

Syllabus for
ACT 432/GACT 533--Managerial Cost Accounting
3.0 Credit Hours
Spring 2023

I. COURSE DESCRIPTION

A study of basic cost relationships, cost systems design, variance analysis, CVP analysis, and standard costing techniques. Considers the relative income effects of alternative product-costing methods together with relevant cost evaluations and inventory planning and control techniques. Prerequisite—ACT 216 Managerial Accounting.

II. STUDENT LEARNING OUTCOMES FOR THIS COURSE

A. Terminal Objective

Upon successful completion of this course through participating in class discussions and completing the minimum amount of homework problems as outlined in this syllabus, the student will be able to properly identify variable and fixed cost relationships and systematically use the cost information in management decision making; to properly record product cost information using job order costing, process costing, and standard costing procedures; and to properly prepare financial statements using actual costing, normal costing, and standard costing methods with a 70% minimum level of accuracy.

Managerial Cost Accounting is designed to familiarize students with product cost development and recording techniques as well as planning and control procedures used in a manufacturing setting and to prepare them for the interaction that is necessary between the various departments in a corporate environment.

Managerial Cost Accounting is directed toward responsibility accounting and control. The student will learn how to specifically identify the individual responsible for each cost area and to develop and apply cost accounting systems and techniques which will assist in identifying performance in these areas. Standard costs are utilized to assist in measuring performance.

Cost accounting techniques are examined and allow the students to learn to use these tools to provide assistance in solving managerial problems; cost-volume-profit relationships are explored to provide management with information which will assist in profit trend determination and aid in determining the fixed cost-variable cost mix which should be employed by the firm.

B. Unit Objectives

Upon successful completion of each unit the student will be able to do the following:

1. Identify and explain general cost accounting information and terms.
 - a. Identify the key components of the product value chain.
 - b. Explain the cost-benefit approach.
 - c. Explain the primary functions of managerial accounting information.
 - d. List and define the roles of the key decision makers in a manufacturing company.
 - e. List and define product and period costs.
 - f. List and define direct and indirect costs.

- g. List and define fixed and variable costs.
 - h. Prepare detailed schedules of raw material, work in process, and finished goods.
 - i. Prepare a complete income statement and detailed schedules of cost of goods manufactured and sold from partial information.
2. Utilize cost behavior relationships to solve problems and to estimate cost functions.
 - a. Explain the differences between fixed and variable costs.
 - b. Identify and explain cost drivers and relevant range.
 - c. Calculate total costs using the high-low method
 - d. Calculate total costs using regression analysis
 - e. Calculate total costs using learning curve techniques
 3. Analyze cost-volume-profit relationships
 - a. Compute the break-even point.
 - b. Compute expected profit given different fixed costs, selling prices, and contribution margins.
 - c. Determine the margin of safety and degree of operating leverage.
 - d. Analyze profitability of multiple product opportunities.
 4. Analyze short-term decisions and make recommendations for most profitable alternatives.
 - a. Determine relevant costs in a "special order" or "make or buy" case.
 - b. Calculate profitability of various product lines.
 - c. Utilize simple linear programming techniques.
 5. Apply alternative costing methods to the results of a manufacturing company.
 - a. Prepare a proper income statement using absorption costing.
 - b. Prepare a proper income statement using variable costing.
 - c. Adjust the income statements for the effects of normal and standard costing.
 - d. Calculate unit costs of inventory using FIFO and Average cost-flow assumptions.
 6. Use job order costing to track product costs and analyze management decisions.
 - a. Prepare general journal entries for all phases of the production cycle in a manufacturing company.
 - b. Properly compute and apply factory overhead rates.
 - c. Properly allocate over or under-allocated overhead amounts.
 7. Use process costing to track product costs and analyze management decisions.
 - a. Properly calculate equivalent units of production.
 - b. Allocate product costs to units using both a FIFO and Average approach.
 - c. Prepare general journal entries in a process costing environment.
 - d. Properly allocate costs of spoiled units if inspection occurs at various points within the department.
 8. Implement the planning function of management.
 - a. Prepare a Sales Forecast.
 - b. Prepare a Production Budget.
 - c. Prepare Material Usage and Material Purchases Budgets.
 - d. Prepare Direct Labor, Factory Overhead, Cost of Goods Sold, and Expense Budgets.
 - e. Prepare a Cash Budget.
 9. Implement the control function of management.
 - a. Develop standard product costs from budget information.
 - b. Calculate and analyze the price and quantity variances for direct material and direct labor.

