

Belmont University College of Business Administration
Cost Accounting (ACC 3460)
Spring 2017

Class Time: Monday and Wednesday, 2:00 – 3:15 pm

Classroom: MC 209A

Instructor: Dr. Lee Warren

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Office Hours: Monday 11:00 – 2:00; 3:30 – 6:00

Wednesday 11:00 – 12:00; 3:30 – 5:00

By appointment

Required Text: *Fundamentals of Cost Accounting 5e* by Lanen, Anderson and Maher

Mission Statement of Accounting/MIS Programs:

Professional education in Accounting and Management Information Systems for talented and motivated students, delivered by a qualified and engaged faculty with an emphasis on equipping individuals with knowledge, skills and integrity for a wide range of professional careers.

BBA Accounting Learning Objectives:

Accounting graduates of the undergraduate program will be able to:

1. Demonstrate foundational knowledge about financial accounting, managerial accounting, auditing, tax, accounting information systems, and data management and analysis.
2. Identify, evaluate, and use relevant accounting information to prepare information for decision making.
3. Communicate effectively orally and in writing in a format accepted by the accounting profession.
4. Use technology to solve accounting problems and present solutions to the problems.

Objectives of the Undergraduate College of Business Administration:

The following College of Business objectives will be applied toward class objectives:

1. To provide a personalized career-oriented and practical educational program in Business Administration which emphasizes the four themes of leadership, innovation, private enterprise and entrepreneurship.
2. To equip students with the ability to think critically, communicate effectively, accept responsibility, make effective decisions, and operate in diverse work environments.
3. To emphasize quality classroom instruction within the parameters of Christian and ethical principles.

Course Description:

Prerequisite: ACC 2420 or ACC 2430 or ACC 2450. A study of how accounting data can be interpreted and used by management in planning and controlling business activities. Included in this study will be the accounting for costs of manufacturing a product or rendering a service with attention given to job order, process and standard cost systems.

Course Objectives:

- Produce, report and interpret internal information for managers.
- Determine the cost of manufacturing products and/or providing services in organizations involved in a conversion process.
- Compute product and service costs for external financial statements.
- Provide accounting information for the managerial functions of planning, controlling and evaluating

- performance and making decisions.
- Evaluate the effect of information choices on the decisions that are made.
- Align management accounting information with the decision-making structures of the organization.

Accounting information plays a vital role in determining the most appropriate strategic direction for the organization. In particular, cost information is a critical type of information needed for effective management. For this reason, the role of the cost accountant has expanded. Once viewed as technical experts in accounting methods and procedures, accountants are now participants in multifunctional management teams. Procedural cost accounting methods are important, but equally important is knowing how and when to apply them for more effective decision making. Our collective goal is to prepare you to understand the crucial role that cost management information plays in the overall success of an organization. Therefore, we will address a broad variety of issues including traditional product costing methods as well as management-related topics such as accounting and organizational strategy, activity-based costing and management, quality costs, cost management systems, accounting effects of just-in-time philosophy, use of nonfinancial and long-term performance measures and performance rewards.

A famous economist once commented, “Cost accounting is like broccoli. Whether you like it or not, it surely is good for you.” This same economist later observed that what the new market-oriented economies in Eastern Europe needed was not more economists, but more cost accountants. This economist’s point is that cost accounting adds value to us as individuals, to the organizations in which we work and to the economies in which those organizations function. It adds value by helping all of us understand how to manage our resources wisely.

Performance Evaluation:

Class Participation

Participation in class demonstrates your preparation and understanding of the material. In various class periods you will have the opportunity to complete problems to document your understanding. Your scores on these problems will determine your class participation grade.

Homework

End-of-chapter problem assignments are presented on the attached course schedule. Some of these problems may be covered in class. However, these suggested problems are not part of your grade for the semester. Rather, homework problems are assigned for your benefit, to help you understand the chapter material. Attempting to work these problems is essential to ensure a thorough understanding of the material. I will be available during office hours or by appointment to answer questions regarding homework problems. Regularly preparing homework will enhance your ability to participate in class and benefit from our time together. I encourage you to *try* to work the homework problems *before* we go over the material in class. This will significantly improve the chance of an “aha moment.”

