

Syllabus  
ACC 359/ ACC 387.1  
Managerial/Cost Accounting  
Fall 2016

The University of Texas at Austin  
McCombs School of Business  
Department of Accounting

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Professor:	Volker Laux
Office:	CBA 3.226
Phone:	471-6569
E-mail:	volker.laux@mcombs.utexas.edu
Office hours:	Mondays/Wednesdays 11:00 - 12:00 p.m., and by appointment
Sections:	02935 and 03225, MW 12:30 - 02:00 p.m., UTC 1.132 02940 and 03230, MW 02:00 - 03:30 p.m., UTC 1.132 02945 and 03235, MW 03:30 - 05:00 p.m., UTC 1.132
Course web page:	Canvas: <a href="http://canvas.utexas.edu/">http://canvas.utexas.edu/</a>
Teaching assistants:	Jakob Infuehr, Prasart Jongjaroenkamol,
Office hours TA:	TBA
Email TA:	Jakob.Infuehr@mcombs.utexas.edu

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### Course Material

Required materials include a calculator and the course packet. The course packet is available from the GSB Copy Center. The recommended (not required) textbook is Horngren, Datar, and Rajan, Cost Accounting: A Managerial Emphasis, 15<sup>th</sup> edition.

## Course Description

Cost accounting systems provide valuable information for management planning and control. Organizations rely on accurate cost information to decide on which products to keep and which products to discontinue, for assessing productivity improvements and for performance evaluation and control. An improperly designed cost accounting system can lead to costly errors in decision-making.

Intense competition in product markets has forced firms to look inward to become more cost-efficient. Tracing various resource costs accurately to products has become increasingly important as product margins are squeezed. Manufacturing environments have also undergone significant changes. To support decision-making in these environments, cost accounting systems also need to be redesigned.

Through a number of case studies supplemented by some lectures, this course exposes students to recent advances in cost accounting, and highlights important inputs into the design of cost systems. The cases cover a variety of decision-making settings and illustrate the role of cost information in these settings.

Course objectives are:

1. To develop an understanding for the important characteristics of good cost systems.
2. To analyze the role of cost information in a variety of management decisions such as pricing, product mix, improving productivity, product design, and performance measurement.

## Grading

Your performance in this course will be evaluated under the following model:

Exam 1	75 points
Exam 2	75 points
Final Comprehensive Exam	150 points
Homework Case Reports	30 points
Participation	20 points
Total	350 points

There will be no opportunity to raise your course average or grade by doing "extra credit" work during or after the semester.

Beginning in Fall 2009, The University of Texas at Austin permits plus/minus grading—that is, A, A-, B+, B, B-, C+, etc., for all courses in which grades are awarded, including undergraduate as well as graduate courses. To foster consistency in grading across sections of ACC 359/ACC 387.1, the faculty have adopted plus/minus grading as the standard for all sections of the course. We believe that plus/minus grading permits us to better distinguish gradations in performance and provide better feedback to students on their performance.

In accordance with the Accounting Department Grade Policy/Guideline for the Core PPA courses, Final Course Grades will be assigned to achieve a final class average GPA between 3.2 and 3.4, inclusive.

## Individual Case Homework

Every student is required to produce a short report for each case (not longer than one page). The reports should address the following questions: "What are the main issues in the case and how can these issues be addressed?" The goal of the homework reports is to ensure that students have read each case and understand the problems studied in the case.

Students have to upload the homework case reports on Canvas **no later than 11:59pm on the day before the case is discussed** (e.g. the deadline for the Giberson's Glass Studio case is 11:59pm on Sunday, August 28<sup>th</sup>). No late homework will be accepted. Canvas will not allow you to submit your homework after the deadline. Assignments submitted in hardcopy to the professor and assignments emailed to the professor or to the TAs will not be accepted. Homework will be graded on a scale of 2 (reasonable effort), 1 (not a good effort), and 0 (not turned in). Your two lowest homework scores will be dropped. Verbal collaboration (i.e., talking about the assignment) on homework is allowed. However, the prepared assignment should be your own work (do not borrow, copy or transfer answers or files from anyone else). For classes in which there is no case discussion, you do not need to prepare a case report.

