



COLORADO STATE UNIVERSITY
— GLOBAL —

ACT460: COST ACCOUNTING

Credit Hours: 3

Contact Hours: This is a 3-credit course, offered in accelerated format. This means that 16 weeks of material is covered in 8 weeks. The exact number of hours per week that you can expect to spend on each course will vary based upon the weekly coursework, as well as your study style and preferences. You should plan to spend 14-20 hours per week in each course reading material, interacting on the discussion boards, writing papers, completing projects, and doing research.

Faculty Information: Faculty contact information and office hours can be found on the faculty profile page.

COURSE DESCRIPTION AND OUTCOMES

Course Description:

This course incorporates advanced topics in managerial accounting using automation and business intelligence (BI). Topics include decision-making, budgeting, performance evaluation, costing methods, activity-based costing (ABC), profit analysis, forecasting, and variance analysis. Students will use case analysis and simulations of real-world situations involving current business intelligence (BI) technology to identify solutions for managerial decision-making.

In this course, we will expand upon your prior foundational knowledge of Managerial Accounting in both breadth and depth. You will apply planning, evaluation, and decision-making concepts to discussion board, critical thinking, mastery exercises, and a portfolio project.

Course Learning Outcomes:

1. Identify cost management strategies and cost systems.
2. Apply various cost management concepts and methods for decision making using business intelligence (BI).
3. Develop planning and budgeting for operations and capital investments.
4. Demonstrate application of operational control methods using business intelligence (BI).
5. Perform management-level control of cost, revenue, profit and investment centers.
6. Explain the concept of the Balanced Scorecard.
7. Evaluate techniques of management compensation, business analysis, and business valuation.

PARTICIPATION & ATTENDANCE

Prompt and consistent attendance in your online courses is essential for your success at CSU-Global Campus. Failure to verify your attendance within the first 7 days of this course may result in your withdrawal. If for some reason you would like to drop a course, please contact your advisor.

Online classes have deadlines, assignments, and participation requirements just like on-campus classes. Budget your time carefully and keep an open line of communication with your instructor. If you are having technical problems, problems with your assignments, or other problems that are impeding your progress, let your instructor know as soon as possible.

COURSE MATERIALS

Required:

Blocher, E., Stout, D., Juras, P., & Smith, S. (2019). *Cost management: A strategic emphasis* (8th ed.). New York, NY: McGraw Hill. ISBN: 9781259917028

Additional Required Course Materials or Web-based Tools/Applications: McGraw Hill Connect, Excel, Word, PowerPoint, AI and BI Tools provided by textbook publisher, Financial Analysis and Presentation Applications.

CSU Global Campus Library, CSU Global Campus Writing Center

Suggested: N/A

NOTE: All non-textbook required readings and materials necessary to complete assignments, discussions, and/or supplemental or required exercises are provided within the course itself. Please read through each course module carefully.

COURSE SCHEDULE

Due Dates

The Academic Week at CSU-Global begins on Monday and ends the following Sunday.

- **Discussion Boards:** Your initial posting should be 250-500 words and must be completed by Thursday at 11:59 p.m. MT. Peer responses, to two or more of your classmates or your instructor, must be posted by Sunday at 11:59 p.m. MT. Late posts may not be awarded points.
- **Opening Exercises:** Take the Opening Exercise before reading each week's content to see which areas you will need to focus on. You may take these exercises as many times as you need. The Opening Exercises will not affect your final grade.
- **Mastery Exercises:** Students may access and retake Mastery Exercises through the last day of class until they achieve the scores they desire.
- **Critical Thinking:** Assignments are due Sunday at 11:59 p.m. MT.
- **Live Classroom:** Although participation is not required, Live Classroom sessions are held during Weeks 1 and Weeks 6. There are two total sessions.

Weekly Reading and Assignment Details

Module 1

Readings

- Chapters 1, 2, & 3 in *Cost Management: A Strategic Emphasis*

- Epstein, M. J. (2018, February). Adapting for digital survival. *Strategic Finance*, 99(8). Retrieved from <https://sfmagazine.com/post-entry/february-2018-adapting-for-digital-survival/>
- Liu, F., Ding, Y., Gao, J., & Gong, P. (2017). Effects of cost factors on national manufacturing based on global perspectives. *Economies*, 5(4), 45.

Opening Exercise (0 points)

Discussion (25 points)

Critical Thinking (60 points)

Option #1: The Changing Profile of Management Accountants

Imagine that you are human resource manager asked to review a job description for a Chief Financial Officer opening at your company. The finance department mentioned that they have had a lot of difficulty retaining talent because of long hours, outdated technology, and isolation from the operational departments so they need positive change from their new leader.

You know it will be critical to get the right person in the role to improve business processes which should in turn increase the company's financial performance. However, you also realize that the pool of candidates with the requisite amount of work experience would likely have graduated from college 10 or more years ago.

Using what you learned in the required reading article "Adapting for Digital Survival," how would you modify the existing job description to target the desired pool of candidates to meet the company's growth needs? Specifically address the following:

1. Do you believe the wording is strong enough to communicate "required," as opposed to "desired" or "preferred" skills in the candidates?
2. What certifications are generally pursued by management accountants, and why would having those certifications make a candidate more desirable than one that did not have the certifications?
3. Are there skills missing that should be listed, and listed skills that could be removed because they are not as critical as others?
4. This position is clearly looking for someone with a significant base of experience. However, they also desire someone who can break the cycle of high turnover. Is an employer able to pass on hiring a candidate solely because of their age (e.g. someone close to retirement)?

Job description

Company is a global manufacturing firm headquartered in Nebraska. The Chief Financial Officer will be responsible for hands-on oversight of all finance, accounting, and reporting activities.