Case Write-ups

Over the course of the semester, you will turn in four case write-ups. Each represents a comprehensive and integrated review of various class topics. For each, the instructor will provide specific instructions and the grading criteria. Due dates are included on the schedule following. Late submissions will not be accepted, resulting in a grade of zero on the assignment.

Becker CPA Review Questions

Becker CPA Review has granted access to some of their materials. For eight chapters you will answer questions relative to the text material. Access to these questions will be available during the period indicated on the syllabus. You may attempt these questions as many times as you like, and will be told when you have the correct response. Once the open period for each set of questions has lapsed, access will not be reopened. This tool provides you with two advantages: (1) You have an opportunity to review course concepts in a different medium; and (2) You can begin building your familiarity with the format of the CPA exam.

Exams

You will have two midterms and a comprehensive final exam. The exams will be a combination of multiple choice, essay, problems and critical thinking exercises.

Final Grade Computation

Participation		100 points
Case Write-ups		
Superheroes	100 points	
Continental Airlines	200 points	
Glenridge Retail	300 points	
Declaration of War	<u>100 points</u>	
Total		700 points
Becker CPA Review Questions		200 points
Midterm Exams (2 @ 150 points)		300 points
Comprehensive Final Exam		<u>300 points</u>
Total		<u>1,600 points</u>

Final grades will be determined as follows:

>93	A	>76-79%	C+
>89-93%	A-	>73-76%	C
>86-89%	B+	>69-73%	C-
>83-86%	B	>66-69%	D+
>79-83%	B-	>59-66%	D
		</= 59%	F

My responsibility is to help you understand the course material. You have the primary responsibility for learning the material and demonstrating the extent of your knowledge. Classes will be a combination of lectures, problem demonstration, activities that illustrate concepts and clarification of the issues that you raise. Active participation is encouraged. Discussion problems will be the basis for much of the work done in class. Bring the text and a calculator to class each day. The benefits of class time to you will depend on the extent and quality of your preparation before each class.

Note, there are numerous opportunities to score well in the class. However, no extra credit opportunities will be available during the semester. So, you should devote your best effort to all assignments and examinations.

Additional Hint:

Notice that less than half of your grade is based on exam scores and more than half on your regular work throughout the semester, taking the forms of essays, cases and problems. This evaluation structure rewards consistent preparation and engagement with the material. I have designed the evaluation system in this way because this is the best way to learn accounting. Read every chapter before you come to class. Do your homework for each class period. Keep up. Stay on top of it. Ask questions whenever you hit a bump in the road. Do not let the material get ahead of you. Not only will this give you the best chance of making a good grade, it will also help ensure mastery of this important material.

Class Attendance Policy:

I expect you to attend every class meeting. Regular class attendance is essential to the learning process. In my experience as an instructor, students that do not regularly attend class do not perform well on exams and projects. Therefore, make a commitment to regularly attend class. Even though attendance is not included in your grade, I will adhere to the attendance policy presented in the Belmont University Undergraduate Bulletin. As a courtesy, please let me know (via email or voice mail) if you need to miss a class meeting.

Other Class Policies:

1. You are expected to take the exams for the course at the scheduled times. *If you miss an exam, you will not be given a makeup exam.* Rather, additional weight will be given to your comprehensive final exam. In addition, you may not “test drive” the exam. That is, you may not start the exam, decide that you are unprepared, and then ask not to have the exam count. Once you have started the exam, it will count toward your final average. If you do miss an exam, you are welcome to come by the office and look over the exam that you missed.
2. As much as possible, I will adhere to the schedule attached. If we fall behind the schedule, I will *not* move the test dates, but rather I will adjust the material that is covered on the exam. You are responsible for all changes in policies and assignment schedules that are announced in class whether you are in attendance or not.
3. Every piece of work you turn in will be evaluated for correct spelling, grammar and sentence structure. Failure to attend to this important aspect of your work suggests a carelessness that your reader/client may suspect extends to the content of the work. Attachment One presents the Belmont Accounting/MIS program writing guidelines.
4. Late work will not be accepted. A grade of zero will be awarded for the assignment. Consistently meeting deadlines is a hallmark of professionalism and a practice that will be enforced in this class.
5. As a courtesy to your classmates and your professor, please turn off your cell phone during class. This means you should not be texting, checking scores, watching movies, etc. during class. If I observe you engaging in such behaviors, I will initiate a practice of requiring all students to place their phones face down on their desk, within in my sight.
6. You are welcome to use a laptop computer to complete problems and take notes in class. In fact, some of you may find this a very helpful tactic. However, let me offer two cautions. First, you will not have access to a laptop during tests, so you need to practice doing problems manually. Second, if you use your laptop to engage in non-class-related activities, you will be asked to leave the classroom for the remainder of that class session and will not be allowed to use your laptop in any future class sessions.
7. For all assignments and exams, you are expected to adhere to the University Honor Code (presented below).