- c. Calculate and analyze the spending, efficiency, and volume variances for factory overhead.
 - d. Prepare general journal entries using standard costs.
 - e. Reconcile actual results for the entire company with the master budget, including sales and expenses.
 - f. Calculate variances for multiple product companies or products using multiple materials.
10. Utilize strategic cost management to create a competitive advantage.
- a. Identify and analyze the value-chain.
 - b. Apply life-cycle cost management to maximize profitability.
 - c. Identify basic features of Just in Time manufacturing.

III. ASSOCIATED PROGRAMS

This course meets degree completion requirements for the following program: Accounting. This course meets the following Accounting program outcomes:

- A. Christian Worldview (ACT 1): Apply and identify appropriate business behaviors for Christian business practitioners through the integration of Christian worldview and professionalism.
- B. Business Knowledge and Application (ACT 2): Apply business theories and concepts of the core functional areas of business (accounting, marketing, management, finance, and economics) in an integrated manner.
- C. Oral Communication (ACT 3): Apply and use effective oral communication skills in the context of business through formal or informal oral presentation and/or other business-related projects requiring oral communication.
- D. Teamwork and Collaboration (ACT 4): Apply and demonstrate an ability to collaborate as part of a team in order to solve business problems or achieve a common goal.
- E. Written Communication (ACT 5): Apply and use effective written communication skills in the context of business through formal or informal reports, papers, or other written business-related projects.
- F. Apply Generally Accepted Accounting Principles to financial statements (ACT 6): Apply generally accepted accounting principles to prepare and communicate the relationship between financial statements with a balance sheet approach to the study of recording, analyzing and interpreting data.

IV. UNIVERSITY OUTCOMES

This course aligns with the following University Outcomes as indicated on the last page of the syllabus.

- A. Spiritual Integrity
- B. Personal Resilience
- C. Intellectual Pursuit
- D. Global Engagement
- E. Bold Vision

V. TEXTBOOKS AND OTHER LEARNING RESOURCES

- A. Required Materials
Textbook
Hansen, Don R. and Mowen, Maryanne M., Heitger, Dan L. Cost Management, (5th Ed.). Cengage, 2022. (ISBN# 978-0-357-14109-0)
- B. Optional Materials

None

C. Recommended Materials

1. Financial Calculator - preferably a Texas Instruments BA II Plus or TI83.
2. Three Ring Binder for class handouts, class notes, and returned homework problems.
3. Three scantron sheets for exams – to be turned in PRIOR TO first exam.

VI. POLICIES AND PROCEDURES

A. College of Business Policies and Procedures

1. Attendance Policy

- a. Attendance is mandatory and is taken at the beginning of class. All students who miss class including those who are administratively excused are expected to obtain class notes and materials and to turn in assignments within a reasonable time period determined by the professor.

In business, employees are allowed personal days or sick leave to be absent from the job without penalty. Similarly, students may miss class up to the number of times per week a class meets without penalty (see table below). This allowance is for illness, personal business, and/or emergencies. The professor has the discretion to excuse any absence beyond those described above.

- b. If a student has excessive *unexcused* absences, a penalty will be assessed as follows:

Number of days the class meets per week	Number of absences <u>not</u> resulting in a penalty	For <u>each additional day</u> the student incurs an unexcused absence beginning with absence number:	The student's total number of points will be reduced by*:
3	3	4	2%
2	2	3	3%
1	1	2	7%

*Based on a 15 week semester and the number of days per week the class meets.

2. Tardies

- a. Tardy is defined as missing *any* portion of class.
- b. Being consistently tardy to class is disruptive to the class and disrespectful to the professor and to fellow class members. This type of behavior is unacceptable in business. Thus, three unexcused tardies will be equal to one unexcused absence.
- c. Depending on the amount of the class missed, makeup work may be required or a student may be marked absent for that class.
- d. To not be counted absent altogether, the student is responsible to inform the professor that he/she was tardy immediately following that class.

