SEATTLE UNIVERSITY
FALL QUARTER 2017
Managerial Cost Accounting
(ACCT 5130)

Course information:	Instructor information:
Course code: ACCT 5130-01	Instructor: Prof. Davit Adut
Class location: PIGOT 203	Email: adutd@seattleu.edu
Classes: Thursday 6:00pm-8:40pm	Office: PIGT507
First class: Thursday, September,21 2016	Office hours: Thursdays 3:00pm to 6:00pm
Last class: Friday, December 2, 2016	Phone: 206-296-5713
Final exam: To be determined by the University Schedule	Tutor office: PIGT515B, Schedule is to be determined in the first week of classes. Please check with me. I am more than happy to provide specific information.

Course Description/Rationale: Determination of manufacturing costs in service and manufacturing environments. The course will focus on cost determination in job order and process cost systems including standard cost measurement. Introduction to methods of cost control. An emphasis is placed on cost information for decision making, including development of communication and computer skills. The course is quite technical with extra emphasis in cost calculations. ACCT 5000 is the prerequisite for this course.

Learning Outcomes/Objectives: To succeed in this course, you must satisfactorily understand and apply different techniques to create and analyze managerial accounting information.
1. Ability to determine and understand manufacturing costs in service and manufacturing environments.
2. Understanding the importance of overhead costs and their allocation.
3. The ability to make budgets, understand the budgeting process and the ability to use it in decision making applications.
4. The ability to calculate and understand cost variances.
5. Knowledge of work sheet design using excel.
6. To obtain and sharpen analytical skills and competencies of a management accountant.

Learning approach: This is a very technical course that relies heavily on the comprehension of the problem as well as applying very detailed calculations and methods. In my experience, the best way to acquire necessary skills is to focus on problem sets and practice. Consistent with this approach, we will first understand the concepts and spend a good amount of time in solving problems. I will be solving a lot of problems during the lectures and study sessions. I expect you to solve the problems with me in the class and demonstrate that you can solve these problems in the test. The rigor in this class is quite high. It is my belief that learning can occur when both the professors and students work together. It is my intent to keep the communication open, and I expect you to be active participants in the class room. We can achieve a lot more if we work together.

Learning Resources and Policies:

Required textbook: Michael R. Kinney and Cecily A. Raiborn: Cost Accounting: Foundations and Evolutions, 9th edition. ISBN-13: 978-1-111-97172-4. ISBN-10: 1-11197172-2

- **Canvas:** The course site (https://seattleu.instructure.com/login) contains class notes, articles, homework, some grades, and other course materials. If you are missing handouts, go here first. You are expected to have reliable access to a computer with internet connection**. Please only use the latest version of Firefox rather than Internet Explorer for full functionality.

- **Technology:** We will heavily rely on Excel for calculations and the canvas website for materials including exercises posted in the canvas. Please bring your laptops to the classroom so you can more easily follow the exercises that we will be covering.

- **Class schedule:** Refer below for the due dates for all deliverables and other coursework expectations.

- **Business press:** Access relevant articles (WSJ, NYT, Harvard Business Review, CFO Magazine, Strategic Finance, etc.) via the SU library (http://www.seattleu.edu/library/)

- **Email:** You are responsible for any and all messages and assignments that I send via Canvas or SU email. If you have a different, preferred email address, then make sure you forward your mail accordingly. Please be sure to maintain free space in your mailboxes so that you can receive messages with attached documents. Email subject heading should read: "ACCT3300xx" where "XX" indicates the specific subject matter (e.g., Chapter 1 question, HW2 question, Q3 question). Due to the constant threat of viruses, I delete without reading any messages without a subject, or with a subject that I find suspicious. Please do not email to ask questions that can be answered by first referring to the syllabus, schedule, or Canvas course site. If you practice good business communication skills, you can reasonably expect a response within the next business day (i.e., Mondays to Fridays, except holidays).

- **Instructor:** Drop-in during weekly office hours as well a study session on Sundays (3:00 pm-6:00pm every Sunday)

- **Classmates:** Your classmates are a valuable resource because they have access to the same class materials, notes, etc. Prior students may not. You will be working with your classmates both in and outside of class, so it is to your mutuumal benefit to get to know each other. You should expect that you can rely on each other as this is the way it works in the real world. I encourage you to form study groups by the first week of class *to practice problems, review or work on homework or team cases.*

- **Tutors:** The Department of Accounting maintains tutors for accounting courses. Tutors are in PIGT 515D and schedules are posted by the second week of the quarter. Tutor appointments become scarce especially before exam times so contact them in a timely fashion should you need additional help.

University Resources and Policies:

- **Library and Learning Commons** https://www.**seattleu**.edu/**learningcommons** (resources include the Research [Library] Services, Learning Assistance Programs, Writing Center, and Math Lab.

- **Academic Integrity Tutorial** https://www2.**seattleu**.edu/**academicintegrity** you are responsible for.

- **Academic Policies** (https://www.seattleu.edu/registrar/academics/performance) you are responsible for including: the Academic Integrity Policy, Academic Grading Grievance Policy,

and the Performance Criteria for Undergraduate Albers School of Business & Economics Policy.