Key Responsibilities

- Oversees and manages all accounting operations including Billing, A/R, A/P, Payroll, GL, Cost Accounting, and Inventory Accounting;
- Coordinates and directs the preparation of budgets for the overall company and for each department;
- Prepares and publishes timely monthly financial statements;
- Support month-end and year-end close process;

- Develops and documents business processes and accounting policies to maintain and strengthen internal controls;
- Manages and complies with local, state, and federal government reporting requirements and tax filings;
- Provides financial analysis tools to evaluate company ventures, capital expenditures, programs, and products costing;
- Manages commercial banking relationships; and
- Interacts with outside audit firms and casualty/liability insurance firms.

Job Requirements

- Proven working experience as a CFO, Controller, or Senior Finance person in the manufacturing industry;
- 7+ years of overall combined accounting and finance experience;
- Bachelor's Degree in Accounting or Finance;
- Must have excellent computer skills and experience with MRP software;
- Thorough knowledge of accounting principles and procedures;
- Experience with creating financial statements; and
- Experience with general ledger functions and the month-end/year-end close process.

Assignment Details:

In your analysis, include the following:

1. An introduction,
2. Analyze the issues, and
3. Conclude your analysis.

Your paper must meet the following requirements:

- Your written paper should be three to four pages in length, not counting the title and reference pages, which you must include.
- Use terms, evidence, and concepts from class readings.
- Your paper must be formatted according to the CSU-Global Guide to Writing and APA Requirements.
- In addition to the textbook, cite at least three scholarly sources from the CSU-Global Campus Library published in 2015 or newer.
- If you need assistance with your writing style, start with the links under the Research Help and Writing Help tabs on the CSU-Global Library's homepage.

Review the Module 1 Critical Thinking Rubric for full details on how you will be graded on this assignment.

Option #2: Cost Identification within the Manufacturing Process

Find the website for a beverage manufacturer/packager that describes the manufacturing process. Then use Microsoft Word to complete the following requirements:

1. Identify the company, its website and what it produces/packages.
2. BRIEFLY outline or flowchart the production process.

3. Define cost object and identify the cost object in the selected company's process. (There may be more than one but stick to one for this assignment.)
4. From the process outlined in step 2, identify and list 15-20 costs incurred in the process (e.g., maintenance on machinery).
5. Using the cost object identified in step 3, group the identified costs into the following categories: direct variable, direct fixed, indirect variable, or indirect fixed cost.
6. Conclude your assignment by explaining what each category of costs is used for in calculating the costs of goods manufactured.

In your analysis, include the following:

1. An introduction (#1),
2. Requirements # 2 – 5, and
3. Conclusion (#6).

Your paper must meet the following requirements:

- Your written paper should be three to four pages in length, not counting the title and reference pages, which you must include.
- Use terms, evidence, and concepts from class readings.
- Your paper must be formatted according to the CSU-Global Guide to Writing and APA Requirements.
- In addition to the textbook, cite at least three scholarly sources from the CSU-Global Campus Library published in 2015 or newer.
- If you need assistance with your writing style, start with the links under the Research Help and Writing Help tabs on the CSU-Global Library's homepage.

Review the Module 1 Critical Thinking Rubric for full details on how you will be graded on this assignment.

Mastery Exercise (10 points)

Post-test with 20 multiple choice, true/false, fill in the blank questions.

Module 2

Readings

- Chapter 9 in *Cost Management: A Strategic Emphasis*
- Causseaux, W., & Caster, A. B. (2016). Blaze manufacturing an ethical analysis. *Journal of Business Case Studies*, 12(1), 13-18.
- Lee, R. (2015). A method for aligning cash flow and contribution margins more effectively. *Journal of Corporate Accounting & Finance*, 26(3), 1-6.

Opening Exercise (0 points)

Discussion (25 points)

Critical Thinking (60 points)

Option #1: Cost-Volume-Profit Analysis

Nicole Walker owns a small bakery in Georgia. A friend has asked to partner with her in the business. In order to know if she wants to expand the business, Nicole wants to “run” some computations to better understand the existing business.

Budgeted data for the next 12 months includes:

Revenues \$600,000

Fixed costs \$150,000

Variable costs \$425,000

Variable costs will change based on the number of products sold. Use an Excel spreadsheet to compute expected operating income for each of the following scenarios. Please refer to CSU-Global Library for Lynda.com tutorials on using Microsoft Excel or use the Excel Tutorials link found in the classroom if you need assistance.

1. A 5% increase in contribution margin, but keeping revenues steady,
2. A 5% decrease in fixed costs,
3. A 10% increase in units sold,
4. A 15% increase in units sold and a 5% increase in fixed cost, and
5. A 5% decrease in variable costs and a 5% decrease in fixed cost.

Within the Excel spreadsheet, after the above computations, please address the following question:
What conclusions can you draw based on the analysis you performed?

Responses should be in complete sentences utilizing proper grammar. Your paper must be formatted according to CSU-Global Guide to Writing and APA Requirements.

Review the Module 2 Critical Thinking Rubric for full details on how you will be graded on this assignment.

Option #2: Comparative Cost-Volume-Profit Analysis Calculation

Phil Lesley, Controller, would like to complete a comparative cost-volume-profit analysis for the current year over the prior year for the chewing gum manufacturing plant to determine if the breakeven point was achieved, and how it may have differed between the two years.

