Course Syllabus Fall 2012

# ACC 329 Managerial Accounting & Control Professor K. Rowland Atiase

**Office**: CBA 4M.248 **Office Phone**: 471-5841

**Office Hours**: TuTh 12:15 – 1:15 p.m., and by appointment

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**TAs**: Siming Yang Carolyn Syer **Office**: CBA 4.304A CBA 4.304A

**Hours**: W 9:30 – 11:00 a.m. and by appt. MW 2:00 – 3:30 p.m. and by appt.

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TAs: Adibfar Itrat Office: CBA 4.304A

**Hours**: MW 11:00 – 12:30 p.m. and by appt. **E-Mail**: Adibfar.itrat@bba08.mccombs.utexas.edu

### Required Texts:

Horngren, Datar, & Rajan, Cost Accounting: A Managerial Emphasis (14th Ed.)

ACC 329, Cost and Management Accounting Readings, Handouts (HOs), Cases and Solutions Package. Available at Speedway Copy and Printing, Dobie Mall (478-3334).

- Ajinkya, Atiase & Bamber (AAB), <u>Issues in Accounting Education</u>, Fall 1986, pp. 268-281.\*
- The Ernst & Young Guide To Total Cost Management (E&Y Guide), Wiley & Sons, 1992, Chapters 7, 8 & 9.\*

### Course Objectives:

This course will cover managerial accounting and control concepts and techniques for Product and Service Costing, Planning and Control, as well as Non-routine Managerial Decisions. Modern managerial accountants are not only concerned with how cost data are transformed into cost accounting information but more importantly how to use cost accounting information to aid managerial goals. It is the case, however, that one cannot effectively use cost information without a good understanding of how various cost

<sup>\*</sup>Included in the ACC 329 Course Package.

accounting information are generated. Topics introduced in Introductory Managerial Accounting Courses will be covered much more rigorously in this course. In addition the course will provide students with a good exposure to topics on current and emerging concepts, practices and developments in Total Cost Management (TCM) including Activity-Based Costing (ABC), Benchmarking and Best Practices (BBP), Customer Costing (CC), Business Process Analysis (BPA), Business Process Improvement (BPI), Cost-Volume-Profit Analysis under Absorption and Direct Costing, Relevant Costing, Strategic Cost Management (SCM), and Transfer Pricing in Perfect and Imperfect Intermediate Product Markets.

The course should develop the student's understanding, skill, and analytical ability in management accounting to the level where he or she can function effectively (and efficiently) as a professional management accountant in industry, public accounting, management consulting, government, or personal business management.

## Reading/Written (Home) Assignments & Outline of Class Notes:

This course, though not difficult conceptually, will undoubtedly be demanding in time and effort. Thus students may be well-advised to allocate adequate time to the study of the material. The only path to success in this course is for the student to complete (or at least attempt) the reading and written home assignments regularly and on time (i.e., before each class meeting). *Note:* Basic algebraic and quantitative skills are assumed.

Written homework (in pencil) is due at the beginning of each class session for which it is assigned. Homework need not be perfect; if a reasonable attempt is made towards solving <u>all</u> problems, you will receive perfect scores. Assigned problems are meant to guide class participation; time constraints will determine whether they will (all) be solved in class. Active class participation is required. Homework will be collected at random.

The outline of class notes for each class will be posted on Blackboard a few days before each class. Each student should print and bring the outline of class notes for each class.

### **Group Case Write-up and Presentation:**

You and your group will be responsible for a detailed analysis of a primary case. You should generally plan to submit three copies of a maximum of a five-page, double-spaced typed solution, along with any exhibits and presentation slides you deem appropriate. Your solution to the case must explain what you believe the company's problems and challenges are, and then explain how your suggested course of action addresses those problems. Your target audience is fellow managers who are familiar with basic business concepts, but not with the details of a particular problem or solution techniques. Obviously, a set of computations or schedules would not by themselves be sufficient to define the problem and explain a solution.