Academic Integrity:

The Belmont community values personal integrity and academic honesty as a foundation of university life. We will adhere to the Honor System as presented in the Belmont University Undergraduate Bulletin, including the following student honor pledge:

I will not give or receive aid during examinations; I will not give or receive false or impermissible aid during course work, in the preparation of reports, or in any other type of work that is to be used by the instructor as the basis of my grade; I will not engage in any form of academic fraud. Furthermore, I will uphold my responsibility to see that others abide by the spirit and letter of the Honor Pledge.

8. Accommodation of Disabilities:
In compliance with Section 504 of the Rehabilitation Act and the Americans with Disabilities Act, Belmont University will provide reasonable accommodation of all medically documented disabilities. If you have a disability and would like the university to provide reasonable accommodations for the disability during this course, please notify the Office of the Dean of Students located in the Beaman Student Life Center (460-6407) as soon as possible.

<i>Tentative Course Schedule</i>			
<i>Date</i>	<i>Read</i>	<i>Prepare</i>	<i>Turn In</i>
Monday 9 January	Chapter 1: Cost Accounting: Information for Decision Making Chapter 2: Cost Concepts and Behavior	Chapter 2: 25, 28, 41, 53	
Wednesday 11 January	Chapter 3: Fundamentals of Cost-Volume-Profit Analysis	Chapter 3: 20, 22, 27, 28, 32, 34, 37, 42, 43, 49	Chapter 3 CPA Review questions available 11 – 17 January
Monday 16 January	Martin Luther King, Jr. Birthday Holiday – No class		
Wednesday 18 January	Chapter 4: Fundamentals of Cost Analysis for Decision Making	Chapter 4: 32, 35, 38, 42, 43, 45, 46, 49, 51, 53, 54, 55, 57	
Monday 23 January	Chapter 4: Fundamentals of Cost Analysis for Decision Making	Chapter 4: 32, 35, 38, 42, 43, 45, 46, 49, 51, 53, 54, 55, 57	Chapter 4 CPA Review questions available 23 – 29 January
Wednesday 25 January	Chapter 5: Cost Estimation	Chapter 5: 30, 31, 32, 33, 43, 44, 45, 48	
Monday 30 January	Chapter 5: Cost Estimation	Chapter 5: 30, 31, 32, 33, 43, 44, 45, 48	Chapter 5 CPA Review questions available 24 January – 5 February
Wednesday 1 February	Chapter 6: Fundamentals of Product and Service Costing	Chapter 6: 22, 23, 25, 27, 29, 30, 31, 33, 34, 35, 36, 40, 45, 46	

Monday 6 February	Chapter 6: Fundamentals of Product and Service Costing	Chapter 6: 22, 23, 25, 27, 29, 30, 31, 33, 34, 35, 36, 40, 45, 46	Case: Continental Airlines
Wednesday 8 February	Midterm Exam – Chapters 2, 3, 4, 5 and 6		
Monday 13 February	Chapter 7: Job Costing	Chapter 7: 18, 20, 21, 24, 27, 28, 30, 32, 34, 36, 39, 41, 43, 46	
Wednesday 15 February	Chapter 7: Job Costing	Chapter 7: 18, 20, 21, 24, 27, 28, 30, 32, 34, 36, 39, 41, 43, 46	
Monday 20 February	Chapter 8: Process Costing	Chapter 8: 18, 19, 21, 26, 27, 28, 29, 34, 35, 38, 42, 43, 44, 46	
Wednesday 22 February	Chapter 8: Process Costing	Chapter 8: 18, 19, 21, 26, 27, 28, 29, 34, 35, 38, 42, 43, 44, 46	Chapter 8 CPA Review questions available 20 – 28 February
Monday 27 February	Chapter 9: Activity-Based Costing	Chapter 9: 23, 25, 26, 27, 28, 30, 34, 35, 38, 41	
Wednesday 1 March	Chapter 9: Activity-Based Costing	Chapter 9: 23, 25, 26, 27, 28, 30, 34, 35, 38, 41	
Monday and Wednesday 6 and 8 March	Spring Break – No class		