Specific costs for production of 400,000 units each year, include the following:

2017 - Current Year		
Chewing Gum Manufacturing Division Costs	Variable Costs Total	Fixed Costs Total
Raw materials	\$ 250,000	
Direct manufacturing labor	\$ 110,000	
Indirect manufacturing labor		\$ 42,500
Factory Insurance & Utilities		\$ 35,000
Depreciation — Machinery and factory		\$ 48,500
Repairs and maintenance — factory		\$ 8,000
Selling, marketing, and distribution expenses	\$ 10,000	\$ 30,000

General and administrative expenses		\$ 50,000
2016 – Prior Year		
Chewing Gum Manufacturing Division Costs	Variable Costs Total	Fixed Costs Total
Raw materials	\$ 245,000	
Direct manufacturing labor	\$ 105,000	
Indirect manufacturing labor		\$ 50,250
Factory Insurance & Utilities		\$ 33,750
Depreciation — Machinery and factory		\$ 38,500
Repairs and maintenance — factory		\$ 14,000
Selling, marketing, and distribution expenses	\$ 10,000	\$ 25,000
General and administrative expenses		\$ 60,000

There is no beginning or ending inventories. The total sales for 400,000 units produced are \$1,050,000 for 2016 and \$1,200,000 for 2017.

Using Microsoft Excel, answer the following questions *for each year* given the fact pattern above, showing all supporting calculations and labelling answers clearly. Please refer to CSU-Global Library for Lynda.com tutorials on using Microsoft Excel or use the Excel Tutorials link found in the classroom if you need assistance.

1. What is the contribution margin per unit for each multipack of gum produced given the fact pattern above?
2. What is the breakeven point in units and dollars given the fact pattern above?
3. What is the division's margin of safety and degree of operating leverage given the fact pattern above?
4. Create a very simple Excel table summarizing answers of each computation for each year.
*Below the table in Excel, please *write at least 3 observations* you have regarding the data comparisons/contrasts.

Responses should be in complete sentences utilizing proper grammar. Your paper must be formatted according to CSU-Global Guide to Writing and APA Requirements.

Review the Module 2 Critical Thinking Rubric for full details on how you will be graded on this assignment.

Mastery Exercise (10 points)

Post-test, 20 multiple choice, true/false, fill in the blank questions.

Module 3

Readings

- Chapters 4 & 6 in *Cost Management: A Strategic Emphasis*
- Johnson, B. (2015, December 28). Progress, pain for Vikings stadium in 2015. *Finance and Commerce*.

- Moran, J. (2015, February 5). When operational performance and financial performance measurement collide. *Manufacturing Business Technology*.

Opening Exercise (0 points)

Discussion (25 points)

Live Classroom (0 points)

Critical Thinking (60 points)

Option #1: Process Costing

You Got Yogurt, Inc. manufactures yogurt that goes through three processing stages prior to completion. Information on work in the first department, flavor identification and blending, is given below for November:

Data on Production:		
	Pounds in process at November 1; materials 100% complete; conversion 70% complete	3,525
	Pounds started into production during November	75,000
	Pounds completed and transferred out	?
	Pounds in process, November 30; materials 85% complete; conversion 40% complete	6,100
Data on Costs:		
	Work in process inventory, November 1: Materials cost	\$1,800
	Conversion cost	\$3,700
	Cost added during November: Materials cost	\$121,000
	Conversion cost	\$147,700

The company uses the weighted-average method.

Submit your assignment as an Excel spreadsheet document, clearly organized, with each tab or section labeled by item number that demonstrates the following:

1. Compute the equivalent units of production.
2. Compute the costs per equivalent unit for the month.
3. Determine the cost of ending work in process inventory and of the units transferred out to the next department.
4. Prepare a cost reconciliation schedule for the month. Below the schedule, comment on what the cost reconciliation schedule tells us about the company's costs.

Responses should be in complete sentences utilizing proper grammar. Your paper must be formatted according to CSU-Global Guide to Writing and APA Requirements. Reference Lynda.com in the CSU-Global Library for Microsoft Excel tutorials or use the Excel Tutorials link found in the classroom if assistance is needed.

Review the Module 3 Critical Thinking Rubric for full details on how you will be graded on this assignment.

Option #2: Job-Order Costing

Eagle Inc. uses a job-order costing system. The company's inventory balances on April 1, the start of its fiscal year, were as follows:

Raw Materials Inventory	\$469,325
Work in Process Inventory	\$255,100
Finished Goods Inventory	\$181,256

During the year, the following transactions were completed:

- Raw materials were purchased on account, \$267,345.
- Raw materials were issued from the storeroom for use in production, \$238,000 (40% indirect and 60% direct).
- Employee salaries and wages were accrued as follows: direct labor, \$229,600; indirect labor, \$118,750; and selling and administrative salaries, \$55,460.
- Utility costs for the factory were \$97,323.
- Depreciation was recorded, \$162,800 (70% related to factory assets, and 30% related to selling and administrative assets).
- Manufacturing overhead was applied to jobs at the rate of 120% of direct labor cost.
- Goods that cost \$682,700 to manufacture according to their job cost sheets were transferred to the finished goods warehouse.
- Sales for the year totaled \$1,164,300 and were all on account. The total cost to manufacture these goods according to their job cost sheets was \$625,317.

Submit your assignment as an Excel spreadsheet with each tab labeled by item number. Demonstrate the following:

- Prepare the journal entries to record the transactions for the year.
- Prepare the T-accounts to calculate end of period balances for raw materials inventory, work in process inventory, finished goods inventory, manufacturing overhead, and cost of goods sold.
- Prepare a journal entry to close the under or over-applied manufacturing overhead balance to cost of goods sold.

Responses should be in complete sentences utilizing proper grammar. Your paper must be formatted according to CSU-Global Guide to Writing and APA Requirements. Reference Lynda.com in the CSU-Global Library for Microsoft Excel tutorials or use the Excel Tutorials link found in the classroom if assistance is needed.

Review the Module 3 Critical Thinking Rubric for full details on how you will be graded on this assignment.

Mastery Exercise (10 points)

Post-test, 20 multiple choice, true/false, fill in the blank questions.

