

ACCY 121 - Sec 1 (DIS 31663)
Cost Accounting
Course Syllabus – Spring 2023

Instructor: **Hugh Pforsich, PhD, MBA**
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Classroom: **Amador 152**
Class times: **Wed 1:30 – 2:45 pm**
Office hours: **Wed 10:30 – 11:30 am**
3:00 – 5:00 pm

Websites:

Course Website: <https://www.csus.edu/indiv/p/pforsichh/accy121.html>

Online HW/Quizzes (Connect Register & Login):

<https://connect.mheducation.com/class/accy121-spring-2023-mw-130-245pm-pforsich>

Lanen 7e Textbook Website:

https://highered.mheducation.com/sites/1264100841/student_view0/index.html

Required Text:

- **CONNECT online access code** (for online SmartBook, homework, and quizzes)
- Lanen, Anderson, Maher, **Fundamentals of Cost Accounting**, [hard copy]
 - (Optional) 7th ed., (2022) McGraw-Hill Irwin; **ISBN-- 978-1265117702**
 - (Recommended) Older, used hard copy versions and/or the e-text in CONNECT are acceptable (and cheaper!)

Course Description:

Emphasizing the concept of “different costs for different purposes,” this course focuses on cost accounting strategy and the decision-making process. After successfully completing this course, students should have knowledge of:

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|--|--------------------------|
| • Cost concepts and behavior | • Activity-based costing |
| • Cost-volume-profit (break-even) analysis | • Cost allocation |
| • Relevant costs for decision making | • Budgeting |
| • Cost estimation | • Variance analysis |
| • Job costing | • Capital budgeting |
| • Process costing | |

Grading:

	<u>Points</u>	<u>Percent</u>
• Attendance (10 pts. dropped per unexcused absence)	50	5 %
• SmartBook (11 drop 1 = 10 @ 5 pts. each) (online)	50	5 %
• Quizzes (40 pts possible) /Homework (20 pts if ≥ 80% score) (11 chapters, drop 1 = 10 @ 60 pts. each) (online)	600	60 %
• Midterm Exam (chs. 2,3,4,5,7,8 – conceptual – in class)	150	15 %
• Final Exam (chs. 9,11,13,16, Appendix – conceptual -- in class)	<u>150</u>	<u>15 %</u>
	<u>1,000</u>	<u>100%</u>

1. **Academic Honesty** - Students are required to follow the guidelines regarding academic honesty: <https://www.csus.edu/umannual/student/stu-100.htm>
2. **Reasonable Accommodation** - For services or information, please consult with the instructor and Services to Students with Disabilities <https://www.csus.edu/student-affairs/centers-programs/services-students-disabilities/>. Students with other types of accommodation requirements, including language development, are invited to discuss them with the instructors to facilitate understanding and the best learning experience for all. All information will remain confidential.
3. **Grading Method** -
 - Each student begins the semester with 50 attendance points which will be reduced by 10 points for each unexcused absence.
 - The difficulty level of the weekly chapter quizzes is medium to high. These quizzes consist of 10 quantitative multiple-choice problems covering the main topics of the chapter. The quiz is worth 40 points which will be added to the weekly homework score (20 points possible). The total will be recorded as a chapter score (60 points possible). The one lowest chapter score will be dropped at the end of the semester when calculating final course scores and grades.
 - Two exams, a conceptual midterm and a conceptual final (not cumulative; no calculations) worth 150 points each will be added into the final course score.
 - The midterm exam will be curved; the final exam will not be curved.
 - Final course grades will be straight A, B, C, D, or F (no pluses or minuses).

ACCY 121 Learning Objectives

Chapter 2: Cost Concepts and Behavior

- LO 2-1 Explain the basic concept of "cost."
- LO 2-2 Explain how costs are presented in financial statements.
- LO 2-3 Explain the process of cost allocation.
- LO 2-4 Understand how material, labor, and overhead costs are added to a product at each stage of the production process.
- LO 2-5 Define basic cost behaviors, including fixed, variable, semi-variable, and step costs.
- LO 2-6 Identify the components of a product's costs.
- LO 2-7 Understand the distinction between financial and contribution margin income statements.

Chapter 3: Cost-Volume-Profit Analysis

- LO 3-1 Use cost-volume-profit (CVP) analysis to analyze decisions.
- LO 3-2 Understand the effect of cost structure on decisions.
- LO 3-3 Use Microsoft Excel to perform CVP analysis.
- LO 3-4 Incorporate taxes, multiple products, and alternative cost structures into the CVP analysis.
- LO 3-5 Understand the assumptions and limitations of CVP analysis.

Chapter 4: Cost Analysis for Decision Making

- LO 4-1 Use differential analysis to analyze decisions.
- LO 4-2 Use differential analysis to make pricing decisions.
- LO 4-3 Apply several approaches for establishing prices based on costs for long-run pricing decisions.
- LO 4-4 Use differential analysis to production decisions.
- LO 4-5 Understand and apply the theory of constraints.

Chapter 5: Cost Estimation

- LO 5-1 Explain the reasons for estimating fixed and variable costs.
- LO 5-2 Estimate costs using a variety of methods, specifically engineering estimates, account analysis, and statistical analysis.
- LO 5-3 Use regression analysis to estimate costs, interpret regression analysis results, and critically evaluate the fit between the data used and the regression model employed.
- LO 5-4 Incorporate the effects of learning and expected improvements when estimating costs.
- LO 5-5 Evaluate and explain the advantages and disadvantages of alternative cost estimation methods.
- LO 5-6 (Appendix A) Use Microsoft Excel to perform a regression analysis.
- LO 5-7 (Appendix B) Understand the mathematical relationship describing the learning phenomenon.

