost-allocation systems**  
**Activity-based costing**  
**Activity-based management**  
**Flexible budgeting including activity-based flexible budgeting**  
**Variance analysis including direct-cost variances and indirect-cost variances**  
**Measuring cost behavior**  
**Pricing decisions and cost management**  
**Performance measurement including balanced scorecard systems**  
**Measuring and managing customer profitability**  
**Performance measurement systems including balanced scorecard and economic value added**

### **Learning Activities**

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

- Case preparation and presentations (40% of course grade)
- Examinations (60% of course grade)

### **Case Preparation and Presentation**

**Case Preparation:** Every student should come to class prepared to discuss each case. **Thus, if you are called upon to discuss any aspect of any case and fail to do so, expect it to be noted.** All teams prepare a short (about 1 or 2 page) summary of case 1 – Wilson Outdoors and case 4 – Wilkerson Company. In addition, odd numbered teams prepare written summaries for cases 2, 5, and 7. Even numbered teams prepare written summaries for cases 3, 6, and 8.

### **Team Member Assignments**

<u>Name</u>	<u>Team Number</u>	<u>Name</u>	<u>Team Number</u>
	1		4
	1		4
	1		4
	1		4
	1		4
	1		4
	2		5
	2		5
	2		5
	2		5
	2		5

	2		5
	3		6
	3		6
	3		6
	3		6
	3		6
	3		6

**Case Presentation**

<b>Analytic Rubric for Grading Presentations</b>				
	<b>Below Expectation</b>	<b>Satisfactory</b>	<b>Exemplary</b>	<b>Score</b>
<b>Organization</b>	No apparent organization. Evidence is not used to support conclusions.  (0-4)	The presentation has a focus and provides some evidence which supports conclusions.  (5-6)	The presentation is carefully organized and provides convincing evidence to support conclusions.  (7-8)	
<b>Content</b>	The content is inaccurate or overly general. Listeners are unlikely to learn anything or may be misled.  (0-8)	The content is generally accurate, but incomplete. Listeners may learn some isolated facts, but they are unlikely to gain new insights about the topic.  (9-11)	The content is accurate and complete. Listeners are likely to gain new insights about the topic.  (12-13)	
<b>Delivery</b>	The speaker appears anxious and uncomfortable, and reads notes, rather than speaks. Listeners are largely ignored.  (0-5)	The speaker is generally relaxed and comfortable, but too often relies on notes. Listeners are sometimes ignored or misunderstood.  (6-7)	The speaker is relaxed and comfortable, speaks without undue reliance on notes, and interacts effectively with listeners.  (8-9)	
<b>Comments</b>				
<b>Total Score</b>				

**Active and Relevant Class Participation**

“Participating” is a matter of active engagement, rather than passive observation, and is shown through working effectively in diverse groups and teams, as well as through cooperation and respect for others. Participation quality in this course will be evaluated using the features defining the four levels below. As you develop your team dynamics during the term, use this rubric as a guide in assessing both your team member’s quality of participation and yours. I will also use appropriate elements (*blue font*) of this rubric as a guide in my evaluation of your class participation.

**Level 1 Participation (Beginner)**

- Little or no advance preparation
- Lets others set and pursue the agenda
- Observes passively and says little or nothing

<input type="checkbox"/> Responds to questions <input type="checkbox"/> Gives the impression of wanting to be somewhere else <input type="checkbox"/> Attendance record is haphazard and inconsistent; may be absent or late without notice
<b>Level 2 Participation (Novice)</b> <input type="checkbox"/> Moderately prepared in advance <input type="checkbox"/> Takes some part in setting group goals and agendas <input type="checkbox"/> Participates in discussions, letting others provide the direction <input type="checkbox"/> Occasionally introduces information or asks questions <input type="checkbox"/> If likely to be absent or late, informs others ahead of time and arranges to cover own responsibilities
<b>Level 3 Participation (Proficient)</b> <input type="checkbox"/> Well prepared in advance <input type="checkbox"/> Takes a large part in setting group goals and agendas <input type="checkbox"/> Actively participates in discussion and asks questions <input type="checkbox"/> Listens actively and shows understanding by paraphrasing or by acknowledging and building on others' ideas <input type="checkbox"/> Volunteers willingly and carries own share of the group's responsibilities
<b>Level 4 Participation (Advanced)</b> <input type="checkbox"/> All of the markers of proficient participation, plus <input type="checkbox"/> Draws out ideas or concerns of others, especially those who have said little <input type="checkbox"/> Re-visits issues or ideas that need more attention <input type="checkbox"/> Helps the group stay on track <input type="checkbox"/> Summarizes group decisions and action assignments