- **Notice for students concerning Disabilities** http://www.seattleu.edu/DisabilitiesServices/. If you have, or think you may have, a disability (including an 'invisible disability' such as a learning disability, a chronic health problem, or a mental health condition) that interferes with your performance as a student in this class, you are encouraged to arrange support services and/or accommodations through Disabilities Services staff in Loyola 100, (206) 296-5740. Disability-based adjustments to course expectations can be arranged only through this process. You are responsible for seeking help in a timely fashion to obtain disability-based adjustments to course expectations

Performance assessment: Grades are assigned based on the following weights and approximate scale.

Component weights:		Points	Grading scale	Letter Grade
Exams*		150	95% and higher	A
Homeworks		60	90% - 94%	A-
Cases		40	85%-90%	B+
Attendance/Professionalism		10	80% - 85%	B
Project		40		
Total		300	75%-80%	B-
			70%-75%	C+
			68%-70%	C
			65%-68%	C-
			68% and below	D

* Rubrics for major sections are provided below and specific rubrics for every assignment are provided in the Canvas module under assignments. You should check the rubrics to understand the reasoning behind your grades. Any unacknowledged sharing or copying any (even partial) solutions among students or teams violates Academic Policies and will be pursued in accordance with SU/Albers policies.

Individual Exams (Worth, 150 points): One midterm and a final will be administered. Each of these exams are worth 75 points. A missed midterm results in 0 points and counts. The final is comprehensive and must be taken by all the students unless there is an excused absence which must be communicated to me immediately. Exams may consist of short problems, essays, critical thinking, technical analysis and decision-making exercises. No books, notes, or breaks allowed. There are no makeup exams. You will be able to track your performance in the class immediately as I enter the grades in Canvas as soon as the grading is done. Since I was a student that worried about grades, you will be able to learn your grade on any assignment no later than one week after the completion of the assignment. To establish full transparency and to give you an idea of how you are doing in class, when you receive your mid-term grade you will also receive an overall grade for the class up to the midterm. I want to emphasize that this grade may or may not be an indication of your final grade but is just calculated for you as an indicator of your performance in the class up to that point.

EXAM PREPERATION: Exams are very important since they test whether you have acquired specific technical skills to successfully complete the course. Exams are also very important because they make up a significant amount of your grade. Although you will receive some partial credit for workout problems, you can ONLY COUNT ON COMPLETED AND CORRECT SOLUTIONS FOR GRADE ACCUMULATION. To remedy for this important issue, the last class of the week before the exam will be allocated to problem solving and explanations for questions that you might have. To have a productive class, there will be an exam-file that will include all potential questions that I can choose from. This will be a combination of files and If I were to ensure a good grade I would solve all these problems. This is time consuming but I think it is worth the cost. This file will be posted under the exam-week module in Canvas.

Cases (worth 40 points): There will be a number of cases that will add up to 40 points. These cases will require you to work individually You will be required to write a 1page review of the case. Mainly, you will summarize the problem and propose a solid solution to the problem you have identified. These assignments will be different from your usual assignments because they will be unstructured. You need to identify and solve the problem. These cases will be provided to you by the Harvard Business School. My expectation is that these cases will be difficult and will

require you to think and analyze at a higher level. I will allocate some class time to work on these so that you can get a good understanding of the process. You can go to this link and purchase your case in due time. The cost of the case is 4.25$. If this creates a financial burden, please contact me. The link is http://cb.hbsp.harvard.edu/cbmp/access/65806312.

Homework (worth 60 points): Home works will be assigned throughout the quarter. The maximum amount of points you can get from home works is 60 points. This will be calculated on a percentage basis. I will add the number of points you have earned and then divide it by the number of maximum points you can earn and this will be your percentage. I will then multiply this percentage by 60 and this will be the amount of points that will be added to your score. The homework's are due on the last class of the next week from the date it was assigned. The home works will be assigned from the book and will be uploaded to Canvas. As with every quiz or assignment a specific rubric will be posted on the Canvas.

Project (worth 40 Points): To fulfill the requirements of this project, I will teach you how to use a database called WRDS. You are very lucky to have access to these data-bases because they are widely used in the financial world. There is going to be a separate document that will outline the requirements of the project. We will allocate a good amount of time and will discuss this on the week of 11/09/2017. The due date will be up to you as long as I receive the project by the finals week. However, let me warn you this is a big project and you might need extra time depending on how well you handle technology. You will need the following credentials to log onto the system. Username: cost2017. Password: Gabeorli1971.

Professionalism and Participation [P&P] (10 points): Professionalism is included as part of your assessment to remind you that professional courtesy is an important success factor in your career. This includes, but is not limited to, being considerate with respect to teamwork, tone, timeliness, and technology use. Participation is included to encourage you to contribute to and gain from class discussions. Of note, I can only assess your in-class participation if you are in class. If you expect to be late or absent, email me as soon as possible, so I can pass on your apologies to the rest of the class. Although necessarily subjective and finalized ex-post, you are welcome to seek P&P feedback during the course as this evaluation process is similar to what you will encounter throughout your career.

