

ITT Technical Institute
BU316
Cost Accounting and Budgeting II
Onsite Course

SYLLABUS

Credit hours: 4

Contact/Instructional hours: 40 (40 Theory Hours)

Prerequisite(s) and/or Corequisite(s):

Prerequisites: BU315 Cost Accounting and Budgeting I

Course Description:

Based on the principles presented in Cost Accounting and Budgeting I, this course addresses important budgeting and cost accounting variables in relation to management control systems and performance measurement.

Where Does This Course Belong?

NOTE: *Refer to the catalog for the state-specific course and program information, if applicable.*

Course Summary

Major Instructional Areas

1. Cost Allocation, Revenues, and Budgeting
2. Quality and Just-In-Time
3. Investment Decisions and Management Control Systems
4. Cost Behaviors and Related Analysis

Course Objectives

1. Evaluate cost leadership and product differentiation strategies.
2. Evaluate the process of revenue and cost allocation to determine differences in customer profitability.
3. Assess the allocation of support department costs, common costs, and revenues.
4. Examine methods of allocating costs to joint products and byproducts.
5. Explain the concept of process costing.
6. Evaluate costs that arise as a result of spoilage, rework, and scrap.
7. Evaluate the impact of quality and time factors through a balance scorecard.
8. Describe the process of inventory management and accounting for the costs of inventory.
9. Utilize capital budgeting as a decision-making and control tool.
10. Evaluate how strategy, organizational structure, management control systems, and accounting information are linked to each other in an organization.
11. Appraise the design, implementation, and uses of performance measures.

Learning Materials and References

Required Resources

Complete Textbook Package	New to This Course	Carried over from Previous Course(s)	Required for Subsequent Course(s)
Horngren, C. T., Datar, S. M., & Foster, G. (2013). <i>Cost Accounting: A Managerial Emphasis</i> (14th ed.). Upper Saddle River, NJ: Prentice Hall.	■		

Recommended Resources

Books and Professional Journals

The following books are related to this course and are available through the ITT Tech Virtual Library>

Books> NetLibrary:

- Bragg, S. M. (2012). *Business ratios: A comprehensive guide* (3rd ed.). Hoboken, NJ: John Wiley & Sons, Inc.
- Siegel, J. G., Shim, J. K., & Hartman, S. (1998). *Schaum's quick guide to business formulas: 201 decision-making tools for business, finance, and accounting students*. New York, NY: McGraw-Hill Professional.
- Welytok, J. G. (2008). *Sarbanes-Oxley for dummies* (2nd ed.). Hoboken, NJ: John Wiley & Sons, Inc.

ITT Tech Virtual Library (accessed via Student Portal | <https://studentportal.itt-tech.edu>)

- General References
 - > School of Study> School of Business> Professional Organizations
 - American Institute of Certified Public Accountants
 - Association of Chartered Accountants in the United States
 - Financial Accounting Standards Board
 - Institute of Management Accountants
 - > School of Study> School of Business> Recommended Links
 - Accounting Industry News from Topix.net
 - Accounting Today for the WebCPA
 - AccountingWEB
 - Business Finance Magazine

- CPA Journal Online
- Journal of Accountancy Online

Internet Resources

The following websites provide additional information relative to cost accounting:

- Acorn Cost Accounting Software

<http://www.acornsys.com>

This is one of the many websites that offers software systems that can help in analyzing a company's financial performance.

- American Institute of CPAs: Chartered Global Management Accountant Designation

<http://www.aicpa.org/Membership/Pages/cgma-designation.aspx>

This is a website that gives information on the professional certification for accounting professionals working in business and industry.

- American Management Association: Fundamentals of Cost Accounting

<http://www.amanet.org/training/seminars/Fundamentals-of-Cost-Accounting.aspx>

This gives practical instruction in the application of cost account techniques.

- Balanced Scorecard Institute

<http://www.balancedscorecard.org/>

A website that promotes and enhances the use of balanced scorecards in corporate performance management

- CMA: The Essential Credential

http://www.imanet.org/cma_certification.aspx

This IMA Web page gives information on the professional certification for accounting professionals working in business and industry.