## Class participation

Evaluating class participation is necessarily a subjective exercise. If you add to the discussion or ask relevant questions about the material, I will evaluate you generously. If you never participate, I will evaluate you accordingly. Any exceptional participation will be rewarded through this portion of your grade. Any unprofessional or disruptive behavior in class will result in a reduction of this portion of your grade.

## Exams

Exams will be individually-completed closed-book exams. The exams will consist of problems, essay questions, and short answer questions. You may bring a non-programmable calculator to the exams. The two midterm exams will be given in the regular class. No make-up exams will be given. Medical emergencies and family emergencies are the only valid reasons for missing an exam. In such instances, you must provide supporting documentation (e.g., signed note from your physician). If you miss one of the two midterm exams and you have a valid and documented reason for missing it, your final exam will replace the missing midterm exam grade. For example, if you have 120 out of 150 points in the final (which is  $120/150 = 80\%$ ), you get  $0.8 * 75 = 60$  points for the missing midterm. If you do not have a valid and documented reason for missing an exam, you will receive a zero on the exam. The date for our final exam will be announced later. The final exam will cover all topics in the course (i.e., it is comprehensive).

Regrade requests for the exams must be submitted to me in writing no later than October 7<sup>th</sup> at 5pm for the first exam and no later than November 3<sup>th</sup> at 5pm for the second exam. After the regrade period, only totaling errors will be adjusted for.

The grade of the final exam, if better, will be averaged with the total of the two midterm exam grades and will replace the total midterm exam grade. For example, if you have 40 and 60 points in the two midterm exams and 140 points in the final exam, then your total midterm points will be changed from 100 to 120. Of course, if the total of your two midterm exam grades is better than your final exam grade, then your total midterm points remain unchanged. This gives everyone a final opportunity to improve their overall grade.

## Text and Problems

The Horngren, Datar, and Rajan book is an excellent textbook and I recommend that you read it to guide your understanding of this material. You are responsible for all text chapters assigned.

I will sometimes suggest homework problems from the textbook in class. I do not collect or grade these problems. The solutions to the suggested problems will be made available. If you are having trouble understanding a homework problem or solution, please discuss it with the TA.

Practical Guidance: If it is in the text but I don't assign it in a problem or cover it in class, odds are very slim that it will be a significant component of the exam. Budget your time accordingly.

## Course Schedule

Date	Topics	Cases	Text
W – Aug. 24	Course Introduction and Basics in Cost Behavior	None	None
M – Aug. 29	Cost Behavior, Product Costing, Relevant Costs	Giberson's Glass Studio	Chapter 2
W – Aug. 31	Cost Allocation	Seligram, Inc	Chapter 4
M – Sep. 5	<b>Labor Day</b>		
W – Sep. 7	Activity-Based Costing and Customer Profitability	None	Chapter 5
M – Sep. 12	Activity-Based Costing and Corporate Strategy	Siemens Electric Motor Works (A)	Chapter 5
W – Sep. 14	Capacity Analysis	Anagene, Inc.	Chapter 9
M – Sep. 19	Activity-Based Costing	Wilkerson Company	Chapter 5, 9
W – Sep. 21	Joint Production Costing, Profitability, Strategy	Wendy's Chili	Chapter 16
M – Sep. 26	Strategic Competition and Market Entry	Dogfight over Europe: Ryanair (A)	None
W – Sep. 28	<b>Midterm Exam 1 (in class)</b>		
M – Oct. 3	Transfer Pricing	None	Chapter 22
W – Oct. 5	Transfer Pricing	San Francisco Bay Consulting	Chapter 22
M – Oct. 10	Decentralization and Transfer Pricing	Sub Micron Devices Inc.	Chapter 22
W – Oct. 12	Opportunity Costs, Linear Programming	Problem: Product Mix, relevant costs (no case homework)	Chapter 11
M – Oct. 17	Opportunity Costs, Linear Programming	Merton Truck Company Problem: ACE Moped Company	Chapter 11
W – Oct. 19	Relevant Costs, Make or Buy, Pricing	Fineprint Company	Chapter 11
M – Oct. 24	<b>Midterm Exam 2 (in class)</b>		
W – Oct. 26	Product Costing, Pricing Decisions	Sheridan Carpet Company	None
M – Oct. 31	Variance Analysis	None	Chapter 7