3. Late tests - When a student misses an exam for an unexcused reason, the student should obtain a petition for late exam from the College of Business Secretary. The petition must then be approved by the instructor. **The student will be penalized one letter grade for a late test.**

4. Cell Phones

- a. Cell phone usage of any type is prohibited in the classroom during class hours. All cell phones shall be stored out of sight and silenced/turned off. If a student fails to comply with this requirement, the professor may (at the professor's discretion) dismiss the student from class and mark the student for an unexcused absence. Students may (prior to the beginning of class) request an exception to this policy if some type of extenuating circumstance exists that would reasonably justify the granting of an exception and a possible disruption of the class for taking an incoming call, text messaging, etc.
- b. Unless specifically pre-authorized by the professor, portable or handheld computer/calculator, cell phone, and all other media/multi-media device usage of any type is prohibited in the classroom during class examinations. All such devices shall be stored out of sight and silenced/turned off. If a student fails to comply with this requirement, the professor may (at the professor's discretion) dismiss the student from class, mark the student for an unexcused absence, and/or penalize the student by deducting points on the exam. With regard to cell phone usage, students may (prior to the beginning of class) request an exception to this policy if some type of extenuating circumstance exists that would reasonably justify the granting of an exception and a possible disruption of the class for taking an incoming call, text messaging, etc. In this instance the cell phone should be left with the professor during the class, and if an incoming call is received the student will retrieve the phone from the professor to respond.

B. Course Policies and Procedures

1. Evaluation Procedures

a. Undergraduate Students		
3 Hourly Exams x 100 points		= 300
Homework and Pop Quizzes:		
Homework	13 x 5 points	= 65
Computer Project	1 x 20 points	= 20
Pop Quizzes	2 x 10 points	= <u>20</u> = 105
Comprehensive Final Exam		= <u>200</u>
TOTAL POINTS		<u>605</u>

Point Distribution

- A = 90% x 600 points = 540
- B = 80% x 600 points = 480
- C = 70% x 600 points = 420
- D = 60% x 600 points = 360
- F = Below 60% x 600 points = below 360

b. Graduate Students		
3 Hourly Exams x 100 points		= 300
Homework and Pop Quizzes		
Homework	17 x 5 points	= 85
Computer Projects	2 x 20 points	= 40
Pop Quizzes	3 x 10 points	= <u>30</u> = 155
Comprehensive Final Exam		= <u>200</u>
TOTAL POINTS		<u>655</u>

Point Distribution

A = 90% x 650 points = 585

B = 80% x 650 points = 520

C = 70% x 650 points = 455

D = 60% x 650 points = 390

F = Below 60% x 650 points = below 390

2. Whole Person Assessment Requirements – None
3. Other Policies and Procedures
 - a. The format for regular exams this semester will include multiple choice questions (normally 25-35 points) and problems (normally 70 - 80 points).
 - (1) Exams during the semester are administered during regular 60 minute class periods.
 - (2) Exams will require students to work quickly and efficiently in a manner similar to working in a professional service organization where services are billed by the hour. Speed, organizational skills, and knowledge are being tested in this process.
 - (3) Extra credit is available on the regular semester exams to help compensate for the time constraints.
 - b. Chapter assignments (problems, exercises, and cases) must be turned in at the beginning of class or uploaded to D2L prior to class time on the due date and are worth a maximum of five points each. They are graded in half point increments (5, 4.5, 4, 3.5, etc.). Students are encouraged to complete as many of the assignments as possible. Only the top 13 scores for undergraduates and top 17 scores for graduate students will count toward the student's total points for the semester. There are 20 assignments listed in the calendar. **Assignments submitted after they are collected in class will be corrected but will not receive any credit.** Students are strongly encouraged to do homework early in the semester to prevent unnecessary stress at the end of the semester.
 - c. The computer project will require the students to develop a spreadsheet model for repetitive calculations in a manufacturing company. Grades on the computer project will be reduced by 50% for every week-day they are late.
 - d. Pop quizzes will be unannounced and cannot be made up for any reason. More than two pop quizzes will be given but only the two best quiz scores for undergraduate students and three best quiz scores for graduate students will be counted toward the student's final total of points.
 - e. Up to 10 professional development points will be allowed for this class. In accordance with the guidelines of the professional development program of the college of business, the student is expected to attend various professional meetings on campus as well as off campus. In order to receive credit for attending these meetings, the students must dress professionally and attend the entire meeting. For on campus meetings, the student must arrive on time and register their attendance. For other meetings off campus, the student must turn in the half page professional development reporting form to Terry Unruh's office in the College of Business. These forms must be turned in within one week from the date which the meeting occurred. **The final deadline for earning professional development points is Friday, April 21, 2022 (the Friday BEFORE the last week of classes).**

f. Faculty member information

Mr. Terry Unruh

Office LRC 2E7

Office Phone 918-495-7781

Home Phone 918-496-9044 (do not call after 10:00 p.m.)