Portfolio Milestone (25 points)

Option #1:

Please review the requirements for the Portfolio Project. You are required to select a nationally recognized fast casual restaurant chain and 3 of its menu items to demonstrate your knowledge of *cost analysis* for that product. Reminder that pizza restaurants are not an option for this project.

Submit your selected restaurant chain to your instructor and write 1-2 paragraphs on your rationalization for selection, noting which portfolio option you selected, in Microsoft Word. In addition, create a chart in Microsoft Word with the 3 menu items that you have chosen and populate it with the data you have researched on each of those items regarding ingredients, variance in preparation, price point, packaging, accessories, and any other relevant information you feel is helpful.

This submission is worth 25 points of your portfolio project due in Module 8.

Your paper must meet the following requirements:

- Your written paper should be 1 page in length not counting the one-page rationalization, title page, and reference page, which you must include.
- Use terms, evidence, and concepts from class readings.
- You need to cite at least 2 sources for this assignment, plus the textbook. The CSU-Global Library is a great place to find resources.
- Your paper must be formatted according to CSU-Global Guide to Writing and APA Requirements.
- If you need assistance with your writing style, start with the links under the Research Help and Writing Help tabs on the CSU-Global Library's homepage.

Review the Portfolio Project Milestone Rubric for full details on how you will be graded on this assignment.

Option #2:

Please review the requirements for the Portfolio Project. You are required to select a nationally recognized fast casual restaurant chain and 1 of its menu items to demonstrate your knowledge of variance analysis for that product. Reminder that pizza restaurants are not an option for this project.

Submit your selected restaurant chain to your instructor and write 1-2 paragraphs on your rationalization for selection, noting which portfolio option you selected, in Microsoft Word. In addition, create a chart in Microsoft Word with the 1 menu item that you have chosen and populate it with the data you have researched on the items regarding ingredients, variance in preparation, price point, packaging, accessories, and any other relevant information you feel is helpful.

This submission is worth 25 points of your portfolio project due in Module 8.

Your paper must meet the following requirements:

- Your written paper should be 1 page in length not counting the one-page rationalization, title page, and reference page, which you must include.
- Use terms, evidence, and concepts from class readings.
- You need to cite at least 2 sources for this assignment, plus the textbook. The CSU-Global Library is a great place to find resources.
- Your paper must be formatted according to CSU-Global Guide to Writing and APA Requirements.

- If you need assistance with your writing style, start with the links under the Research Help and Writing Help tabs on the CSU-Global Library's homepage.

Review the Portfolio Project Milestone Rubric for full details on how you will be graded on this assignment.

Module 4

Readings

- Chapter 5 in *Cost Management: A Strategic Emphasis*
- Ippolito, A., Boni, S., Cinque, E., Greco, A., & Salis, S. (2016). Using time-driven activity-based costing to establish a tariff system for home health care services. *Journal of Healthcare Management / American College of Healthcare Executives*, 61(6), 436-447.
- Spence, J., & Seargeant, D. (2015). Implementing a trustworthy cost-accounting model. *Healthcare Financial Management*, 69(3), 84-89.

Opening Exercise (0 points)

Discussion (25 points)

Critical Thinking (60 points)

Option #1: Contrasting Traditional Costing and Activity-Based Costing

Fairbanks Corporation produces two types of cell phone electronic chargers: wall chargers and car chargers.

The current traditional costing system allocates overhead costs using a plant-wide overhead rate based on direct labor hours. Since the two products are similar but require different parts and processes, the company controller believes that it might make sense to employ activity-based costing in order to get a better application of overhead expenses to the products produced.

Production expectations for 2017 are 17,000 wall chargers and 15,200 car chargers. The wall chargers take .5 hours to produce. The car chargers take .75 hours to produce.

The direct material and direct labor costs included in the two products are as follows:

Wall chargers use \$3.75 of direct material per unit and \$9.50 per hour of direct labor. Car chargers use \$4.15 of direct material per unit and \$9.50 per hour of direct labor. Each charger sells for \$23.00.

Budgeted Total Factory Overhead for 2017:

<i>Activity</i>	<i>Est. OH Cost</i>	<i>Est. Volume Levels</i>
Production setup	\$8,500	20 setups
Materials handling	\$62,000	4,500 lbs.
Packaging and shipping	\$120,000	6,400 boxes
Total factory overhead	\$190,500	

Fairbanks' controller worked with the operations group to analyze the three overhead activities in order to effectuate activity-based costing. The estimates related to the two products' requirements were:

<i>Activity</i>	<i>Wall Charger</i>	<i>Car Charger</i>
Production setup	35%	65%
Materials handling	60%	40%
Packaging and shipping	55%	45%

From the cost information provided, provide responses in Microsoft Excel to the following questions. Reference Lynda.com in the CSU-Global Library for Microsoft Excel tutorials or use the Excel Tutorials link found in the classroom if assistance is needed.

1. Compute the cost of each product under the simple/traditional costing method. For period costs, use direct labor hours.
2. Compute the net operating profit margin of each product using the simple/traditional costing method.
3. Compute the total overhead and period cost allocation under ABC assumptions for each product.
4. Compute the per unit ABC cost of each product.
5. Compute the net profit margin of each product using the ABC costing method.
6. Compare the net profit margin of the products under the simple/traditional cost assignment and the ABC assignment for each product. Evaluate the difference.
7. On a separate Excel workbook tab, write a brief explanation (approximately 2 paragraphs) that the controller might deliver to management to justify the use of ABC for these two products.

Option #2: Applying Activity-Based Costing

South of the Border's frozen food division will be changing its product line to include two product offerings, a bean and cheese empanada, and a shredded beef and cheese empanada. The empanadas are formed through a molding operation in which a flour tortilla is inserted into a heated mold, one of the two pre-made purchased fillings is inserted through a small hole in the mold into the shell of the tortilla, item is deep fried, cooled to room temperature, and then the finished product is removed from the mold, and packaged for frozen storage and bulk palletized shipment.