- Cost Accounting Standards Board Disclosure Statement

http://www.whitehouse.gov/sites/default/files/omb/assets/procurement_casb/casb_ds-1.pdf

This document describes many cost accounting concepts used by the U.S. government.

- Forum on Managerial Cost Accounting

http://fasab.gov/resources/forum_managerial_cost_accounting/#part1

This website covers a discussion of cost accounting best practices and requirements.

- Monster Cost Accountant Jobs

<http://jobs.monster.com/v-accounting-q-cost-accountant-jobs.aspx>

This site provides a listing of jobs in cost accounting.

NOTE: All links are subject to change without prior notice.

Information Search

Use the following keywords to search for additional online resources that you may use to support your work on the course assignments:

- Cost accounting
- Cost management
- Management decision making
- Activity-based costing
- Lean accounting
- Capital Budgeting
- Corporate performance management
- Inventory management
- Life-cycle budgeting
- Transfer pricing
- Cost accounting ethics

Suggested Learning Approach

In this course, you will be studying individually and within a group of your peers. As you work on the course deliverables, you are encouraged to share ideas with your peers and instructor, work collaboratively on projects and team assignments, raise critical questions, and provide constructive feedback.

Use the following advice to receive maximum learning benefits from your participation in this course:

DO	DON'T
<ul style="list-style-type: none">▪ Do take a proactive learning approach▪ Do share your thoughts on critical issues and potential problem solutions▪ Do plan your course work in advance▪ Do explore a variety of learning resources in addition to the textbook▪ Do offer relevant examples from your experience▪ Do make an effort to understand different points of view▪ Do connect concepts explored in this course to real-life professional situations and your own experiences	<ul style="list-style-type: none">▪ Don't assume there is only one correct answer to a question▪ Don't be afraid to share your perspective on the issues analyzed in the course▪ Don't be negative about the points of view that are different from yours▪ Don't underestimate the impact of collaboration on your learning▪ Don't limit your course experience to reading the textbook▪ Don't postpone your work on the course deliverables – work on small assignment components every day

Course Outline

<p>Unit 1: STRATEGIC IMPLEMENTATION AND PROFITABILITY ANALYSIS</p> <p>Upon completion of this unit, students are expected to:</p> <ul style="list-style-type: none"> Define cost leadership and product differentiation. Identify the use of a balanced scorecard in managing the implementation of strategies. Analyze the changes in operating income to evaluate the success of a strategy and its implementation. Identify how managers manage unused capacity costs. Explain the differences between engineered costs and discretionary costs. <p style="text-align: right;">Total outside work: 2 hours</p>			
READING ASSIGNMENT	<ul style="list-style-type: none"> Hornigren, Datar, & Foster, Chapter 13 (pp. 466–495) 		
OUTSIDE WORK	Activity		Estimated Time
	Complete the reading assignment		1 hr.
	Work on Unit 1 Exercise 1		1 hr.
GRADED ACTIVITIES/ DELIVERABLES	Grading Category	Activity/Deliverable Title	Grade Allocation (% of all graded work)
	Exercise	Unit 1 Exercise 1: Strategy and Balanced Scorecard	2.5%

<p>Unit 2: REVENUE AND COST ALLOCATIONS</p> <p>Upon completion of this unit, students are expected to:</p> <ul style="list-style-type: none"> Identify the four purposes of cost allocation. Describe the criteria to guide cost allocation decisions. Explain the concept of customer-profitability analysis. Describe how company revenues differ across customers purchasing the same product. Describe why customer-level costs differ across customers. Analyze the effect of sales-quantity and sales-mix variances on a company's profitability. <p style="text-align: right;">Total outside work: 3.4 hours</p>			
READING ASSIGNMENT	<ul style="list-style-type: none"> Hornigren, Datar, & Foster, Chapter 14 (pp. 502–528) 		
OUTSIDE WORK	Activity		Estimated Time
	Complete the reading assignment		1 hr.
	Work on Unit 2 Exercise 1		45 min.
	Work on Unit 2 Exercise 2		40 min.
		Begin work on Project Part 1	1 hr.
GRADED ACTIVITIES/ DELIVERABLES	Grading Category	Activity/Deliverable Title	Grade Allocation (% of all graded work)
	Exercise	Unit 2 Exercise 1: Alternative Allocation Criteria	2.3%
		Unit 2 Exercise 2: Customer Profitability and Distribution	2.3%

