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ACTG 410.02: Cost Management I

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ACTG 410: Cost Management I

Fall 2014-MW 8:10-9:30 and 9:40-11:00am. The class meets in the GBB Building, Room 119.

This course is offered in the Autumn (Fall) semester only each school year.

Instructor: Ronald F. Premuroso, Ph.D., CPA, CFE. E-mail: ronald.premuroso@umontana.edu

Webpage: <http://www.business.umt.edu/FacultyStaff/RonPremuroso.aspx>

Office: GBB 341. Phone: 243-6464.

Office Hours: See Moodle

Course Learning Goals

I will provide you with a broad overview of the study of cost management for business and other organizations, with an emphasis on how information about costs helps managers make better decisions. Management accountants today spend less time today preparing standardized reports and more time analyzing, interpreting, and providing information for decision making. As a result, management accountants are involved in all aspects of the daily operations of most businesses today. Above all, companies no longer want 'bean counters'—they want to hire accountants as employees who can work as business consultants to help them make 'better beans' at a lower cost and make more profits.

The first part of the course will review **Cost Management Fundamentals** (including a review of materials you learned in ACTG 202, some new topics, and topics from ACTG 202 in more depth); the second part of the course will cover **Costing Techniques-Part I**, including Job Costing, ABC Costing, Cost Allocations, Allocations of Support-Department Costs, and Variable vs. Absorption Costing; the third part will cover **Cost Techniques-Part II** included Joint Products and By-Product Costing, Process Costing, and Spoilage, Rework, & Scrap; and the last part of the course will cover **Budgeting and Capital Budgeting and Standard Costing**, including master budgets, flexible budgets, and capital budgeting.

We will have 5 examinations in this course-the exams will be combination of Online and In-Class (I will let you know as we get close to each exam date the online exam details-the online exams will be several hours long each). **The online exams help prepare you for what you will face in the future if you decide to take the computerized CPA or CMA exams and they will have time limits, too, just like those exams.** We will also have an ethics writing homework assignment early in the class and homework assigned in the required Excel course textbook/workbook (see below) regularly throughout the course. The online exams will be performed in MyAccountingLab; the ethics and excel assignments are required to be deposited in Moodle for grading to an individual Dropbox set up for this purpose. The in-class exams will be during normal class time (80 minutes each).

Please check the Course Schedule posted in Moodle, which shows by course meeting date what we will cover, the **Chapter Problems I will cover in class and the Recommended additional Homework Problems**. The solutions are posted in Moodle for every one of the end-of-Chapter problems. I highly recommend you take advantage of the posting of these solutions to practice concepts which perhaps are troubling to you throughout the course, including both recommended and unassigned additional practice exercises and problems in each chapter-this **is an accounting course where practicing the concepts doing problems is very very important.**

All accounting majors must take this course. Your ability to communicate effectively what you learn in this course, both in writing and verbally, is also part of the Mission Statements of the School of Business Administration (SoBA) and the Accounting Program, which are shown at the end of in syllabus.

For those of you planning to take the CPA exam, the Business Environment & Concepts (BEC) section of the CPA exam tests many of the concepts you will learn in this course. The CMA exam (see below) includes a very large number of concepts covered in this course (check Moodle for the handout detailing this). **I include CPA and CMA exam problems on my examinations so you can get some practice tackling these types of problems.**

Certified Management Accountant (CMA) Exam

I have included on the course Moodle page information regarding the Certified Management Accountant (CMA) exam and designation. This course will help you prepare for the CMA exam, which I strongly urge you to consider studying for and taking as soon as possible, **even before graduation.** Yes! That is possible, and one of the great features of the CMA exam! (See a specific study plan for the CMA exam posted on Moodle).

I have materials regarding becoming a student member of the CMA in my office-please come by and pick them up at your convenience. I also have sample CMA study books available from Gleim if you want to check them out and then order them to help prepare you to take the CMA exam. Many students taking this class have done this in the past. We will have a webinar early in the course with the IMA (Institute of Management Accountants) to motivate you to consider taking the CMA exam.

Required Course Materials and Prerequisites

- Textbook:** Customized version of the Pearson Prentice Hall: Cost Accounting-A Managerial Emphasis Textbook (15e-2015)-Horngren, Datar, and Rajan and the access code for MyAccountingLab (MAL). You **MUST** buy the package from the UM bookstore-I have negotiated a great price for this combination which you will not be able to beat online.

- Excel-Based Decisions in Managerial Accounting.** Wedgewood Candle Company. Stephenson and Porter (2014). Marketed by Armond Dalton Publishers, Inc. Buy directly online at: Neebo.com. See Moodle for instructions. This is the homework portion of the course requirement, worth 15% of your grade in this class.