Monday 13 March	Chapter 11: Service Department and Joint Cost Allocation	Chapter 11: 23, 24, 26, 28, 32, 34, 35, 42, 43, 49, 53, 56, 59	
Wednesday 15 March	Chapter 11: Service Department and Joint Cost Allocation	Chapter 11: 23, 24, 26, 28, 32, 34, 35, 42, 43, 49, 53, 56, 59	Chapter 11 CPA Review questions available 13 – 21 March
Monday 20 March	Midterm Exam – Chapters 7, 8, 9, 10 and 11		
Wednesday 22 March	Chapter 12: Fundamentals of Management Control Systems	Chapter 12: 20, 21, 23, 27, 29, 31, 33, 34, 35, 36	Case: Superheroes Pre-assignment Questions Chapter 12 CPA Review questions available 22 – 28 March
Monday 27 March	Chapter 13: Planning and Budgeting	Chapter 13: 17, 18, 22, 23, 26, 28, 32, 33, 36, 38, 40, 44, 46, 47,	Case: Superheroes Case Assignment Questions (P. 7)
Wednesday 29 March	Glenridge Retail Development Workshop Day		Chapter 13 CPA Review questions available 27 March – 9 April
Monday 3 April	Chapter 13: Planning and Budgeting	Chapter 13: 17, 18, 22, 23, 26, 28, 32, 33, 36, 38, 40, 44, 46, 47,	
Wednesday 5 April	Chapter 14: Business Unit Performance Measurement	Chapter 14: 20, 22, 25, 26, 28, 30, 31, 32, 34, 35, 36, 37, 38, 39, 43	Case: Glenridge Retail Development Presentations in Class
Monday 10 April	Chapter 14: Business Unit Performance Measurement	Chapter 14: 20, 22, 25, 26, 28, 30, 31, 32, 34, 35, 36, 37, 38, 39, 43	
Wednesday 12 April	Chapter 15: Transfer Pricing	Chapter 15: 17, 20, 21, 23, 26, 27, 29, 31, 32, 38	
Monday 17 April	Chapter 15: Transfer Pricing	Chapter 15: 17, 20, 21, 23, 26, 27, 29, 31, 32, 38	Case: A Declaration of War: A Case of Competition in the Video Game Industry

Wednesday 19 April	Chapter 16: Fundamentals of Variance Analysis (including Appendix)	Chapter 16: 17, 18, 19, 26, 29, 31, 36, 37, 39, 44, 45, 46, 54	
Monday 24 May	Chapter 16: Fundamentals of Variance Analysis (including Appendix)	Chapter 16: 17, 18, 19, 26, 29, 31, 36, 37, 39, 44, 45, 46, 54	Chapter 16 CPA Review questions available 19 – 25 April
Monday 1 May	Comprehensive Final Exam 2:00 PM		

Attachment One
Belmont University Accounting/MIS Program
Writing Guidelines

Please use the rules below to guide your writing.

Part I. General Writing guidelines:

1. ALWAYS RUN SPELL/GRAMMAR CHECK
2. Paragraphs must contain more than one sentence.
3. Thoughts should flow between sentences and between paragraphs.
4. The average sentence should be about 15 words long (few should exceed 20).
5. Use headings in written work. Headings keep sections organized and on point as well as guide the reader.
6. Make sure research work is properly cited.
7. Avoid using contractions, spell out the words.
8. Make items in a list parallel.
9. Use complete sentences (i.e., must have both a subject and a verb).
10. Avoid jargon, slang, and clichés.
11. Check for subject-verb agreement.
12. Do not start a sentence with a number unless the number is spelled out. Single digit numbers should also be spelled out.
13. Whenever possible, use active voice and present tense. This leads to more powerful writing.
14. Start papers with a lead-in paragraph that sets the stage for the paper and end the paper with some conclusion or summary.

Part II. Examples of common writing problems

Imagine receiving a report that asserts, "We believe that, notwithstanding the many uncertainties in the outlook, an effort of foresight and preparedness will prove helpful in overcoming the problems that will arise and in promoting that expansion of trade and enterprise at home and abroad which is indispensable to the attainment and maintenance of healthy economic conditions." Would you know what this writer is trying to communicate?