Below is information regarding the direct costs and volumes of the two major products:

Variable Cost and Volume Data	Bean & Cheese	Shredded Beef
Raw materials	\$0.40	\$0.75
Direct Labor	\$0.30	\$0.45
Selling and General	\$0.05	\$0.05
Volume in units	300,000	200,000

Sales prices of the two products are \$1.95 for the bean and cheese empanada and \$2.99 for the shredded beef empanada. The number of hours required to manufacture each unit was the same for both products.

After interviewing the Factory and Production personnel, the division controller, Karen Solomon, prepared the following data table. From its simple cost structure, the company decided to reconsider its

overhead pool and reallocate based on activity-based costing. Its simple overhead pool has been reclassified according to the ABC hierarchy within the following table:

ABC Cost Pools	Indirect Mfg Labor	Factory Insurance & Utilities	Depreciation Machinery & Factory	Repairs & Maintenance Factory	Selling, Marketing, & Distribution Expenses	General & Admin. Expenses
Product development	\$ 5,700					
Setup shell molding equip.	\$ 3,000		\$ 11,900			
Setup filling equipment	\$ 4,250		\$ 7,500			
Setup frying equipment	\$ 1,200		\$ 1,200			
Equipment operations	\$ 10,000	\$ 28,100	\$ 18,600	\$ 10,000		
Shipment preparation					\$ 14,000	
Distribution				\$ 5,100		
Administration					\$ 11,000	\$ 60,000
Totals	\$ 24,150	\$ 28,100	\$ 39,200	\$ 15,100	\$ 25,000	\$ 60,000

Solomon also noted the following percentage allocations of cost for the activities that are required to manufacture each product.

ABC Cost Allocation Percentages	Bean and Cheese	Shredded Beef
Product development	20%	80%
Setup shell molding equipment	60%	40%
Setup filling equipment	50%	50%
Setup frying equipment	50%	50%
Equipment operations	75%	25%
Shipment preparation	70%	30%
Distribution	65%	35%
Administration	50%	50%

From the cost information provided, provide responses in Microsoft Excel to the following questions. Reference Lynda.com in the CSU-Global Library for Microsoft Excel tutorials or use the Excel Tutorials link found in the classroom if assistance is needed.

1. Compute the cost of each product under the simple/traditional costing method. For period costs, use the same basis of allocation as factory overhead.
2. Compute the net operating profit margin of each product using the simple/traditional costing method.
3. Categorize the production activities under activity-based costing according to the cost hierarchy. Indicate the type of cost category, which aligns with the activity.
4. Compute the total overhead and period cost allocation under ABC assumptions for each product.
5. Compute the per unit ABC cost of each product.
6. Compute the net profit margin of each product using the ABC costing method.

7. Compare the net profit margin of the products under the simple/traditional cost assignment and the ABC assignment for each product. Evaluate the difference.
8. On a separate Excel workbook tab, write a brief explanation (approximately 2 paragraphs) that Solomon might deliver to management to justify the use of ABC for these two products.

Mastery Exercise (10 points)

Post-test, 20 multiple choice, true/false, fill in the blank questions

Module 5

Readings

- Chapter 10 & 20 in *Cost Management: A Strategic Emphasis*
- Harvey, M. (2015). The effect of employee ethical ideology on organizational budget slack: An empirical examination and practical discussion. *Journal of Business & Economics Research (Online)*, 13(1), N/a.
- Reflective and cognitive perspectives on international capital budgeting. (2016). *Critical Perspectives on International Business*, 12(2), 167-188.

Opening Exercise (0 points)

Discussion (25 points)

Critical Thinking (60 points)

Option #1: Budgeting for a Non-Manufacturer

Your client, Bugs R Gone, has requested assistance with preparation of their budget for the upcoming year while they have a part time accounting helper out on leave. The company provides pest control services to homes. There is a small office the company operates out of with a few company-owned vehicles that the pest control technicians use when they are out in the field. Other than the pesticides, sprayers, gloves, and other tools used by the technicians, the company has very little in the way of inventory/supplies.

The owner, Jack Sutton, estimates there will be approximately 5,500 jobs during the year. Each job takes approximately 2.5 hours to complete, including the technician's travel time going from one job to another. Technicians are paid \$18 an hour. The company outsources the majority of its accounting work to you, but it has a part-time retired accountant helping out with some of the basics.

Overhead is allocated on the basis of direct labor hours. Variable overhead costs include materials and supplies at \$4.50 per direct labor hour. Fixed overhead costs include depreciation on equipment and vehicles of \$25,000 and miscellaneous other job-related expenses of \$10,000. There is also indirect labor of \$6,500.

Using the data above, Jack has requested you to complete the following budgets/schedules/calculations for him:

1. Direct labor budget in hours and dollars;
2. Budgeted overhead allocation rate based on budgeted quantity of cost drivers;
3. Budgeted cost of all jobs for the year and budgeted cost of an average job;

4. Revenues budget assuming each house treatment costs \$100, and the instance of no charge re-treatments is 5%;
5. Budgeted operating income; and
6. Estimate how the business would be impacted if the company lost business and the jobs were actually 5,300 instead of 5,500.

Submit your responses in an Excel spreadsheet, neatly organized, with written summaries as needed. Your paper must be formatted according to CSU-Global Guide to Writing and APA Requirements. Reference Lynda.com in the CSU-Global Library for Microsoft Excel tutorials or use the Excel Tutorials link found in the classroom if assistance is needed.

Review the Module 5 Critical Thinking Rubric for full details on how you will be graded on this assignment.

