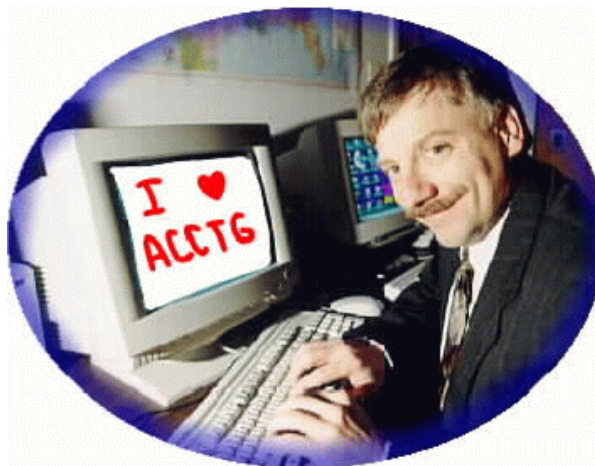


Cost Accounting 2
ACCT 432/532
Fall, 2008



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Cost Accounting

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Accounting can be
the key
to your future.

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Classes:	432/532	3:30	MWF 217 Ols
	422/522	4:30	MW 217 Ols
	222	6:00	MW 217 Ols
Off Hrs:	1:45-3:15		M&F 335

Prerequisites and position in the BSBA program

There are two prerequisites for Cost Accounting (ACCT 331). Completion of Accounting and Business Concepts 2 (Managerial Accounting, ACCT 222) and Business Statistics 2 (STAT 212). ACCT 222 in many ways is an introduction to cost accounting. Cost accounting is then an intermediate level course. We will be using some statistical techniques, hence the need for STAT 212.

Accounting is one of several concentrations within the BSBA program. There are five required courses, four of which operate in sequence. ACCT 321 (Intermediate Financial Accounting 1) *or* ACCT 331 (Cost Accounting) is a prerequisite for ACCT 460 (Accounting Information Systems), which in turn is the prerequisite for ACCT 451 (Auditing). ACCT 321 is the preferred prerequisite for ACCT 460. The other required course in the accounting concentration is ACCT 341 (Individual Taxation).

In addition to the five required courses, two accounting electives must be taken to complete the concentration. One of these electives is ACCT 432 (Managerial Accounting), which can be taken only after taking ACCT 331. Most students not pursuing a MAcc are advised to take a third accounting elective for certification requirements. One elective— ACCT 422 (Intermediate Financial Accounting 2)—is necessary for those pursuing a MAcc.

What cost accounting is

Cost accounting (ACCT 331 & 432) does not deal with income statements and balance sheets. It gives future managers any and all kinds of information useful (even essential) to running a department or

even the entire organization. Consider the following examples:

- A hospital is pondering the cost of providing a hospital bed because federal guidelines require that prices be tied to costs. A major cost is labor (nursing), and minor costs are laundry, custodial, admitting, dietary, etc. Some of the other departments serve many areas (such as custodial serves both radiology and beds). Given all the possible relationships, how does the hospital determine the cost of providing the hospital bed?
- A union official is in preparation for contract negotiations. The company has publicly complained about its high labor costs and lack of productivity as compared to foreign workers. How does the union analyze its worker productivity in order to defend itself?
- A band director is negotiating with a fast food restaurant manager about a steep discount on meals for two bus loads of students. The manager does not want to lose the business to the restaurant across the street. How does the manager determine an affordable discount?
- For the last five years, a real estate investor has been active in both speculation and apartment rentals. Times are tough and the investor wants to focus on the most profitable line of activity. How does the investor determine which activity has been the most profitable?



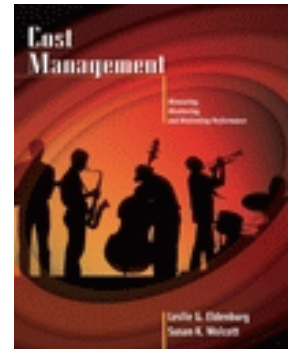
Course objectives

After taking this course, you will be able to:

- (1) Taking data from a dynamic business environment, determine strategies and prepare budgets that will produce the optimal opportunities for generating profit.
- (2) Compute cost variances and analyze them to determine if the variance is within tolerance
- (3) Understand activity-based costing and describe how it functions.
- (4) Understand capital budgeting and recommend purchase decisions.
- (5) Understand the joint management of revenues and costs
- (6) Understand and perform methods of managerial performance evaluation and strategic performance measurement.
- (7) Understand productivity and compute productivity gains and losses.