- Required Calculator:** the Texas Instruments BA (Business Analyst) II Plus calculator (same one you used and which was required in ACTG 201 and 202). You will need this for exams. It is the only allowed calculator for exams.

- An active, University of Montana (firstname.lastname@umconnect.umt.edu) email account, and access to the University of Montana Learning Management System (LMS) Moodle server: <https://moodle.umt.edu/login/index.php>

- Access to a computer, the Internet, printing capability, and Word, Excel, PowerPoint, and pdf files (for pdf files, you can download for free on the Adobe website the related software). The above software is installed on the desktops in the SoBA computer labs on the 2nd Floor of the GBB building.

•**Prerequisites:** PREREQ: JR standing in Business OR Consent of Instructor. COREQ: ACTG 306. Prerequisites will be checked the first week of class. If you do not have the prerequisites or otherwise have permission to take the course, you must either drop the course or receive a grade of F.

Course Activities

- 1. Examinations - 5 of them, 80% of Your Grade. Broken down as follows: Cumulative Final Examination: 20%; 4 other exams: 60% (7.5% for each online and in-class exam)**

Exams online will generally be problem solving, and they will be challenging. Those taken online and will be due the night before the in-class examinations. Exams in class will be multiple choice (mainly focused on theory and relatively-quick, computational type questions) and are administered during regular class time; students are therefore required to take each exam at the announced time and date. **I do not administer either make-up exams or early exams except under extraordinarily warranted circumstances.** Working, being out of town, or being late in returning from out of town are not excuses for missing an exam. I retain all in-class exam materials in my office, and you are invited to come by my office to review and discuss your exam at any time during the semester.

You may not use any outside materials, including language dictionaries, during in-class exams. You may not leave the room during an exam until you complete your exam. Cell phones, PDA's, iPods, and iPads must remain in your backpacks or purses during the in-class exams.

- 2. Ethics Writing Assignment(s) (5%) and Homework Assignments in the Excel-Based Decisions in Managerial Accounting Textbook (15%) = 20% of your grade**

Course Policies

Grading: I will assess your mastery of the course material primarily through the exams, the ethics writing assignment and other Excel take-home homework assignments throughout the semester.

Course grades are final and are not negotiable, regardless of the consequence of the grade you earn. Individual examination scores are not curved. Basic grading standards are: 93% and above: A; 90-92.9=A-; 87-89.9% = B+; 83-86.9% = B; 80-82.9% = B-; 77-79.9% = C+; 73-76.9% = C; 70-72.9% = C-; 60-69.9% = D; below 60% = F. You must earn a C- or better to count this course towards your accounting major degree-this is a requirement established by the Board of Regents of the Montana University System. If you do not meet this requirement, you must retake the course. There are no extra credit assignment possibilities in this course. **You have direct personal control over 50% of your grade in this course!**

I do not (and cannot) discuss grades by email due to privacy and confidentiality concerns, so please do not ask; please come see me personally if you wish to discuss your grades, anytime.

Course Flexibility: The course schedule is an outline for the course, but it is tentative, including the test dates. Assignments may change to incorporate recent developments relevant to Cost Management. It is your responsibility to attend class, be prepared, and also to be aware of the course schedule.

Incompletes, Drops and Grading Options: This course must be taken for a letter grade. Per UM policy, changing of grading option for the course to Audit is not allowed after the 15th instructional day, and I must agree to it in writing. Also, audits are allowed only if the student does not need course credit toward their degree or CPA license. Incompletes are only given in extreme circumstances that are

serious and unavoidable. The last day to drop a course is available at the Registrar's web site – note this date is too late for a refund of your fees. After this date, a petition is required (**grade = WP if you have achieved a 70% grade on course work attempted to date; WF if below 70%**). I abide by University and departmental policy and do not approve petitions to drop after the drop date unless you document **written justification for your special circumstance** as required by the University. Very limited circumstances are permitted for petitioning, and these circumstances do **not** include prior poor academic performance or its consequences. Examples that **may** merit approval are: accident or illness; family emergency; or other circumstances **beyond the student's control**. **Please note that University Policy forbids dropping a class for any reason after the last day of classes.**

Check the Registrar's website for: Official enrollment recording day at the University; last day to make changes to your schedule via Cyberbear (after this, your instructor must sign drops); also, last day for partial refunds; last day to drop without a petition (instructor, advisor, and the associate dean of the SoBA must sign each petition). Links are posted on the course Moodle homepage for each of these dates and important information.