SEATTLE UNIVERSITY
Cost
Accounting
Fall
QUARTER
2017
SCHEDULE

Note: Your learning is my primary concern in this course, so I may modify this schedule if, for instance, we discover we want to spend more time on a certain topic and less on another. Please refer to the canvas web-site of the course in conjunction with this schedule. Since your assignments and your deliverables are posted in canvas.

	Subject Material	Learning Objectives (Main Ones)
09/21/2017 (Chapter 1)	Introduction to Cost Accounting	• Relationships among financial, management and cost accounting • Authoritative Pronouncements • Value Chain • Balance Scored Cards • Ethical Considerations.
09/21/2017 (Chapter 2)	Cost Terminology and Cost Behavior	• What is cost behavior? • Why do we care? • How are costs classified on financial statements? • The need for Overhead allocation. • Cost of goods manufactured.
09/28/2017 Chapter 3	Predetermined Overhead Rates, Flexible Budgets, and absorption/Variable Costing	• Overhead Allocation. • Underapplied overapplied overhead. • High-Low Method. • Absorption and Variable Costing. • Net Income and production

		levels. • Regression Analyses. • Flexible Budgets.
09/28/2017 Chapter 4	Activity Based Management and Activity-Based Costing	• Value added/Non-Value added activities. • Cost calculations using activity based system. • Disadvantages of activity-based costs.
10/05/2017 Exam preparation Chapters 1-4		• **Please see the exam preparation section above**
10/12/2017 EXAM		• **I am a firm believer on the ethic code so please do not take chances.** • **There could be multiple versions of the exam.** • **Do not trust your friends more than you trust your self.**
10/19/2017	Process Costing	• **The concept of Equivalent Units.** • **Weighted Average Method** • **FIFO Method** • **Unit Report**
10/26/2017 Chapter 8	Budgets	• **Importance of budgets** • **Understanding Cash Budget** • **Benefits of Budgets**
10/26/2017 Meeting 2 Chapter 10	Relevant Information for Decision Making	• **What factors determine the relevance of information.** • **What are sunk costs?** • **What information is relevant in decision making?** • **How can management achieve the highest return from a scarce resource?** • **How can sales mix be**

			manipulated?
			• **How are special prices set?**
			• **How do managers determine whether a product line should be retained or discontinued?**
11/02/2017

Chapter 11 | Chapter 11
Allocation of joint costs and accounting for BY-Product and scrap | | • **How are the outputs of a joint process classified?**
• **What management decisions must be made before beginning a joint process?**
• **How is the joint cost of production allocated to joint products?**
• **How are by-Product and scrap accounted for?** |
| 11/02/2017
Chapter 12 | Chapter 12
Introduction to Cost Management Systems | | • **What is a cost management system? Why do organizations have them?**
• **What factors influence the design of a cost management system?**
• **What are three groups of elements that compromise a cost management system and what are their purposes?** |
| 11/09/2017
Meeting 1
Chapter 14 | Chapter 14
Performance Measurement, Balanced Scorecards and Performance Rewards | | • **Why is a mission statement important to an organization?**
• **What roles do performance measures serve in organizations?**
• **What guidelines or criteria apply to the design of performance measures?**
• **What are the common short-term financial performance measures and how are they calculated?** |

			• **How can a balanced scorecard to be used to measure performance?** • **What is compensation strategy and what factors must be considered in designing the compensation strategy?**
11/09/2017 Chapter 15		Chapter 15 Capital Budgeting	• **Why do most capital budgeting methods focus on cash flows?** • **How is payback period computed, and what does it measure?** • **How are the net present value (NPV) and Profitability index (PI) of a project computed and what do they measure?** • **How is Internal rate of return computed?** • **Taxation and depreciation** • **How is risk considered in capital budgeting?** • **PV calculations** • **Accounting rate of return**
11/16/2017 Chapter 16		Chapter 16 Managing Costs and Uncertainty	• **What are the functions of a cost control system?** • **What factors cause costs to change from period to period or to deviate from expectations?** • **What are the generic approaches to cost control systems?** • **What are two primary types of fixed costs?** • **What are typical approaches**

		• **to controlling discretionary fixed costs?** • **How to manage cash?** • **Supply chain transactions.** • **Managing Uncertainty**
11/16/2017 Chapter 18	Chapter 18 Inventory and Production Management	• **What is value chain? Why is it important?** • **Differences between push and pull systems?** • **Life cycles and Profitability.** • **What is Target costing?** • **JIT and JIT Accounting** • **Flexible Manufacturing Systems** • **Theory of constraints** • **Economic Order Quantity, order point and safety stock calculations.**
11/30/2017 Meeting 1 Chapter 19	Chapter 19 Emerging Management Practices	• **What is Business Process Reengineering?** • **How are competitive forces driving decisions to downsize and restructure operations?** • **Enterprise Resource Planning.** • **Strategic Alliances** • **Open Book Management.** • **Environmental Costs**
11/30/2017	Cases/ Review for comprehensive exam	• **Cases and reviews**