<p>Unit 3: SUPPORT-DEPARTMENT ALLOCATION AND COMMON COSTS</p> <p>Upon completion of this unit, students are expected to:</p> <ul style="list-style-type: none"> Differentiate single-rate from dual-rate cost allocation methods. Examine three methods of allocating costs to the support departments. Explain the allocation of common costs using the stand-alone method and the incremental method. Explain the bundling process and discuss how it gives rise to revenue allocation issues. Explain the allocation of revenues of a bundled package to individual products using the stand-alone, incremental, and management judgment methods. <p style="text-align: right;">Total outside work: 4.25 hours</p>			
READING ASSIGNMENT	<ul style="list-style-type: none"> Horngren, Datar, & Foster, Chapter 15 (pp. 531-552) 		
OUTSIDE WORK	Activity		Estimated Time
	Complete the reading assignment		75 min.
	Work on Unit 3 Exercise 1		1 hr.
	Work on Unit 3 Exercise 2		1 hr.
		Continue work on Project Part 1	1 hr.
GRADED ACTIVITIES/ DELIVERABLES	Grading Category	Activity/Deliverable Title	Grade Allocation (% of all graded work)
	Exercise	Unit 3 Exercise 1: Allocation of Common Costs	2.3%
		Unit 3 Exercise 2: Revenue Allocation and Bundled Products	2.3%

<p>Unit 4: COST ALLOCATION: JOINT PRODUCTS AND BYPRODUCTS</p> <p>Upon completion of this unit, students are expected to:</p> <ul style="list-style-type: none"> Define joint costs and identify the splitoff point in joint-cost situations. Explain the difference between joint products and byproducts. Identify why joint costs are allocated to individual products. Explain the four approaches to allocate joint costs. Describe the two byproduct accounting methods. <p style="text-align: right;">Total outside work: 4.5 hours</p>			
READING ASSIGNMENT	<ul style="list-style-type: none"> Horngren, Datar, & Foster, Chapter 16 (pp. 576-596) 		
OUTSIDE WORK	Activity		Estimated Time
	Complete the reading assignment		90 min.
	Work on Unit 4 Exercise 1		1 hr.
	Work on Unit 4 Exercise 2		1 hr.
		Complete and submit Project Part 1	1 hr.
GRADED ACTIVITIES/ DELIVERABLES	Grading Category	Activity/Deliverable Title	Grade Allocation (% of all graded work)
	Exercise	Unit 4 Exercise 1: Joint Cost Allocations	2.3%
		Unit 4 Exercise 2: Accounting for a Byproduct	2.3%
Project	Project Part 1: Customer Profitability and Distribution Channels		15%

<p>Unit 5: PROCESS COSTING</p> <p>Upon completion of this unit, students are expected to:</p> <ul style="list-style-type: none"> Describe the five steps in process costing. Explain the concept of equivalent units and identify ways to use them. Explain the difference between the weighted-average method and the first-in, first-out (FIFO) method of process costing. Explain process-costing methods to situations with transferred-in costs. <p style="text-align: right;">Total outside work: 2.5 hours</p>			
READING ASSIGNMENT	<ul style="list-style-type: none"> Horngren, Datar, & Foster, Chapter 17 (pp. 606-636) 		
OUTSIDE WORK	Activity	Estimated Time	
	Complete the reading assignment	1 hr.	
	Work on Unit 5 Exercise 1	30 min.	
	Work on Unit 5 Exercise 2	1 hr.	
GRADED ACTIVITIES/ DELIVERABLES	Grading Category	Activity/Deliverable Title	Grade Allocation (% of all graded work)
	Exercise	Unit 5 Exercise 1: Process-Costing Methods	2.3%
		Unit 5 Exercise 2: Transferred-In Costs Using the Weighted-Average and FIFO Methods	3%

