

**ACCT60200 – Cost Accounting  
Spring 2008**

Professor Ram Ramanan  
Room 243, College of Business (1-8670)  
Office hours: 4:40 pm to 5:30pm, Tue and Thu

**Text Book:** J. Zimmerman, “*Accounting for Decision Making and Control*” Fifth Edition, Irwin/McGraw-Hill.

**COURSE OVERVIEW:**

This course is concerned with the development and use of cost information to create, communicate, implement and control strategies. This course requires you to take theoretical constructs, and using the firm’s internal accounting system, apply them to actual, real-world managerial problems. Accordingly, this course is a problem-solving course, and as such requires you to gain familiarity with the topics by working problems. The solutions to most problems involve carefully written memos with supporting numerical calculations as appropriate. The course covers a lot of material that is cumulative. Falling behind early is not a good idea.

ACCT60200 is not a course about technical journal entries, detailed calculation of process costing, alternative computational methods of variances etc. Many of these cost accounting topics are described at a conceptual level. The focus is on the use of cost information in the context of various decisions and understanding the incentives of the parties involved in the decision.

Fortunately, our text is well-written: however, you will quickly discover that even a well-written accounting text does not read like a novel. For this reason, you may have to read the material more than once before you attempt the homework problems. I find these problems to be of crucial importance because they provide the foundation of understanding the benefits and limitations of accounting reports in decision making and control. Needless to say, I do not expect you to fully understand all elements of the chapters and problems before you come to class. Class sessions are designed to fill in the gaps, smooth the rough edges and amplify your understanding. **For this to occur, advance preparation on your part is essential.**

The text, problems and cases form the basis of the class discussions. You should come to class prepared to discuss the material assigned. Questions during class on the material are welcomed and encouraged.

## GRADING:

The final grade for the course will be determined based on the following:

Problem Assignments	25
Group work	15
Class participation*	15
Final examination** (comprehensive)	<u>45</u>
<b>Total</b>	<b>100 Points</b>

\* Class participation can take on a negative score up to - 90.

\*\* Final examination is open-book and open-notes.

## PROBLEM ASSIGNMENTS AND GROUP WORK

Problem and case assignments are indicated in the syllabus. Your group written solution to the problems will be handed in at the beginning of each class; you may wish to keep a copy of your work to help you participate in the class discussions. There are several in-class group assignments (some cases and some problems); these are indicated in bold, in the course outline. You should come to class having read the case/problem so that you are familiar with the facts.

Your solutions to various assignments will be graded for a “good faith effort” on your part. Partial credit will be given for assignments that are incomplete, or where a “good faith effort” attempt was not made. It is unlikely that you will be able to successfully complete the exams without attempting to prepare your best solution for most of the assigned material for the course.

The main purpose of these assignments is to expand your analytic skills by presenting you with situations that have multiple dimensions and issues. Often, the problem and its solution go beyond the strict boundaries of accounting and require the application of material learned in economics, finance, computers, operations, and marketing. Being able to apply multi-disciplinary concepts is a very valuable skill, not easily mastered by solving typical accounting textbook problems.

Moreover, the course emphasizes memo-writing skills. Where appropriate, present your analysis via a brief memo that clearly and cogently lays out the important issues and your recommended solution. Do not use jargon such as “agency costs,” “externalities,” and “decision rights.” These concepts should be applied in the analysis if appropriate. But less technical, more widely understood language should be used in the memo. This will be a good learning experience when you leave the school and when you must communicate with a broader audience.

## HONOR CODE

**By registering for this course, you agree to abide by the Notre Dame MBA Honor Code with regard to all assignments and examinations.**



**REGRADING POLICY:**

If you have questions regarding the grading, submit a memo (along with the original of the assignment/exam) expressing your concerns. You should also indicate the number of points you want to place “at risk” in the re-grading process. I will review the materials and decide if the exam grade should be changed. If I agree with you, I will increase your grade by the number of points you put “at risk.” If I disagree with you, you lose the points “at risk.”

**ACCT60200 - STRATEGIC COST ANALYSIS  
CLASS SCHEDULE**

03/18	Introduction <i>Chapter 1</i> Case Secure Servers Inc The Nature of Costs <i>Chapter 2</i>
03/20	The Nature of Costs (Cont'd) <i>Chapter 2</i> Problems 2-4, 5, 10, 11, 16
03/25	<i>Chapter 2</i> Problems 2 –19, 24, 26, 34, 41 <b>Case 2-3</b> Appendix on Pricing
03/27	Organizational Architecture <i>Chapter 4</i> <b>Problem 4-21</b> Responsibility Accounting and Transfer Pricing <i>Chapter 5</i>
04/01	Responsibility Accounting and Transfer Pricing <i>Chapter 5</i> Problems 5-4, 6, 11, 14, 18, <b>25</b>
04/03	<b>Case 5-2</b> Budgets and Budgeting <i>Chapter 6</i> Problems 6-6, 6-11,
04/08	Budgets and Budgeting (Cont'd) <i>Chapter 6</i> Problems 6-15, 6-29 <b>Case 6-3 “LaserFlo” (parts c, d and e only - solution to parts a and b will be distributed)</b>
04/10	Joint Cost Allocations <i>Chapter 7 – pp.415-421</i> Problem 8-4, 13, 14 <b>Case 8-1</b>

- 04/15      \      Absorption Cost Systems  
*Chapter 9*  
Problems 9-4, 9-13, 18, **20**
- 04/17      Criticisms of Absorption Cost Systems: Inaccurate Product Costs  
*Chapter 11*  
Problems 11-5, 11-10, 11-14, **11-20**
- 04/22      Activity-based costing (continued)  
**Cases 11-1, 2**
- 04/24      Variance Analysis  
*Chapter 12*  
Problems 12-27, **28**
- 04/29      Invited speaker  
Mark Hutchinson, Managing Director, Citigroup Global Investing
- 05/06      Final Examination according to MBA Program Schedule**