Option #2: Cost of Production

Vonn Company, a furniture store, prepares its master budget on a quarterly basis. The following data have been assembled to assist in preparing the master budget for the quarter:

- a. As of the end of the prior quarter, September 30, the company's general ledger showed the following account balances:
 - Cash \$62,000 (debit)
 - Accounts receivable \$480,000 (debit)
 - Inventory \$78,000 (debit)
 - Buildings and equipment, net \$570,000 (debit)
 - Accounts payable \$193,000 (credit)
 - Capital stock \$300,000 (credit)
 - Retained earnings \$619,000 (credit)
- b. Actual sales for September and budgeted sales for the next four months are as follows: September \$280,000, October \$400,000, November \$600,000, December \$300,000 and January \$200,000.
- c. Sales are 20% for cash and 80% on credit. All payments on credit sales are collected in the month following sale. The accounts receivable at December 31 are a result of December credit sales.
- d. The company's gross margin is 40% of sales. (In other words, cost of goods sold is 60% of sales.)
- e. Monthly expenses are budgeted as follows: salaries and wages, \$27,000 per month; advertising, \$70,000 per month; shipping, 5% of sales; other expenses, 3% of sales. Depreciation, including depreciation on new assets acquired during the quarter, will be \$42,000 per quarter.
- f. Each month's ending inventory should equal 25% of the following month's cost of goods sold.
- g. One half of the month's inventory purchases is paid for in the month of purchase; the other half is paid in the following month.
- h. During November, the company will purchase a new copy machine for \$1,700 cash. During December, other equipment will be purchased for cash at a cost of \$84,500.
- i. During October, the company will declare and pay \$45,000 in cash dividends.
- j. Management wants to maintain a minimum cash balance of \$30,000. The company has an agreement with a local bank that allows the company to borrow in increments of \$1,000 at the beginning of each month. The interest rate on these loans is 1% per month and for simplicity we will assume that interest is not compounded. The company would, as far as it is able, repay the loan plus accumulated interest at the end of the quarter.

Required tasks:

Using the data above, populate the following statements and schedules for the October-December quarter. Submit your responses in an Excel spreadsheet neatly organized. If desired, you may modify the schedule formats as necessary to show your work as long as all of the content is included.

1. Schedule of expected cash collections

Schedule of Expected Cash Collections				
	October	November	December	Quarter
Cash sales				
Credit sales				
Total Collections				

2. Merchandise purchases budget

Merchandise Purchases Budget				
	October	November	December	Quarter
Budgeted Cost of Goods Sold				
Add desired ending inventory				
Total needs				
Less beginning inventory				
Required purchases				

3. Schedule of expected cash disbursements for merchandise purchases

Schedule of Expected Cash Disbursements-Merchandise Purchases				
	October	November	December	Quarter
September purchases				
October purchases				
November purchases				
December purchases				
Total disbursements				

4. Schedule of expected cash disbursements for selling and administrative expenses

Schedule of Expected Cash Disbursements-Selling and Administrative Expenses				
	October	November	December	Quarter
Salaries and wages				
Advertising				

Shipping				
Other expenses				
Total disbursements				

5. Cash budget:

Cash Budget				
	October	November	December	Quarter
Cash balance, beginning				
Add cash collections				
Total cash available				
Less cash disbursements				
For inventory				
For selling & admin exp.				
For purchase of equipment				
For cash dividends				
Total cash disbursements				
Excess (deficiency) of cash				
Financing needed				
Borrowings				
Repayments				
Interest				
Net borrowings				
Cash balance, ending				

Submit your responses in an Excel spreadsheet, neatly organized. Reference Lynda.com in the CSU-Global Library for Microsoft Excel tutorials or use the Excel Tutorials link found in the classroom if assistance is needed.

Review the Module 5 Critical Thinking Rubric for full details on how you will be graded on this assignment.

Mastery Exercise (10 points)

Post-test, 20 multiple choice, true/false, fill in the blank questions.

Module 6

Readings

- Chapters 14 & 15 in *Cost Management: A Strategic Emphasis*
- Lawson, R. (2017). *APICS and IMA report: Working together to enhance supply chain management with better costing practices*. Retrieved from <http://www.imanet.org/insights-and-trends/strategic-cost-management/apics-and-ima-report-working-together-to-enhance-supply-chain-management>

- Mudde, P. A. (2017). Using variance analysis to evaluate M & A performance: examining positive and negative synergies in United's acquisition of Continental. *Journal of Management Policy and Practice*, 19(3), 28-43.

Opening Exercise (0 points)

Discussion (25 points)

Live Classroom (0 points)

Critical Thinking (70 points)

Option #1: Variance Analysis and Benchmarking

Your supervisor has asked you to prepare some calculations based on the company's data and then research publicly available similar competitor information to see how your company is performing within the industry. Your company, Carrylt Inc., produces mass quantity, inexpensive tote bags for promotional marketing purposes, which is a very competitive business.

Here is the available data for your company:

- Labor hours .25;
- Labor rate \$11.75/hour;
- Materials input .5 yds. fabric;
- Materials price \$1.50/yd.; and
- Variable overhead rate \$5.00 per direct labor hour.

You are also able to find an industry profile report via a Dun & Bradstreet database that has selected data from a few other companies in similar businesses as well as some industry statistics.

