

## **MGT 133: Advanced Cost Accounting**

Undergraduate, Spring 2021

Tuesday and Thursday 5PM-6:20PM; On-line through Zoom

PROFESSOR : Joe Pecore

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OFFICE : Otterson Hall 2E108

OFFICE HOURS : Monday 12-1PM through Zoom

TEACHING ASSISTANT/TUTOR:

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OFFICE HOURS : through Zoom

TA Office hours will be posted on Canvas Class Webpage.

All Office Hours will be hosted through Zoom. Links will be announced on Canvas

### **DESCRIPTION**

This course is about application of cost accounting to analyze and drive strategic business decisions.

### **OBJECTIVES**

Specifically, the course is intended to build upon prior knowledge of cost accounting and provide students a richer understanding of the following topics in the context of business strategy:

- Cost Management and Cost Flows
- Variance Analysis and Standard Costs
- Cost-Volume-Profit Analysis, Product Profitability & Decision Making
- Capital Investment Analysis
- Budgeting in a strategic context
- Management Compensation and Motivating Performance

### **PREREQUISITES**

Upper Division Standing, Completion of MGT 131B

### **MATERIALS**

Required

- Blocher, Stout, Cokins (2019), [Cost Management : A Strategic Emphasis, 8th or 9<sup>th</sup> edition](#)

Recommended

- Staying current with Business world through many of readily available media outlets such as CNBC, Bloomberg, Wall Street Journal, Business section of local newspaper, SEC reports, Yahoo Finance, etc...

### **CLASS TIME/ATTENDANCE**

It is important to attend class. In general, class time will consist of lectures, discussion of articles, group work and an occasional guest speaker. Participation and engagement are encouraged and will enrich the learning experience and your grade.

**GRADING**

Assignments	Points [or percentage]
Article and Financial Analyses (5 assignments)	40
Testing (5 Quizzes/Top 4 will count)	60
Total	100

**FINAL COURSE GRADE DISTRIBUTION** – If getting a high grade is your primary goal of this course vs learning, consider taking it pass/no-pass to relieve the pressure.

**POINT DISTRIBUTION**

- A range 90+ Course points**
- B range 80-89 Course points**
- C range 70-79 Course points**
- D range 60-69 Course points**
- F below 60**

**ASSIGNMENTS**

Assignments are due at the beginning of class. If you think you will be late, email myself and the TA **before** the deadline. Otherwise no credit will be given. For late assignments, I will determine whether credit will be granted on a case-by-case basis.

**ARTICLE ANALYSES & FINANCIAL ANALYSES**

A collection of articles from the Business Press will be discussed throughout the quarter and are intended to supplement and compliment lecture material. I will post the articles and questions on the class website. Financial analysis questions will be asked about chosen companies based on Public SEC Filings.

Students are expected to submit written answers for credit.

**QUIZZES**

There will be 5 quizzes which will cover lecture material (good idea to understand practice problems), article and company analysis material. Therefore, students should be prepared to demonstrate their understanding of material from the text, articles and company analyses. Students will be able to drop the lowest quiz score. No makeups will be offered since you can drop one.

**PRACTICE PROBLEMS**

Students are expected to be prepared for class by completing reading and suggested practice problems. Generally, students will be expected to read the chapter(s) prior to class (preread) and complete the practice problems for text material for the following class. See schedule on next page for details.

**EXAM POLICY**

You are expected to be present for the Quizzes. Quizzes will be administered in real time only through Canvas. You must be on Zoom and face the camera while taking quizzes. If you are unable to be present for a legitimate, unavoidable emergency, you are required to give me notification of the reason prior to the exam. The decision to offer a make-up exam will be made on a case-by-case basis.

**SCHEDULE**

<b>Class Date</b>	<b>Class Topic &amp; Activities</b>	<b>Chapter</b>	<b>Assignments</b>
Mar 30	Introduction to Course Cost Management & Strategy	1	Read Chapter 1 <b>Practice Problems</b> Ch 1-6,7,18,19,22,40,47,45
Apr 1	Implementing Strategy	2	Read Chapter 2 <b>Practice Problems</b> Ch 2-1,4,6,8,14,17,56-1,64,65-1,2
Apr 6 Apr 8	Cost Management Concepts, Cost Flows & Associated Accounting  Discussion of Article 1	3	Read Chapter 3 Read Article 1 <b>Practice Problems</b> Ch 3-1,6,13,14,15,18,31,51-1&2,54,57
Apr 13 Apr 15 Apr 20	Variance Analysis & Standard Costs Discussion of Article 2  <b>QUIZ 1 4/20</b> (Ch 1-3, Article 1)	14	Read Chapter 14 Read Article 2 <b>Practice Problems</b> Ch 14-2,3,5,8,13,21,22,29,30,36,37 <b>Assignment 1 due 4/20</b>
Apr 22 Apr 27	Product Profitability- Profit Planning & Cost Volume Profit Analysis Discussion of Articles 3  <b>QUIZ 2 4/27</b> (Ch 14, Article 2)	9	Read Chapter 9 Read Article 3 <b>Practice Problems</b> Ch 9-2,4,6,7,9,11,13,30,39,50-1&2 <b>Assignment 2 due 4/27</b>
Apr 29 May 4	Product Profitability- Relevant Decision Making with a Strategic Emphasis  <b>QUIZ 3 5/4</b> (Ch 9, Article 3)	11	Read Chapter 11 <b>Practice Problems</b> Ch 11-1,3,9,11,13,17,28,47-3,4 <b>Assignment 3 due 5/4</b>
May 6 May 11 May 13	Capital Investment Analysis Discussion of Articles 4	12	Read Chapter 12 Read Article 4 <b>Practice Problems</b> Ch 12-1,2,9,10,11,18,24,28,36,53
May 18 May 20 May 25	<b>QUIZ 4 5/18</b> (Ch 11,12, Articles 4) Strategy and the Master Budget Discussion of Articles 5, 6, 7	10	<b>Assignment 4 due 5/18</b> Read Chapter 10 Read Articles #5,6,7 <b>Practice Problems</b> Ch 10-1,2,3,5,8,14,17,18,23,37,49
May 27 Jun 1	Motivating & Measuring Performance Discussion of Articles 8, 9	20	Read Chapter 20 through pg 882 <b>Assignment 5 due 6/1</b> Read Articles #8,9 <b>Practice Problems</b> Ch 20-1,2,4,9,10,13,26,27,44
Jun 3	<b>QUIZ 5 6/3</b> (Ch 10,20, Articles 5,6,7,8,9)		