**Term Examinations:** There are two term exams, each counting 25% of the course grade. The key set of sources for examination material are the problems and cases. These cases represent a challenge since there often will be no clear-cut “best” solution. While you may not have a complete or reasonable solution to a case prior to its due date, you should thoroughly understand the key concepts prior to the examinations.

Term exams are closed book and consist of objective-format questions and problems. Make up for term exams is permitted only for unusual circumstances and never because a student is “not prepared.” If a make up is permitted, it will not be the same exam taken by peers and will be of a different format (oral exams are a distinct possibility).

**Weighting of learning activities:**

<b>Case Presentation &amp; Class Participation</b>	<b>40%</b>
<b>Term Examinations</b>	<b><u>60%</u></b>
	<b><u>100%</u></b>

The course grading score 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>

**Course Policies and Procedures**

Attendance is a critical success factor in intermediate 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!

**Important Dates and Information**

Important dates and information for all students in this course can be found at:

<http://new.dixie.edu/reg/syllabus/#finals>

Another important set of requirements can be found on line at

<http://new.dixie.edu/reg/faculty/?page=Syllabus>

**Students with Disabilities**

Students with a medical, psychological, or learning disability who need accommodations should contact the Disability Resource Center (652-7516) in the Student Services Center. The Disability Resource Center will determine eligibility of the student requesting special services and determine the appropriate accommodations related to the disability.

**Academic Integrity**

Scholastic dishonesty will not be tolerated and will be prosecuted to the fullest extent. Students are required to read and understand the current issue of the student handbook regarding student responsibilities and rights, and the intellectual property policy, for information and procedures about what constitutes acceptable on-campus behavior.

**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:**

<i><b>Date</b></i>	<i><b>Readings, Preparation</b></i>	<i><b>Assignment/Activity</b></i>	<i><b>Comment</b></i>
8/24		<input type="checkbox"/> Introduction <input type="checkbox"/> Cost Behavior Basics from Chapter 2 <input type="checkbox"/> Introduction to Excel-based case: Morabund Company	<p>After today, class meets in the computer lab (room 200).            Each student is given a free copy of Hyperion's Business Modeling software. It requires Windows and about 15 mb of memory. You may load this software on your own laptop or PC so you can use the software at home.</p>
8/26 & 8/28	<input type="checkbox"/> Study the Morabund case handout from class. Note the Excel spreadsheet is also posted to the class e-room so you do not need to enter all the data. <input type="checkbox"/> Text chapter 2 discussion of variable- and fixed-cost behavior on pages 48-51 <input type="checkbox"/> As you are reviewing the cost behavior terms and concepts, keep asking, "If the level of business activity changes, which revenue and cost accounts from the income statement of an organization would change?" <input type="checkbox"/> Read Appendix 3 (pages 113-116 of the text).	<ol style="list-style-type: none"> <li>Determine the cost structure for Morabund Company. That is, determine for each cost category, if the cost behavior is variable, fixed, or mixed. For mixed cost behavior, use regression analysis on Excel to determine the fixed and variable components for each cost.</li> <li>We will begin class with a demonstration of how to perform the analysis needed to budget for Morabund for the remaining three quarters of 2009 and to model a few scenarios for profit improvement. All this will be done using Excel.</li> <li>Then we will begin to learn the HBM software that is loaded on the PC's in the lab. We will work with some very simple models at first to become familiar with the software. Then we will model the Morabund case so see how it handles the same business scenarios as Excel.</li> </ol>	
8/31	Read the following sections and pages in Chapter 4 of IMA: <ul style="list-style-type: none"> <li><input type="checkbox"/> Cost Management Systems, p. 136</li> <li><input type="checkbox"/> Cost Terms Used for Strategic Decision Making and Operational Control Purposes, pp. 139-145</li> <li><input type="checkbox"/> Traditional and Activity-Based Cost Accounting Systems, pp. 150-161.</li> <li><input type="checkbox"/> Appendix 4, pp. 162-172.</li> </ul>		
9/2 & 9/4	<input type="checkbox"/> Read in Chapter 12 the section Allocation of Costs to Customer Cost Objects to Determine Customer		