<p>Unit 6: SPOILAGE, REWORK, AND SCRAP</p> <p>Upon completion of this unit, students are expected to:</p> <ul style="list-style-type: none"> Define the terms spoilage, rework, and scrap. Describe the accounting procedures for normal and abnormal spoilage. Explain the process of accounting for spoilage in process costing using the weighted-average, FIFO, and standard-costing methods. Analyze the process of accounting for normal and abnormal spoilage in job costing. Analyze the process of accounting for normal and abnormal rework in job costing. Analyze the process of accounting for scrap. <p style="text-align: right;">Total outside work: 4 hours</p>			
READING ASSIGNMENT	<ul style="list-style-type: none"> Horngren, Datar, & Foster, Chapter 18 (pp. 644-663) 		
OUTSIDE WORK	Activity	Estimated Time	
	Complete the reading assignment	2 hr.	
	Work on Unit 6 Exercise 1	1 hr.	
	Work on Unit 6 Exercise 2	1 hr.	
GRADED ACTIVITIES/ DELIVERABLES	Grading Category	Activity/Deliverable Title	Grade Allocation (% of all graded work)
	Exercise	Unit 6 Exercise 1: Weighted Average or FIFO	2.3%
		Unit 6 Exercise 2: Value of Scrap	2.3%

<p>Unit 7: BALANCED SCORECARD: QUALITY AND TIME</p> <p>Upon completion of this unit, students are expected to:</p> <ul style="list-style-type: none"> • Explain the four cost categories in a costs-of-quality program. • Use three methods to identify quality problems. • Identify relevant costs and the benefits of evaluating quality improvements. • Describe the benefits of financial and nonfinancial measures of quality. • Explain the components of customer-response time. <p style="text-align: right;">Total outside work: 5 hours</p>			
READING ASSIGNMENT	<ul style="list-style-type: none"> • Horngren, Datar, & Foster, Chapter 19 (pp. 670-691) 		
OUTSIDE WORK	Activity	Estimated Time	
	Complete the reading assignment	1 hr.	
	Work on Unit 7 Exercise 1	1 hr.	
	Work on Unit 7 Exercise 2	1 hr.	
	Begin work on Project Part 2	2 hr.	
GRADED ACTIVITIES/ DELIVERABLES	Grading Category	Activity/Deliverable Title	Grade Allocation (% of all graded work)
	Exercise	Unit 7 Exercise 1: Cost of Quality	2.3%
		Unit 7 Exercise 2: How Much Time?	2.3%

<p>Unit 8: INVENTORY MANAGEMENT, JUST-IN-TIME, AND BACKFLUSH COSTING</p> <p>Upon completion of this unit, students are expected to:</p> <ul style="list-style-type: none"> • Identify five categories of costs associated with goods for sale. • Explain the economic order-quantity (EOQ) decision model. • Identify and reduce conflicts that arise between the EOQ decision model and other models used for performance evaluation. • Distinguish materials requirements planning (MRP) systems from just-in-time (JIT) systems for manufacturing. • Identify the different ways in which backflush costing simplifies traditional inventory-costing systems. <p style="text-align: right;">Total outside work: 3.5 hours</p>			
READING ASSIGNMENT	<ul style="list-style-type: none"> • Horngren, Datar, & Foster, Chapter 20 (pp. 702-730) 		
OUTSIDE WORK	Activity	Estimated Time	
	Complete the reading assignment	1 hr.	
	Work on Unit 8 Exercise 1	1 hr.	
	Continue work on Project Part 2	90 min.	
GRADED ACTIVITIES/ DELIVERABLES	Grading Category	Activity/Deliverable Title	Grade Allocation (% of all graded work)
	Exercise	Unit 8 Exercise 1: Backflush Costing System	2.3%