## LEARNING OBJECTIVES

### **Chapter 1 – Strategy and Cost Management**

- Explain the different types of competitive strategies
- Explain the use of cost management with emphasis on the strategic management function.
- Explain the contemporary business environment and how it has influenced cost management.

### **Chapter 2 – Implementing Strategy**

- Explain how to implement a competitive strategy by using Strengths-Weaknesses-Opportunities-Threats (SWOT) Analysis
- Explain how to implement a competitive strategy by focusing on the execution of goals.
- Explain how to implement a competitive strategy using value-chain analysis.
- Explain how to implement a competitive strategy using the balanced scorecard.

### **Chapter 3 – Basic Cost Management Concepts**

- Understand the strategic role of basic cost concepts.
- Explain the cost driver concepts at the activity, volume, structural, and executional levels.
- Explain the cost concepts used in product and service costing.
- Explain and record inventory movement journal entries to the general ledger.
- Prepare an income statement for both a manufacturing firm and a merchandising firm.

### **Chapter 14 – Sales, Direct-Cost Variances and the role of non-Financial Measures**

- Explain the total operating-income variance for a given period
- Develop a general framework for subdividing the total operating-income variance into component variances
- Develop standard costs for product costing, performance evaluation, and control
- Explain and record manufacturing cost flows and associated variances in a standard cost system in the general ledger.
- Discuss nonfinancial performance measures

### **Chapter 9 – Profit Planning : Cost-Volume-Profit Analysis**

- Explain cost-volume-profit (CVP) analysis, the CVP model, and the strategic role of CVP analysis.
- Apply CVP analysis for breakeven and profit planning.
- Employ sensitivity analysis to more effectively use CVP analysis.
- Adapt CVP analysis for multiple products.

### **Chapter 11 – Decision Making with a Strategic Emphasis**

- Define the decision-making process and identify the types of cost information relevant for decision making.
- Analyze decisions involving multiple products and limited resources including linear programming.
- Discuss the behavioral, implementation, and legal issues in decision making.

### **Chapter 12 - Strategy and Capital Investment Analysis**

- Explain the strategic role of capital investment analysis
- Provide a general model for determining relevant cash flows associated with capital expenditure projects
- Apply discounted cash flow (DCF) decision models for capital-budgeting purposes
- Conduct sensitivity analysis as part of the capital-budgeting process
- Identify behavioral issues associated with the capital budgeting process

### **Chapter 10 – Strategy and the Master Budget**

- Describe the role of budgets in the overall management process.
- Discuss the importance of strategy and its role in the master budgeting process.
- Outline and discuss the budgeting process.
- Prepare a master budget and explain the interrelationships among its supporting schedules.
- Deal with uncertainty in the budgeting process
- Understand alternative approaches to budgeting
- Discuss various behavioral considerations in budgeting

### **Chapter 20 – Management Compensation and Motivating Behavior**

- Identify and explain the types of management compensation

- Identify the strategic role of management compensation and the different types of compensation used in practice
- Explain characteristics of a bonus plan.

### **ACADEMIC INTEGRITY**

Integrity of scholarship is essential for an academic community. As members of the Rady School, we pledge ourselves to uphold the highest ethical standards. The University expects that both faculty and students will honor this principle and in so doing protect the validity of University intellectual work. For students, this means that all academic work will be done by the individual to whom it is assigned, without unauthorized aid of any kind.

This means **DO NOT USE EXTERNAL ANSWER KEYS OF ANY KIND**. Any infractions will warrant maximum penalties which could include failing the course. Please take this very seriously as accounting is about being trustworthy with other people's money.

The complete UCSD Policy on Integrity of Scholarship can be viewed at:  
<http://www-senate.ucsd.edu/manual/appendices/app2.htm#AP14>

#### **How the Honor Code applies to this course:**

The University trusts each student to maintain high standards of honesty and ethical behavior. All assignments submitted in fulfillment of course requirements must be the student's own work.

### **STUDENTS WITH DISABILITIES**

A student who has a disability or special need and requires an accommodation in order to have equal access to the classroom must register with the Office for Students with Disabilities (OSD). The OSD will determine what accommodations may be made and provide the necessary documentation to present to the faculty member.

The student must present the OSD letter of certification and OSD accommodation recommendation to the appropriate faculty member in order to initiate the request for accommodation in classes, examinations, or other academic program activities. **No accommodations can be implemented retroactively.**

Please visit the [OSD website](#) for further information or contact the Office for Students with Disabilities at (858) 534-4382 or [osd@ucsd.edu](mailto:osd@ucsd.edu).