Here's the data available:

Unit Variable Cost Item	Star Company	GoldBag Corporation	PromoTotes LLC	Industry Data
Labor hours	.35	.20	.30	.30
Labor rate	\$11.25	\$11.95	\$12.50	\$11.65
Materials input	.45 yds.	.675 yds.	.50 yds.	.55 yds.
Materials price	\$1.65/yd.	\$1.35/yd.	\$1.55/yd.	\$1.50/yd.
Variable OH rate	\$6.00 per direct labor hour	\$5.25 per direct labor hour	\$4.70 per direct labor hour	\$5.45 per direct labor hour

For your task, in Microsoft Excel, compute the following measures:

1. Total variable cost per unit for Carrylt, the competitors, and the industry average.
2. What is the percentage of the total for each component (materials, labor, and variable overhead)?
3. Assume industry data is your benchmark. What are the price and efficiency variances for direct materials and direct labor for each company?
4. What is the percentage over standard by company and by variance?

Below the computations in Excel, please summarize your observations about how CarryIt's performance stacks up to its competition from the benchmarking exercise in 2-3 well written paragraphs. Include suggestions for areas of improvement and comments on areas where the company does well.

Submit your responses in an Excel spreadsheet, neatly organized. Your paper must be formatted according to CSU-Global Guide to Writing and APA Requirements. Reference Lynda.com in the CSU-Global Library for Microsoft Excel tutorials or use the Excel Tutorials link found in the classroom if assistance is needed.

Review the Module 6 Critical Thinking Rubric for full details on how you will be graded on this assignment.

Option #2: Calculating Variance Analyses for Direct Materials and Labor

The Hockey Helmet Company expects increased demand for its hockey helmets at the beginning of hockey season in September.

Here is the projected data for September:

The Hockey Company	Variable Costs Total	Fixed Costs Total
Raw materials	\$ 325,000	
Direct manufacturing labor	\$ 170,000	
Indirect manufacturing labor		\$ 22,500
Factory Insurance & Utilities		\$ 34,000
Depreciation – Machinery and factory		\$ 18,500
Repairs and maintenance – factory		\$ 17,000
Distribution expenses	\$ 20,000	\$ 40,000
General and administrative expenses		\$ 30,000

Variable Cost and Volume Data	
Raw materials = 3.25 lbs. x \$10.00/lb.	\$ 32.50
Direct Labor = 1.7 hr. x \$10/hr.	\$ 17.00
Volume in units	10,000

Sales price per helmet is \$90.

Required elements:

In good form in Microsoft Excel perform the following tasks:

1. Prepare the static budget operating income in contribution format.
2. If sales demand increases to 11,500 units for September, prepare the flexible budget for September in contribution format to reflect the new data.
3. Compute and reconcile the sales volume variance, indicating whether the variance is favorable or unfavorable.

4. Given the following additional actual data:

Total Direct Costs Incurred for September	
Raw Materials =35,100 lbs. used	\$ 351,000
Direct Labor =18,360 hrs. incurred	\$ 183,600
Volume in units	10,800

Using the three-prong method to present your calculations, compute the direct materials price variance, the direct materials efficiency variance, the labor price variance, and the labor efficiency variance, indicating whether these are favorable or unfavorable.

5. Below each variance calculation neatly provide one possible explanation for each of the variances.

Submit your responses in an Excel spreadsheet, neatly organized. Reference Lynda.com in the CSU-Global Library for Microsoft Excel tutorials or use the Excel Tutorials link found in the classroom if assistance is needed.

Review the Module 6 Critical Thinking Rubric for full details on how you will be graded on this assignment.

Mastery Exercise (10 points)

Post-test, 20 multiple choice, true/false, fill in the blank questions.

Module 7

Readings

- Chapter 8 & 18 in *Cost Management: A Strategic Emphasis*
- Fisher, J., & Krumwiede, K. (2015). Product costing systems: Finding the right approach. *Journal of Corporate Accounting & Finance*, 26(4), 13-21.
- Vanzela, M., Melega, G. M., Rangel, S., & de Araujo, S. A. (2017). The integrated lot sizing and cutting stock problem with saw cycle constraints applied to furniture production. *Computers and Operations Research*, 79, 148-160.

Opening Exercise (0 points)

Discussion (25 points)

Mastery Exercise (10 points)

Post-test, 20 multiple choice, true/false, fill in the blank questions.

Module 8

Readings

- Chapter 11 in *Cost Management: A Strategic Emphasis*

- Donadini, G., & Porretta, S. (2017). Uncovering patterns of consumers' interest for beer: A case study with craft beers. *Food Research International*, 91, 183-198.
- Schönbohm, A., & Zahn, A. (2016). Reflective and cognitive perspectives on international capital budgeting. *Critical Perspectives on International Business*, 12(2), 167-188.

Opening Exercise (0 points)

Discussion (25 points)

Mastery Exercise (10 points)

Post-test, 20 multiple choice, true/false, fill in the blank questions.

Portfolio Project (325 points)

Option #1: Comprehensive Project Costing

Restaurants offer a variety of menu items which have different sizes, ingredients, packaging, and demand. In addition, made-to-order restaurants go one step further and may have different renditions of the same menu items based on how a customer orders them. Take for example, Chipotle, for the same price, steak tacos could be “crispy” or “soft”, may have white, brown, or no rice, may or may not contain one of three types of salsa, could have cheese or sour cream or neither, and may or may not have lettuce, black or pinto beans, or other vegetables. Combinations for that one menu item are virtually endless!

Profit margins in the restaurant industry are small, and operating costs are high. Good product costing is essential for survival in the business. This project option will allow you to apply your knowledge of product costing to the restaurant industry.