Cell Phone 918-850-8431

e-mail tunruh@oru.edu

Office Hours MWF 1:30 p.m. – 2:30 p.m.

Tues 8:30 a.m. – 10:30 a.m.

TTh 1:30 p.m. – 3:00 p.m.

VII. COURSE CALENDAR - Spring 2023 (Hansen, Cornerstones of Cost Management 5th Edition)

<u>Class</u>	<u>Date</u>	<u>Chapter</u>	<u>Unit Objective</u>	<u>Assignment</u>
1	Jan. 20		1a	Introduction
2	23	1	1b-d	Read Chapter 1
3	25	2	1e-g	Read Chapter 2
4	27		1h	Homework problem 1
5	30		1i	Homework problem 2
6	Feb. 01	3	2a,b	Read Chapter 3
7	03		2c,d	Homework problem 3
8	06		2e	Homework problem 4
9	08	5	6a	Read Chapter 5
10	10		6a,b	Homework problem 5
11	13		6c	Homework problem 6
12	15	Exam		EXAM 1 (Chapters 1, 2, 3, & 5)
13	17			Review Exam 1
14	20	6	7a	Read Chapter 6
15	22		7b	Homework problem 7
16	24		7c,d	Homework problem 8
17	27	8	8a,b	Read Chapter 8
18	Mar. 01		8c	Homework problem 9
19	03		8d,e	Homework problem 10
20	06	9	9a,b	Homework Problem 11, Read Chapter 9
21	08		9a,b	Homework problem 12
22	10		9c	Homework problem 13
	11 - 19		S P R I N G B R E A K	
23	20		9d	Catch up and Review
24	22		9e,f	Homework problem 14
25	24	Exam		EXAM 2 (Chapters 6, 8, & 9)
26	27			Review Exam 2
27	29	16	3a	Read Chapter 16
28	31		3b	Homework problem 15
29	Apr. 03		3c,d	Homework problem 16
30	05	17	4a	Read Chapter 17
	07		GOOD FRIDAY	No Classes
31	10		4b	Catch up and Review
32	12		4c	Homework problem 17
33	14		4c	Homework problem 18
34	17	18	5a,b	Read Chapter 18
35	19		5c	Homework problem 19
36	21		5d	Homework problem 20
37	24	Exam		EXAM 3 (Chapters 16, 17, & 18)
38	26			Review Exam 3
39	28			Prepare for final exam
	April 29 – May 05		F I N A L E X A M W E E K	

Primary Program: Accounting
ACT 432—Managerial Cost Accounting
Spring 2032

This course contributes to the University and program outcomes as indicated below:

Significant Contribution – Addresses the outcome directly and includes targeted assessment.

Moderate Contribution – Addresses the outcome directly or indirectly and includes some assessment.

Minimal Contribution – Addresses the outcome indirectly and includes little or no assessment.

OUTCOMES	Significant Contribution	Moderate Contribution	Minimal Contribution
Spiritual Integrity			
Accounting Program Outcome 1	X		
Accounting Program Outcome 5	X		
Accounting Program Outcome 6		X	

Personal Resilience			
Accounting Program Outcome 3			X
Accounting Program Outcome 4			X

Intellectual Pursuit			
ACT 432 Unit Objective 1			X
ACT 432 Unit Objective 2		X	
ACT 432 Unit Objective 3		X	
ACT 432 Unit Objective 4		X	
ACT 432 Unit Objective 5		X	
ACT 432 Unit Objective 6		X	
ACT 432 Unit Objective 7		X	
ACT 432 Unit Objective 8		X	
ACT 432 Unit Objective 9		X	
ACT 432 Unit Objective 10			X
Accounting Program Outcome 2	X		
Accounting Program Outcome 3	X		
Accounting Program Outcome 4		X	
Accounting Program Outcome 5	X		
Accounting Program Outcome 6	X		

Global Engagement			
Course Outcome...			
Accounting Program Outcome 3		X	
Accounting Program Outcome 4			X

Bold Vision			
Accounting Program Outcome 1	X		
Accounting Program Outcome 2	X		
Accounting Program Outcome 3		X	
Accounting Program Outcome 4			X
Accounting Program Outcome 5		X	