<p>Unit 9: CAPITAL BUDGETING AND COST ANALYSIS</p> <p>Upon completion of this unit, students are expected to:</p> <ul style="list-style-type: none"> Identify the six stages of capital budgeting for a project. Differentiate between net present value (NPV) and internal rate of return (IRR) methods. Explain the payback method and the accrual accounting rate-of-return (AARR) method. Identify relevant cash inflows and outflows for capital budgeting decisions. Apply the understanding of capital budgeting decisions to a given scenario. <p style="text-align: right;">Total outside work: 3.25 hours</p>			
READING ASSIGNMENT	<ul style="list-style-type: none"> Horngren, Datar, & Foster, Chapter 21 (pp. 738-764) 		
OUTSIDE WORK	Activity		Estimated Time
	Complete the reading assignment		1 hr.
	Work on Unit 9 Exercise 1		45 min.
	Work on Unit 9 Exercise 2		30 min.
		Complete and submit Project Part 2	1 hr.
GRADED ACTIVITIES/ DELIVERABLES	Grading Category	Activity/Deliverable Title	Grade Allocation (% of all graded work)
	Exercise	Unit 9 Exercise 1: Capital Budgeting Methods	2.3%
		Unit 9 Exercise 2: Capital Budgeting Decisions	2.3%
	Project	Project Part 2: Decision-Making Application	15%

<p>Unit 10: MANAGEMENT CONTROL AND PERFORMANCE MEASUREMENT</p> <p>Upon completion of this unit, students are expected to:</p> <ul style="list-style-type: none"> Describe a management control system and its key properties. Explain the benefits and costs of decentralization. Explain transfer prices and four criteria used to evaluate them. Examine market-based transfer prices, cost-based transfer prices, and negotiated transfer prices. Describe the six steps used to design an accounting-based performance measure. Describe the three approaches to measure performance. Analyze ROI using the DuPont method of profitability analysis. <p style="text-align: right;">Total outside work: 2.3 hours</p>			
READING ASSIGNMENT	<ul style="list-style-type: none"> Horngren, Datar, & Foster, Chapter 22 (pp. 774-797) and Chapter 23 (pp. 806-830) 		
OUTSIDE WORK	Activity		Estimated Time
	Complete the reading assignment		1 hr.
	Work on Unit 10 Discussion 1		40 min.
		Work on Unit 10 Exercise 1	40 min.
GRADED ACTIVITIES/ DELIVERABLES	Grading Category	Activity/Deliverable Title	Grade Allocation (% of all graded work)
	Discussion	Unit 10 Discussion 1: Understanding Transfer Pricing	10%
	Exercise	Unit 10 Exercise 1: Measuring Performance	2.3%

Unit 11: COURSE REVIEW AND FINAL EXAMINATION			Total outside work: 3 hours
READING ASSIGNMENT	<ul style="list-style-type: none"> All course reading materials 		
OUTSIDE WORK	Activity		Estimated Time
	Study for Final Exam		3 hr.
GRADED ACTIVITIES/ DELIVERABLES	Grading Category	Activity/Deliverable Title	Grade Allocation (% of all graded work)
	Exam	Final Exam	20%

Note: Your instructor may add a few learning activities that will change the grade allocation for each assignment in a category. The overall category percentages will not change.

Evaluation and Grading

Evaluation Criteria

The graded assignments will be evaluated using the following weighted categories:

Category	Weight
Exercise	40%
Discussion	10%
Project	30%
Final Exam	20%
Total	100%

Grade Conversion

The final grades will be calculated from the percentages earned in the course, as follows:

Grade	Percentage
A (4.0)	90–100%
B+ (3.5)	85–89%
B (3.0)	80–84%
C+ (2.5)	75–79%
C (2.0)	70–74%
D+ (1.5)	65–69%
D (1.0)	60–64%
F (0.0)	<60%

Academic Integrity

All students must comply with the policies that regulate all forms of academic dishonesty or academic misconduct, including plagiarism, self-plagiarism, fabrication, deception, cheating, and sabotage. For more information on the academic honesty policies, refer to the Student Handbook and the Course Catalog.

(End of Syllabus)