# Secondary Case Write-ups:

You and your group should also turn in three copies of a maximum of two-page double-spaced executive summary (along with any exhibits you deem appropriate) of the other cases on the designated dates. The executive summaries should discuss (1) the major issues, (2) your solution, (3) operational and/or strategic questions you might pose to specific managers or to the firm.

## **Group Review Synthesis Write-up and Presentation:**

You and your group will present and submit three copies of two-page double-spaced typed review and synthesis (along with exhibits and presentation slides) of one of the major areas of cost and managerial accounting covered during the semester.

I expect each student to contribute equally to every case and synthesis write-up and presentation.

## Attire for Group Presentations: Business Casual

### **Examinations, Group Case Write-ups and Presentations, Synthesis and Grading:**

There will be two mid-term exams and a comprehensive final exam. In addition, there may be unannounced pop quizzes. A requirement of the course is that Exam I, Exam II & the Final Exam will be given in the evening. Do note the exam dates and times <u>now</u> and arrange to keep yourself free at those times.

Individual grades will depend on the student's performance according to the following criteria:

Grading Item	<u>Points</u>
Mid-term Exam I (Oct. 10, 8:00-10:00 p.m.) Mid-term Exam II (Nov. 19, 8:00-10:00 p.m.) Final Exam (Dec. 13, 7:00-10:00 p.m.)	125 125 150
Cases: Primary Case Secondary Case Synthesis	50 25 <u>25</u>
TOTAL POINTS	<u>500</u>
Quizzes, Homework & Class Participation	Soft Points*

<sup>\*</sup>Soft points are typically used to upgrade students whose overall performance on hard points (examinations, etc.) falls on a borderline (e.g., A/A-/B+/B). However, each student must earn at least 70 percent of the points assigned to homework collected or risk an automatic reduction of his or her final course grade by half a letter grade!

#### **Students with Disabilities:**

The University of Texas at Austin provides upon request appropriate academic accommodations for qualified students with disabilities. For more information, contact the Office of the Dean of Students at 471-6259, 471-4641 TTY.

### **Policy Statement on Scholastic Dishonesty:**

The McCombs School of Business has no tolerance for acts of scholastic dishonesty. The responsibilities of both students and faculty with regard to scholastic dishonesty are described in detail in the BBA Program's Statement on Scholastic Dishonesty at http://www.mccombs.utexas.edu/BBA/Code-of-Ethics.aspx. By teaching this course, I have agreed to observe all faculty responsibilities described in that document. By enrolling in this class, you have agreed to observe all student responsibilities described in that document. If the application of the Statement on Scholastic Dishonesty to this class or its assignments is unclear in any way, it is your responsibility to ask me for clarification. Students who violate University rules on scholastic dishonesty are subject to disciplinary penalties, including the possibility of failure in the course and/or dismissal from the University. Since dishonesty harms the individual, all students, the integrity of the University, and the value of our academic brand, policies on scholastic dishonesty will be strictly enforced. You should refer to the Student Judicial Services website at http://deanofstudents.utexas.edu/sjs/ to access the official University policies and procedures on scholastic dishonesty as well as further elaboration on what constitutes scholastic dishonesty.

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# ACC 329, Assignment Schedule, Fall 2012