Classroom Policies. You should consider each class meeting as a business meeting; this means (and I am very serious about this):

- all personal electronic devices should be turned off during class;
- if you leave class, please do not return during that class meeting; and
- arrive on time and prepared for each class. Arriving late or departing early is disrespectful.
- you should expect to spend a minimum 6-10 hours each week outside of class preparing/doing homework assignments for this course. I can assure you, this class will be very challenging and time-consuming, but your learning experience in this class will be vast!
- If you need to leave class early, let me know before class starts. Class attendance in this course is extremely important to succeed.

Course LMS (Moodle)-I will make heavy use of Moodle to administer this course. You can access Moodle using any Internet browser and the appropriate password at: <https://moodle.umd.edu/login/index.php>

Moodle uses student's University email accounts. **Please change your password at least once during the semester to ensure you will not be locked out of Moodle without notice.**

Email- Faculty members may only correspond with students regarding academic issues using official University email addresses. I will therefore only reply to emails using umconnect.umd.edu addresses in this course. It is the student's responsibility to ensure the functionality of his\her umconnect account (e.g., not full).

Student Responsibilities, including Homework-You have responsibilities when you enroll in this course, including: (1) show up, (2) keep up, and (3) speak up. The overall class experience is greatly enriched if you come to class both prepared and willing to participate in classroom discussions. **This means you should have read the assigned text book reading or any other reading assignments, and must have done any assigned homework before coming to class. You should bring your textbook to every class meeting.** I will make announcements via email (university email addresses only), so please check your

email regularly. I retain the option to give unannounced quizzes at the start or the end of class. I will also call you at random during class to explain the homework assigned for that particular class meeting.

Office Hours-I hold regularly scheduled office hours every week, and any changes are announced via email. I encourage you to seek my help and guidance throughout the course, whether it relates to the course materials, academics, or career counseling. Drop-in visits are welcome. **You will find me to be very accessible and approachable!**

Students with Disabilities-Students with disabilities may request reasonable modifications by contacting me. The University of Montana assures equal access to instruction through collaboration between students with disabilities, instructors, and Disability Services for Students (DSS). "Reasonable" means the University permits no fundamental alterations of academic standards or retroactive modifications. (For other options see <http://www.umt.edu/eo/classes/disability.php>).

Academic Misconduct-The accounting profession is held to the highest standards of ethical conduct. Research shows students who cheat in college are likely to cheat in their job after college. **Do not do it.** Period. Academic misconduct will result in a grade of "F" in this course. Academic misconduct includes, but is not limited, to the following:

- Disclosing exam content to other students after you have taken the exam;
- Copying any material from another student, including written assignments, spreadsheets, data files, or exam answers;
- Utilizing a previous student's materials from this or other courses;
- Plagiarism (i.e., copying someone else's work without making appropriate reference to the source);
- Obtaining complete or portions of pre-written papers from any source, including the Internet;
- Working together with anyone together to help you with the online exams;**
- Misconduct during an examinations; and/or
- Facilitating any type of academic dishonesty.

I will retain all exam materials; taking exam materials outside of the classroom or my office for any length of time without my permission is considered academic misconduct. **The Student Conduct Code for the University of Montana is available online at: http://life.umt.edu/vpsa/student_conduct.php.**

I reserve the right to include in your examinations in this course materials from the Student Conduct Code.

Career Development Activities-I have a Career Development tab on Moodle for your convenience.

School of Business Administration Mission Statement

The University of Montana's School of Business Administration is a collegial learning community dedicated to the teaching, exploration, and application of the knowledge and skills necessary to succeed in a competitive marketplace.

As part of our assessment process and assurance-of-learning standards, the School of Business Administration has adopted the following learning goals for our undergraduate students:

Learning Goal 1: SoBA graduates will possess fundamental business knowledge.

Learning Goal 2: SoBA graduates will be able to integrate business knowledge.

Learning Goal 3: SoBA graduates will be effective communicators.

Learning Goal 4: SoBA graduates will possess problem solving skills.

Learning Goal 5: SoBA graduates will have an ethical awareness.

Learning Goal 6: SoBA graduates will be proficient users of technology.

Learning Goal 7: SoBA graduates will understand the global business environment in which they operate.

Undergraduate Accounting Program Mission Statement

The undergraduate accounting program is committed to preparing students to apply accounting and business knowledge in organizations. The accounting faculty has adopted the following learning goals for our undergraduate accounting students:

Learning Goal 1: Accounting majors will possess fundamental accounting knowledge;

Learning Goal 2: Accounting majors will be effective writers;

Learning Goal 3: Accounting majors will critically analyze and solve problems, using technology where appropriate; and

Learning Goal 4: Accounting majors will understand the importance of ethics to the accounting profession and demonstrate ethical decision making.