Chapter 7: Job Costing

- LO 7-1 Describe what job and job shop mean and compute product costs in a job cost system.
- LO 7-2 Account for overhead using predetermined rates.
- LO 7-3 Reconcile and account for the difference between overhead applied to jobs and actual overhead incurred.
- LO 7-4 Apply job costing in service organizations.
- LO 7-5 Identify ethical issues in job costing and know how to respond to them.
- LO 7-6 Describe the difference between *projects* and *jobs* and understand the implications for cost management systems.

Chapter 8: Process Costing

- LO 8-1 Explain the concept and purpose of equivalent units.
- LO 8-2 Assign costs to products using a five-step process.
- LO 8-3 Assign costs to products using weighted-average costing.
- LO 8-4 Prepare and analyze a production cost report.
- LO 8-5 Assign costs to products using first-in, first-out (FIFO) costing.
- LO 8-6 Analyze the accounting choice between FIFO and weighted-average costing.
- LO 8-7 Know when to use process or job costing.
- LO 8-8 Compare and contrast operation costing with job costing and process costing.

Chapter 9: Activity-Based Costing

- LO 9-1 Understand the potential effects of using reported product costs for decision making.
- LO 9-2 Explain how a two-stage product costing system works.
- LO 9-3 Compare and contrast plant-wide and department allocation methods.
- LO 9-4 Explain how activity-based costing and a two-stage product system are related.
- LO 9-5 Compute product costs using activity-based costing.
- LO 9-6 Compare activity-based product costing to traditional department product costing methods.
- LO 9-7 Demonstrate the flow of costs through accounts using activity-based costing.
- LO 9-8 Apply activity-based costing to marketing and administrative services.
- LO 9-9 Explain how time-driven activity-based costing works.

Chapter 11: Service Department and Joint Cost Allocation

- LO 11-1 Explain why and how service costs are allocated using the direct method, the step method, and the reciprocal method.
- LO 11-2 Use the reciprocal method approach for outsourcing decisions.
- LO 11-3 Explain why and how joint costs are allocated using the net realizable value method and the physical quantities method.
- LO 11-4 Use cost data to make the decision whether to sell or process further.
- LO 11-5 Account for by-products.

LO 11-6 (Appendix) Use spreadsheets to solve reciprocal cost allocation problems.

Chapter 13: Planning and Budgeting

LO 13-1 Understand the role of budgets in overall organization planning and the importance of people in the budgeting process.

LO 13-2 Estimate sales.

LO 13-3 Develop production and cost budgets.

LO 13-4 Estimate cash flows.

LO 13-5 Develop budgeted financial statements.

LO 13-6 Explain budgeting in merchandising and service organizations.

LO 13-7 Identify common ethical dilemmas associated with budgeting.

LO 13-8 Explain how to use sensitivity analysis to budget under uncertainty.

LO 13-9 (Appendix) Describe zero-based budgeting and illustrate its use.

Chapter 16: Variance Analysis

LO 16-1 Use budgets for performance evaluation.

LO 16-2 Develop and use flexible budgets.

LO 16-3 Compute and interpret the sales activity variance.

LO 16-4 Prepare and use a profit variance analysis.

LO 16-5 Compute and use variable cost variances.

LO 16-6 Compute and use fixed cost variances.

LO 16-7 (Appendix) Understand how to record costs in a standard costing system.

Appendix: Capital Budgeting

ACCY 121 - Cost Accounting (Pforsich) Spring 2023 Tentative Schedule					
Week	Date	Class Mtg	Chapter	Lanen (5e) Topic	Online CONNECT SB, HW, & Quiz Due Dates * (11:59pm)
1	1/23/2023	1		Course Orientation	
	1/25/2023	2	2	Concepts and Behavior	1/29/2023
2	2/1/2023	3	3	Cost-Volume-Profit	2/5/2023
3	2/8/2023	4	4	Cost Analysis for Decision Making	2/12/2023
4	2/15/2023	5	5	Cost Estimation	2/19/2023
5	2/22/2023	6	7	Job Costing	2/26/2023
6	3/1/2023	7	8	Process Costing	3/5/2023
7	3/8/2023	8	2,3,4,5,7,8	(Conceptual) Midterm Exam [In-Class]	
8	3/15/2023	9	9	Activity-Based Costing	3/19/2023
3/20/2023 thru 3/26/2023			SPRING BREAK (no class)		
9	3/29/2023	10	11	Service Dept. and Joint Cost Allocation	4/2/2023
10	4/5/2023	11	13	Planning and Budgeting	4/9/2023
11	4/12/2023	12	16	Variance Analysis	4/16/2023
12	4/19/2023	13	Appendix**	Capital Budgeting	4/23/2023
13	4/26/2023	no class		(Optional) Extra Credit & Final Exam Study	(Optional) Extra Credit Hard copy due 5/15/2023
14	5/3/2023				
15	5/10/2023				
16	Mon. 5/15; 12:45pm	14	9,11,13,16,Appendix	(Conceptual) Final Exam [In-Class]	
* Due dates for online SB, HW, and Quizzes on this schedule are official. Due dates on the CONNECT website are <u>not official</u> and should be <u>ignored</u> .					
** No quiz on the Appendix. The homework will be graded for 60 possible points; 2 attempts allowed; Best score taken.					