Required textbook

Cost Management: Measuring, Monitoring, and Motivating Performance, by Leslie G. Eldenburg, Susan K. Wolcott. ISBN: 0-471-20549-4 , Hardcover 704 pages, November 2004. It is available used from any number of local and on-line booksellers.



Grading

Letter grades will be assigned according to relative class standing (in other words, students that score better on tests and projects will receive better grades). In the past, the final GPA for this course has ranged from 3.00 to 3.25. It depends on student performance and varies from(term to term. All grading and grade assignments are subjective evaluations. Rest assured that the goal is a fair assessment of student knowledge and understanding. ***When all is said and done, grade assignments remain the result of the professor's professional judgment.***

The grade of "A" requires excellent performance and is only for the best of the best. Exam scores are perfect or nearly perfect. "B" means very good. Students really know their stuff, but sometimes make small errors. "C" stands for competent. Students sometimes really know their stuff, and other times make errors because they are only familiar with the material. Students whose exams are poor receive a "D." A grade of "F" is for those who just don't get it.

Sanford Pinkster has an interesting way of explaining the difference in grades:

An A+ is a touchdown that got the crowd to its feet -- a forty-yard pass play or a seventy-yard run from scrimmage. As color commentators like to put it, :so and so "took it to the house." Players like this get in the game's highlight films. An A is a touchdown that generates loud cheers but not necessarily a standing ovation. True, six points are six points but some touchdowns are simply more graceful than others ...

B grades are akin to field goals. The student got close but at the end had to settle for a good kick and three points. Granted, teams can win games with field goals but not nearly as many as they can win with touchdowns ...

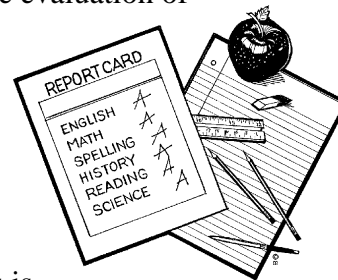
C students are the sort who can get a first down, even a couple of first downs, but in the end, they punt the ball. ... The most positive thing one can say about C work is that field position is important and that a good punter can put the opposing team deep in its own territory. Eventually field position can win games, but field goals and touchdowns win them more often and more decisively.

D work might be likened to a team that cannot protect its quarterback and that thus suffers the big-time loss of yardage known as "sacks." When a team loses ground, punting the ball usually puts it in great field position for one's opponents. D papers lug around enough mechanical mistakes so that a teacher's red grading pencil gets a brisk workout. These can be equated to sacks, and they have the same bad consequences as do sacks on the football field.

F work is obvious. It can come as an interception or a fumble but, either way, you've given up the ball. Period.

Your course grade will be assigned based on the professor's subjective evaluation of your tests and papers. The course grade will integrate these items:

Tests (3)	? %
Projects	? %
	<hr/> 100 %



Exams are scheduled to be taken at night. The primary reason for this is that it permits students an unlimited amount of time for taking the test. Exams are problem-oriented, and can contain problems, written response questions and case analysis. Exams are usually closed-book and closed-notes. Calculators should always be used. Approximately one week preceding the date of the exam, each student will receive a copy of an *exam preview* (detailed description of content and format of test) as well as a copy of a test from a previous semester.

Attendance policy

You should attend every class. However, I realize that interviews, work and family commitments sometimes get in the way. If you miss a class, please make arrangements with another student for a copy of their notes. If you know about an absence in advance, send a voice recorder of some type. Finally, if you need to miss a class, send me an e-mail letting me know of your absence. There is no penalty for missing a class.

Undergraduate accounting classes are frequently taken by those outside the typical college age of 18-22. Life sometimes gets in the way of meeting class deadlines. I am extremely flexible and will work with every student in getting through the course.

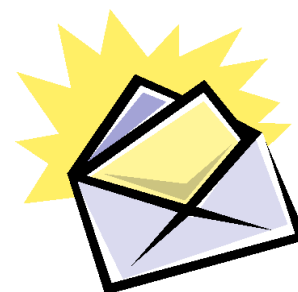
Assignments

Are distributed on a daily or weekly basis. Solutions will frequently be distributed via e-mail.