W – Nov. 2	Product Profitability and Sunk Costs	Precision Worldwide	None
M – Nov. 7	Thinking Strategically and Game Theory	None	None
W – Nov. 9	Performance Measurement	None	Chapter 23
M – Nov. 14	Performance Measurement	None	Chapter 23
W – Nov. 16	Performance Measurement	Atlanta Schools: Measures to Improve Performance	None
M – Nov. 21	Franchising and Performance Measurement	Case of Big Mac's Pay Plans Roy Rogers Restaurants	None
W – Nov. 23	<b>Thanksgiving</b>		
M – Nov. 28	Performance Measurement	Performance Pay at Safelite Auto Glass (A)	Chapter 23
W – Nov. 30	Balanced Scorecard	Citibank	Chapter 12
M – Dec. 5	Wrap-up and Review	None	None
	<b>Date for Final Exam will be announced</b>		

*The course schedule, if need arises, may be changed. These changes will be announced beforehand.*

### **Students with Disabilities**

Students with disabilities may request appropriate academic accommodations from the Division of Diversity and Community Engagement, Services for Students with Disabilities, 512-471-6259, <http://diversity.utexas.edu/disability/>.

### **Religious Holy Days**

By UT Austin policy, you must notify me of your pending absence at least fourteen days prior to the date of observance of a religious holy day. If you must miss a class, an examination, a work assignment, or a project in order to observe a religious holy day, you will be given an opportunity to complete the missed work within a reasonable time after the absence.

### **Policy on Scholastic Dishonesty**

The McCombs School of Business has no tolerance for acts of scholastic dishonesty. The responsibilities of both students and faculty with regard to scholastic dishonesty are described in detail in the BBA Program's Statement on Scholastic Dishonesty at <http://my.mcombs.utexas.edu/BBA/Code-of-Ethics>. By teaching this course, I have agreed to observe all faculty responsibilities described there. By enrolling in this class, you have agreed to observe all student responsibilities described there. If the application of the Statement on Scholastic Dishonesty to this class or its assignments is unclear in any way, it is your responsibility to ask me for clarification. Students who violate University rules on scholastic dishonesty are subject to disciplinary penalties, including the possibility of failure in the course and/or dismissal from the University. Since dishonesty harms the individual, all students, the integrity of the University, and the value of our academic brand, policies on scholastic dishonesty will be strictly enforced. You should refer to the Student Judicial

Services website at <http://deanofstudents.utexas.edu/sjs/> to access the official University policies and procedures on scholastic dishonesty as well as further elaboration on what constitutes scholastic dishonesty.

### **Campus Safety**

Please note the following recommendations regarding emergency evacuation, provided by the Office of Campus Safety and Security, 512-471-5767, <http://www.utexas.edu/safety>:

- Occupants of buildings on The University of Texas at Austin campus are required to evacuate buildings when a fire alarm is activated. Alarm activation or announcement requires exiting and assembling outside.
- Familiarize yourself with all exit doors of each classroom and building you may occupy. Remember that the nearest exit door may not be the one you used when entering the building.
- Students requiring assistance in evacuation should inform the instructor in writing during the first week of class.
- In the event of an evacuation, follow the instruction of faculty or class instructors.
- Do not re-enter a building unless given instructions by the following: Austin Fire Department, The University of Texas at Austin Police Department, or Fire Prevention Services office.
- Behavior Concerns Advice Line (BCAL): 512-232-5050 (or <https://operations.utexas.edu/units/csas/bcal.php>).
- Further information regarding emergency evacuation routes and emergency procedures can be found at: <http://www.utexas.edu/emergency>.

### **Privacy in Canvas**

Information in Canvas is protected by your UTEID login. Please be aware that I will use a merged Canvas site for all sections of the course that I am teaching this semester. This will allow students in other sections to see that you are enrolled in the course and send you email from within Canvas. However, they will not actually learn your email address and no other personal data will be revealed through Canvas. If you have any concerns, please contact the ITS Help Desk at 475-9400 for help removing your name from view of other students.