ACTG 410-Cost Management I
Course Schedule

IC=In-Class end-of-chapter exercises/problems I will cover in class (solutions posted on Moodle)
R=Strongly Recommended end-of-chapter exercises/problems (solutions posted on Moodle)

1. Cost Management Fundamentals, a Review of ACTG 202, and Some New Topics

- Week 1** **August 25**-The Mgr and Mgt Accounting. IC: 21, 23, 25, 30, 32; R: 22, 24, 26, 31
August 27-An Intro to Cost Terms and Purposes. IC: 17, 28, 30; R: 18, 19, 20, 23, 25, 31
- Week 2** **September 1**-Labor Day-No Class
September 3-Cost-Volume-Profit Analysis (includes Appendix). IC: 19, 22, 24
Ethics Writing Assignment Due in Moodle
- Week 3** **September 8**-Cost-Volume-Profit Analysis. IC: 42, 44, 49; R: 20, 21, 25, 35, 37
September 10-Determining How Costs Behave (includes Appendix). IC: 18, 21, 24; 42; R: 19, 22, 31, 41
- Week 4** **September 15**-Determining How Costs Behave. IC: 27, 28, 38; R: 26, 32
September 17-Decision Making and Relevant Information (skip Appendix). IC: 17, 18, 19, 23, 25, 27.
- Week 5** **September 22**-Decision Making /Relevant Info. IC: 34, 37, 43; R: 21, 22, 29, 30, 33, 40
September 24-Exam 1-Above 5 Chapters (Online and In-Class)

2. Costing Techniques-Part 1-Job Costing; ABC Costing; Cost Allocations; Allocation of Departmental Costs; Variable and Absorption Costing

- Week 6** **September 29**-Job Costing. IC: 17, 30.
October 1-Job Costing. IC: 25, 26, 39; R: 18, 23, 26. Start ABC Costing.
- Week 7** **October 6-IMA Webcast Classroom Presentation**-including CMA Exam and Q&A Session with Lisa Beaudoin of the IMA. (8:10-9:00 and 9:40-11:00).
Rest of class: ABC Costing and Management. IC: 21, 22, 25, 42; R: 23, 34, 41
October 8-Cost Allocation, Customer-Profitability Analysis, and Sales-Variance Analysis. IC: 17, 19, 20, 23; R: 18, 22, 25, 26, 28, 32

Week 8 **October 13**-Allocation of Support-Department Costs, Common Costs, and Revenues:
IC: 17, 18, 19, 21, 22, 24, 25; R: 31, 32, 34

October 15-Catch-Up Day or Go Forward Day.....

Week 9 **October 20**-Inventory Costing and Capacity Analysis: Variable vs. Absorption Costing.
IC: 16, 20, 21, 26; R: 27, 34 **(includes Appendix)**

October 22-Exam 2-Last 5 Chapters (Online and In-Class)

3. Costing Techniques-Part 2-Joint Products; Process Costing; Spoilage, Rework, and Scrap

Week 10 **October 27**-Cost Allocation: Joint Pts and Byproducts. IC: 22, 24, 26, 35; R: 29, 30
Start Process Costing.

October 29-Process Costing. IC: 18, 19, 20, 21, 22; R: 24, 25, 26, 38, 39

Week 11 **November 3**-Process Costing. IC: 27, 28 **(skip Appendix)**

November 5-Spoilage, Rework, and Scrap. IC: 17, 18, 19, 20; R: 30-33

(skip Appendix)

Week 12 **November 10-Exam 3-Last 3 Chapters (Online and In-Class)**

4. Master and Flexible Budgeting, including Standard Costing and Capital Budgeting

November 12-Master Budgets and Responsibility Acct. **(incl. Appendix)**. IC: 20, 24, 30;
R: 32, 33, 35, 36, 40

Week 13 **November 17**-Flexible Budgets-Direct Cost Var. and Mgt Control. IC: 19, 21, 22, 24,
25, 30; R: 26, 27, 39, 41 **(incl. Appendix)**.

November 19-Flexible Budgets-OH Cost Variances

Week 14 **November 24**-Flexible Budgets-OH Cost Variances. IC: 16, 17, 23, 28, 29, 30; R: 34, 35

November 26-Student Travel Day-No Class

Week 15 **December 1**-Capital Budgeting and Cost Analysis. IC: 16, 17, 19, 20, 21, 25, 29, 30, 32;
R: 18, 22, 31 **(skip Appendix)**

December 3-Exam 4-Last 4 Chapters (Online and In-Class)

Week 16 **Cumulative Final Examination: TBA on Moodle Course Homepage**