Computers and e-mail

All students are required to regularly check their e-mail, whether it be BGSU or a private e-mail. I recommend free e-mail accounts on the Internet. Check your e-mail often, because I'm going to send out notes, assignments, etc., by e-mail. I assume that by 24 hours after I send out an e-mail, everyone has read it.



Today, laptops are more popular than desktops. If you have a laptop and would like to bring it to class, please do.

Accommodations for disability

In accordance with the University policy, if a student has a documented disability and requires accommodations to obtain equal access in this course, he or she should contact the instructor at the beginning of the semester and make this need known. Students with disability must verify their eligibility through the Office of Disability Services for Students, 413 South Hall, 419-372-8495. (<http://www.bgsu.edu/offices/sa/disability/index.html>)

I am committed to going the extra mile in making reasonable accommodations for a student's disability.

Religious Holidays

It is the policy of the University to make every reasonable effort allowing students to observe their religious holidays without academic penalty. In such cases, it is the obligation of the student to provide the instructor with reasonable notice of the dates of religious holidays on which he or she will be absent. Absence from classes or examinations does not relieve the student of responsibility for completing required work missed. Following the necessary notification, the student should consult with the instructor to determine what appropriate alternative opportunity will be provided, allowing the student to complete his or her academic responsibilities. (As stated by *The Academic Charter*, B-II.G-4.b at <http://www.bgsu.edu/downloads/file919.pdf>)

I am committed to going the extra mile to accommodate a student's religious beliefs. If you have decided to follow your religion's prescription to observe a certain day or date, I guarantee that you will not be penalized in this course.

Codes of Conduct and Academic Policy Statement

The instructor and students in this course will adhere to the University's general Codes of Conduct defined in the *BGSU Student Handbook*. Specifically, the Code of Academic Conduct (Academic Honesty Policy) requires that students do not cheat, fabricate, plagiarize or facilitate academic dishonesty. For details, refer to:

- *BGSU Student Handbook* (http://www.bgsu.edu/offices/sa/book/Student_Handbook.pdf)
- *The Academic Charter*, B.II.H (<http://www.bgsu.edu/downloads/file921.pdf>)
- Student Discipline Programs (<http://www.bgsu.edu/offices/sa/judicial/academic/index.html>)

Academic honesty for ACCT 432/532

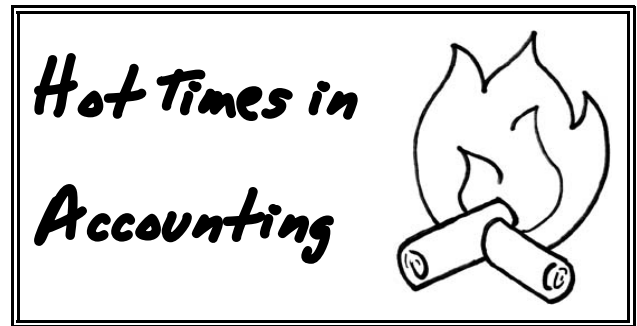
You are expected to adhere to BGSU Academic Honesty. At various times, the professor will describe activities that constitute academic dishonesty. Violations will be dealt with according to

BGSU policy. If you are academically dishonest on an exam, the penalty is score of zero on the exam and a grade of F for the course. If you are academically dishonest on a course project, the penalty is a score of zero and a grade of F for the course.

Two well written paragraphs, “What constitutes plagiarism” and “How can you avoid plagiarism” can be found on-line at www.liuedu/cws/cwp/library/exhibits/plagstudent.htm

Topical content covered in this course

- Activity-based costing & management
- Joint product and by-product costing
- Static and flexible budgets
- Standard costs and variance analysis
- Strategic investment decisions
- Joint management of revenues and costs
- Measuring and assigning costs on income statements
- Performance evaluation and compensation
- Strategic performance measurement
- Productivity



Acct 432/532 Cost Accounting
First day information sheet

Name: _____

BGSU ID# _____

E-mail address(es) _____

College & major _____

List all accounting courses
take so far:

Do you have your own computer?

Do you have Internet access?

When all is said and done, I predict my grade in this class to be _____

Why did you choose Accounting as a major? Are you satisfied with your decision?

Please share something about yourself so that I can better know you as a person. Use back of page if necessary.