Month	Date	Day	Reading Assignment	Written Assignment
Aug.	30	Th	Introduction, Course Policies, Ch. 1- Objectives of Cost & Management Accounting	1-1, 2, 3, 12, 13
Sept.	3	М	Labor Day Holiday	
	4	Т	Ch. 2 Cost Terms & Purposes, Actual Costing	2-1, 2, 7, 8, 9, 10, 11, 12, 14, 32, 33, 34, 35
	6	Th	Ch. 4 – Normal Costing	4-1, 2, 9, 12, 13, 18, 20, 26, 32
	11	Т	Ch. 4 – Normal Costing	4- 19, Handouts (HO) #1 & HO #2
	13	Th	Ch. 3 Cost Volume Profit (CVP) Analysis	
	18	Т	Ch. 3 – Profit Volume (PV) Line	3-35, 38, 44, 47; HO #3
	20	Th	Ch. 9; HOs #3a, 3b, 4a;	9-1, 4, HO #4
			AAB paper Absorption versus Direct Costing	
	25	Т	Ch. 9; AAB paper – Difference in Net Income AC vs. DC; Cost Volume Profit Analysis under Absorption Costing	HO #5 & HO #6
	27	Th	Ch. 11 Relevant Costing	11-1, 2, 3, 4, 8, 21, 23, 29; HO #7
Oct.	2	Т	Ch. 11 – Non-Routine Decisions	HO # 8, HO #9, HO #10
	4	Th	Chs. 6 & 7 Static & Flexible Budgets I – Responsibility Accounting, Direct Materials & Direct Labor Standard Costs & Variances	6-2, 7, 8,11; HO #11;7- 35
	9	Т	Catch-up & Review	
	10	W	Exam I (8:00-10:00 p.m.); No Make-ups	
	11	Th	No Class	
	16	T	Chs. 6 & 7 Static & Flexible Budgets I – Responsibility Accounting, Direct Materials & Direct Labor Standard Costs & Variances	7-36
	18	Th	Chs. 7 & 10 Flexible Budgets & Cost Behavior / Berkshire Threaded Fasteners Case (wait for additional guidelines to start!)	7-1, 3, 4, 24, 26, 27, 28; 10-25 (req. 1 only)
	23	Т	Ch. 8 Flexible Budgets II –Variable & Fixed Overhead Budgets & Vaviances	8-26
	25	Th	Bridgeton Industries Case	
	30	Т	Ch. 8; Ch. 5 and E&Y Guide-Chs. 7 & 8; -	HO #12 & HO #13
			Business Process Analysis, Business Profit Improvement, Activity Based Costing, & Customer Costing	5- 35, 38, 39; E&Y Guide Ch. 9; HO #14 & HO #15
Nov.	1	Th	Ch. 14 Sale and Production Variances	HOs # 16 & HO #17
	6	Т	Ch. 22 Transfer Pricing—General Rule for Optimal Transfer Price	22-2, 6, 11, 25, 26

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	8	Th	Ch. 22 Transfer Pricing—Imperfectly Competitive Intermediate Product Markets	HO#18 &HO #19
	13	T	Destin Brass Case	
	15	Th	Catch-up and Review	
	19	M	Exam II (8:00-10:00 p.m.); No Make-ups	
	20	Т	No class	
	22	Th	Thanksgiving Holiday	
	27	Tu	Total & Strategic Cost Management.	
	29	Th	Review & Synthesis Presentations	
Dec.	4	Т	Catch up and Review	
	6	Th	ТВА	

Final Exam: Common Final Exam – Thursday Dec 13, 2012; 7:00-10:00 p.m. Make-Up Final Exam – Friday Dec 14, 2012; 7:00-10:00 p.m.

# **GUIDELINES FOR CASE & SYNTHESIS WRITE-UPS**

- Attach a cover page including the following items: case name; group members' names; course and class time or unique number.
- 11 or 12 point Times New Roman font with 1 inch margins.
- Double-spaced (1.5 line spacing does not constitute double-spacing).
- The first paragraph should include a brief overview of the case facts as well as introduction to the issues you are to address, i.e. the questions that you intend to answer throughout the case. This will provide a nice transition to your first paragraph.
- Do not enumerate your answers, but instead include answers in a coherent sequence of paragraphs.
- All pages following the cover page should have a page number (beginning with page 1) on the lower right-hand corner (right footer for Word users).
- For each paragraph, include a concise topic sentence that answers the question. Support in the form of analysis and explanations should follow your topic sentence.
- Provide adequate support for conclusions—do not simply conclude something without supporting it somehow (this applies even to the secondary cases although there is less breadth expected in the explanations). A good heuristic is to ask yourself, if you were the CEO of this firm would this conclusion make sense to you?
- Headings are ok, but you should be able to lead the reader to the next paragraph easily with a segue.
- All tables and exhibits should be attached at the end of the case discussion and be noted upon first reference in the case discussion, e.g. Blah blah (see exhibit 1).
- PROOFREAD—many mistakes could be detected and subsequently corrected with a cursory proofread.