As this passage should indicate, you should always conclude the writing process by editing to make your prose clear, concise, and lively. Try your hand at revising the awkward sentences that appear below.

15. “It” refers to a thing, while “they” refers to humans. A company is a “thing,” so do not use the pronoun “they” when referring to a company—the proper pronoun is “it”.

Starbucks is a company that is known for **their** customer service. **They** are constantly trying to find ways to enhance the customer experience.

Starbucks is a company known for its customer service. It is constantly finding ways to enhance the customer experience.

16. “Its” is possessive, while “it’s” means “it is”.

The company expected **it’s** earning to increase.

The company expected its earnings to increase.

17. “This” should not be used as a noun. Instead, use “this” as an adjective or adverb (i.e., improper use would be—“this leads to confusion”—“this” what?).

The earnings increase is expected to increase market price. **This** helps the company reach its goals.

The earnings increase is expected to increase market price. This share price increase helps the company reach its goals.

Or

The earnings increase is expected to increase market price which helps the company reach its goals.

18. Use active voice (i.e., limit your use of variations of “to be” “needs to” and “have”).

The school **needs to be fixed** before resuming classes.

The school requires repairs before resuming classes.

In my current position, I am responsible for developing, promoting, and distributing our product.

I currently develop, promote, and distribute our product. [Make more active and direct; don’t start sentences with prepositional phrase.]

The thing that caused the failure of the company to avoid bankruptcy was the nature of its leadership, which was not competent.

The company could not avoid bankruptcy due to incompetent leadership. Incompetent leadership led the company to bankruptcy. (past tense which implies act has happened)

Or

The company's incompetent leadership makes bankruptcy unavoidable. (implies bankruptcy will happen, but has not yet happened.)

[Lots of empty wording; passive voice. Make active and more concise. Note in some cases passive voice is appropriate]

19. Be concise. If one word can replace three words, then use one word.

Examples:

- | | |
|-----------------------------|-----------|
| ▪ "due to the fact that" | - because |
| ▪ "prepare an analysis" | - analyze |
| ▪ "it should be noted that" | - (omit) |
| ▪ "in order to" | - to |

The changes are needed **in order to** increase profits.

The changes are needed to increase profits.

Renewal of the contract is conditional on the continued availability of state funds for this purpose and on the approval by the New York State Division of Budget.

The contract is renewable with the approval of the New York State Division of Budget.

20. Use simple words

Examples:

- | | |
|---------------|--------|
| ▪ utilize | - use |
| ▪ discontinue | - stop |
| ▪ endeavor | - try |

21. Use the proper homophone (word with different spelling and meaning, but same pronunciation).

Examples:

- their, there
- to, too, two
- principle, principal
- insure, ensure
- then, than
-

22. Avoid beginning a sentence with a pronoun as the subject (Ex. – It was blue. There was a need). Credit for the software that runs the Microsoft Art Gallery should go to Cognitive Applications.

It is an organization in Brighton, England. **It** also engineered many other impressive systems. **It** designed CD-ROMs that take users on a virtual tour of the Tower of London. Another of its programs shows viewers all the public rooms of Buckingham Palace.

The software that runs the Microsoft Art Gallery was created by Cognitive Applications, a Brighton, England, organization which also engineered CD-ROMs that provide virtual tours of the Tower of London and Buckingham Palace.

Same goes for “there” to start sentence.

There are many positive advantages to making investments in the latest state-of-the-art technology.

State -of-the-art technology offers many advantages.

23. Avoid using excessive prepositional phrases.

Many **of** the surveys **by** American sociologists **in** recent years have made a point **of** an appreciable degree **of** decline **in** our confidence **in** our institutions.

American sociologists have recently reported that we have far less confidence **in** our institutions. [Wordy; 7 prepositions! too many prepositional phrases. Make more concise; 1 preposition.]

Part III.

Some tips for research papers:

- Research papers require much effort. Four sources of information are not considered well researched!
- Wikipedia and Anonymous are **not** acceptable sources for a research paper.
- The first four hits on google are not the only information you may need.
- Make sure your information comes from reliable sources. A good idea is to find sources that can verify or confirm information that may be doubtful.
- Always question your information and not blindly accept.
- Provide proper citations for information taken directly from a source.