	Profitability on pp. 539-547. Read the Appendix in Chapter 12 on pp. 555-562.		
9/7	Holiday		
9/9	Read the Global Plastics Group case through page 8.		
9/11	Free Day – no class	Teams should meet to discuss the Global Plastics case to assure a complete understanding of the company’s situation and key business issues. After you have a firm grasp on a company’s business and its key business issues, the next step is to perform activity analysis, construct a process map, gather financial and operational data, and then construct a business model using HBM. We will spend some time doing this in class and as a team assignment.	
9/14, 16, & 18	Continue to perform activity analysis and build a HBM model for Global Plastics Group.		
9/21		Teams will be presenting their process maps as well as business models for the Global Plastics case.	
9/23		Teams will be presenting their process maps as well as business models for the Global Plastics case.	
9/25		Teams will be presenting their process maps as well as business models for the Global Plastics case.	
9/28	View the interactive video “The Pen Factory Tutorial” by visiting the web site: <a href="http://video.hbs.edu/playVideo.jhtml?clip=abcpen">http://video.hbs.edu/playVideo.jhtml?clip=abcpen</a>	Read the Wilkerson Company case prior to our lab session. Teams may choose to analyze the case using either Excel or HBM	The Wilkerson Company case will be used to apply the HBM software. <b>All teams must turn in an analysis of Wilkerson Company.</b>
9/30		Continue to build your model for the Wilkerson Company using either Excel or HBM software.	
10/2		Wilkerson Company case due:	<b>All Teams</b> turn in an analysis and be prepared to demonstrate your solution using either Excel or HBM
<b>10/5&amp;6</b>	<b>Prepare for Term Exam 1</b>	<b>Term Examination 1</b>	
10/7	Text Chapter 12, pp. 527-534	Read the case Xyberspace Consulting by HBSP	
10/9		Class discussion of implications of different allocation strategies	
10/12		Xyberspace Consulting case analyses will be presented by teams	
10/14		Continued presentation of Xyberspace Consulting case	
10/16	Semester Break		
10/19	“Time-Driven Activity-Based Costing,” <i>Harvard Business Review</i> (November, 2004).	Read the Kanthal case by HBSP	
10/21		Discussion of time-based ABC	

10/23		Kanthal case analyses will be presented by teams	
10/26		Continued presentation of Kanthal case	
10/28			
10/30			
10/24			
11/2			
11/4			
<b>11/5&amp;6</b>	<b>Prepare for second term exam</b>	<b>Term exam 2</b>	
11/9	Text Chapter 12, pp. 539-547	Attempt case 12-55 (DSI) on page 579-582	This is a long case. You should at least read it carefully and develop a general idea of what key issues face the company.
11/11		Continued discussion of the DSI	
11/13		Teams present DSI case	
11/16		Teams present DSI case	
11/18	Chapter 9, pp. 401-402	Read the Boston Lyric Opera case from HBSP	
11/20	Read the articles: “The Balanced Scorecard -- Measures that Drive Performance,” <i>Harvard Business Review</i> (January-February, 1992).  “Coming Up Short on Nonfinancial Performance Measurement,” <i>Harvard Business Review</i> (November 2003).	Discussion of performance measurement	
11/17		Discussion of performance measurement	
11/19		Boston Lyric Opera case analyses will be presented by teams	
11/21		Continue presentations of Boston Lyric Opera case	
<b>11/23&amp;24</b>	<b>Prepare for term exam 3</b>	<b>Term Exam 3</b>	
11/25	No Class - Thanksgiving		
11/27	No Class - Thanksgiving		
11/30	Chapter 10, pp. 435-441	Begin reading Vyadern case from HBSP.	
12/2	“The Real Key to Creating Wealth”, <i>Fortune</i>	EVA discussion	

(September 20, 1993).	
12/4	EVA discussion
12/7	Vyaderm case analyses will be presented by teams
12/9	Continue presentations of Vyaderm case
12/11	TBA