# Suggested Questions and Issues on the Berkshire Threaded Fasteners Co. Case

- 1. How do the individual product line and total company's Direct Costing Income Statements and Incomes compare with the Absorption Costing Income Statements and Incomes for the year ended December 31, 1973 and the six months ended June 30, 1974?
- 2. If the company had dropped the 300 series as of January 1, 1974, what effect would that action have had on the profit for the first six months of 1974?
- 3. In July 1974, should the company have reduced the price of the 100 series from \$2.45 to \$2.25?
- 4. Which is Berkshire's most profitable product line?
- 5. What strategic suggestions do you have for Mr. Magers and Berkshire as a result of your overall analysis?

These questions and issues are things you may wish to consider. You may emphasize other issues you think are important or adopt a different perspective that you think may be appropriate to the case.

Group write-ups for primary and secondary cases are described in the course outline. Each primary (secondary) case group should plan to submit three copies of a maximum of five(two)-page doublespaced typed solution, along with any exhibits and presentation slides that they deem appropriate. Each primary case group should also plan on a maximum 15 minute overall presentation (including set-up time).

# Suggested Questions and Issues on the Bridgeton Industries Case

- 1. Explain the trend in the overhead allocation rates over the 1987 to 1990 period.
- 2. Are the product costs reported by the cost system appropriate for strategic non-routine decision making?
- Assuming 1991 prices, sales volumes and materials costs are unchanged from 1990, what is the likely 1991 budget (Hint: Use Direct costing)
  - (a) with no changes in the product line?
  - (b) if the manifold product line is dropped?

How does the overhead allocation rate differ under the two alternatives?

- 4. Would you outsource manifolds in 1991?
- 5. What other strategic suggestions do you have for Bridgeton Industries?

These questions and issues are things you may wish to consider. You may emphasize other issues you think are important or adopt a different perceptive that you think may be more appropriate to the case.

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# Suggested Questions and Issues on the Destin Brass Product Co. Case

- 1. What are the problems/issues facing Destin Brass?
- 2. How might the standard cost estimates being used be improved upon using activity based costing?
- 3. What are the implications of the differences between your improved cost estimate and the company's standard cost?
- 4. Suppose that production and sales levels as well as other activities and costs are at the current standard level. How would net income differ under currently used standard costing system and the activity based costing system?
- 5. What strategic suggestions would you make to Destin Brass Co. as a result of your overall analysis?

These questions and issues are things you may wish to consider. You may emphasize other issues you think are important or adopt a different perceptive that you think may be more appropriate to the case.

Group write-ups for primary and secondary cases are described in the course outline. Each primary (secondary) case group should plan to submit three copies of a maximum of five(two)-page doublespaced typed solution, along with any exhibits and presentation slides that they deem appropriate. Each primary case group should also plan on a maximum 15 minute overall presentation (including set-up time).

# **Suggested Questions and Issues on the Group Synthesis Write-up and Presentation**

Managerial/Cost Accounting has three major objectives – namely:

- 1. Product (Service) Costing
- 2. Planning and Control, and
- 3. Non-Routine Managerial Decisions

Virtually all topics covered in this course fall under at least one of these three major areas. You and your group will be responsible for the review and synthesis of one of the above major areas of managerial accounting (i.e., your Primary Synthesis Topic) covered during the semester. Your review and synthesis may address the following suggested questions and issues:

- 1. What are the learning objectives of your (primary) synthesis topic?
- 2. How have we achieved them?
- 3. How is your primary synthesis topic related to the other major areas of managerial accounting?
- 4. What knowledge have we gained in this course beyond ALL previous courses taken (value-added)?
- 5. How do you expect the knowledge you gained in this course from (i) your primary synthesis topic and (ii) your secondary synthesis topics to help you in your potential future careers?
- 6. Any other comments you want to share.

These questions and issues are things you may wish to consider. You may emphasize other issues you think are important or adopt a different perceptive that you think may be more appropriate for your review and synthesis. Each group should plan to submit three copies of two-page, double-spaced typed review and synthesis (along with any exhibits and presentation slides that they deem appropriate) and also plan on a 5 minute overall presentation.