1. Select a nationally recognized fast casual restaurant chain that offers made-to-order menu items, *except a restaurant primarily engaged in making pizza*. Some examples would be Chipotle Mexican Grill, Five Guys, Noodles & Co., Panera Bread, and Dunkin Donuts.
 - a. For the restaurant chain you have selected, you will need to research and locate company information, menus, and financial information to assist you with the requirements of this project.
 - b. Not every chain will have the same financial information available, so it may be necessary to generate your own “fictitious” data in order to complete the required tasks. If you do need to create data, be *clear* in your computations which data is taken from publicly available information (provide the sources) and which data has been generated by you.
2. Choose 3 menu items from the menu of the restaurant. Familiarize yourself with the products including the ingredients, processing method, general selling price in your area, packaging requirements, and accessories (straw, sweetener, fork/knife, condiments, etc.). In Module 3, you will be submitting this information as part of your Portfolio Project milestone.
3. From the cost information you were able to find or generated on your own, provide responses in Microsoft Excel to the following questions. Reference your calculations to show tracing where numbers come from. (For assistance with Microsoft Excel, please refer to Lynda.com for tutorials.)
 - a. Compute the cost of each product under the simple/traditional costing method. For period costs, use direct labor hours.

- b. Compute the net operating profit margin of each product using the simple/traditional costing method.
 - c. Compute the total overhead and period cost allocation under activity-based costing (ABC) assumptions for each product.
 - d. Compute the per unit ABC cost of each product.
 - e. Compute the net profit margin of each product using the ABC costing method.
 - f. Compare the net profit margin of the products under the simple/traditional cost assignment and the ABC assignment for each product. Evaluate the difference.
4. In a Microsoft Word document, write an accompanying memo explaining to the CEO what the costing methods are, the differences between the methods, and which method seems to make sense in this scenario. Also include the pros and cons of the method you are recommending, and why you feel the pros outweigh the cons.

Your paper should meet the following requirements:

- Minimally 7-10 pages in length (not including the title page and the reference page).
- Assignment should follow APA guidelines with respect to use of subheadings, 1" margins, and double spacing.
- References should include your textbook plus 2 additional credible academic references. All sources used, including your textbook must be referenced; paraphrased and quoted material must have accompanying citations and cited per APA guidelines.
- Use of CSU Global Library is necessary.

Option #2: Comprehensive Decision Making

Restaurants offer a variety of menu items which have different sizes, ingredients, packaging, and demand. In addition, made-to-order restaurants go one step further and may have different renditions of the same menu items based on how a customer orders them. Take for example, Chipotle Mexican Grill, for the same price, steak tacos could be "crispy" or "soft", may have white, brown, or no rice, may or may not contain one of three types of salsa, could have cheese or sour cream or neither, and may or may not have lettuce, black or pinto beans, or other vegetables. Combinations for that one menu item are virtually endless!

Profit margins in the restaurant industry are small, and operating costs are high.

Variances on budgeted amounts can be unwelcome interrupters in this business model. Variance analysis and budget planning are essential for survival in the business. This project option will allow you to apply your knowledge of financial analysis to the restaurant industry to problem solve and plan for the future.

1. Select a nationally recognized fast casual restaurant chain that offers made-to-order menu items, *except a restaurant primarily engaged in making pizza*. Some examples would be Chipotle Mexican Grill, Five Guys, Noodles & Co., Panera Bread, and Dunkin Donuts.
 - a. For the restaurant chain you have selected, you will need to research and locate company information, menus, and financial information to assist you with the requirements of this project.
 - b. Not every chain will have the same financial information available, so it may be necessary to generate your own "fictitious" data in order to complete the required tasks. If you do create data, be VERY CLEAR in your computations which data is taken from publicly available information (provide the sources) and which data has been

generated by you.

2. Choose 1 menu item from the menu of the restaurant. Familiarize yourself with the product including the ingredients, processing method, general selling price in your area, packaging requirements (if applicable), and accessories (straw, sweetener, fork/knife, condiments, etc.). In Module 3, you will be submitting this information as part of your Portfolio Project milestone.
3. You have been notified by your purchasing department that the availability of one of the substantial ingredients of your menu item is impacted by an unusually cold and snowy winter for a period of at least 6 months. The cost of the ingredient will now increase by 30%. This unexpected supply chain issue has created havoc for budgeted profits and costs. Create a “before and after” computation scenario to show how the impact of this change will impact operating income assuming all other variables remain constant. (See textbook Exhibit 14-1 for a sample computation format.)
 - a. In a business with slim margins, 30% is tough to absorb even on a short run basis. How might your company be able to react to the change? Are there opportunities to: offset this extra cost with a price increase, maintain gross margin, or offer the product to consumers at the same price currently? Model alternatives and present your calculations and solution in a supporting table included in your paper.
4. A good reliable labor force is tough to find for the fast-casual restaurant industry. During the summer, the company has an easier time finding help, but when school is in session, many students are unavailable for employment. Thus, the company occasionally has to increase wages in order to attract employees. Assume the company has to increase pay by \$1.25 per hour over minimum wage for the foreseeable future. Use the same “before” scenario from 3.a. and run an “after” scenario for the increased wages to show the impact on operating income.
5. In a Microsoft Word document, develop a project for this company that will require the purchase of additional equipment, in a short-term decision-making scenario. Research the cost of this equipment and develop an expectation regarding the cost savings for the company. Describe it fully and compute an incremental analysis for the company. Present your calculations in a supporting table included in your paper.

Your paper should meet the following requirements:

- Minimally 7-10 pages in length (not including the title page and the reference page).
- Assignment should follow APA guidelines with respect to use of subheadings, 1” margins, and double spacing.
- References should include your textbook plus 2 additional credible academic references. All sources used, including your textbook must be referenced; paraphrased and quoted material must have accompanying citations and cited per APA guidelines.
- Use of CSU Global Library is necessary.

COURSE POLICIES

Grading Scale	
A	95.0 – 100
A-	90.0 – 94.9
B+	86.7 – 89.9
B	83.3 – 86.6
B-	80.0 – 83.2
C+	75.0 – 79.9
C	70.0 – 74.9
D	60.0 – 69.9
F	59.9 or below

Course Grading

20% Discussion Participation
45% Critical Thinking Assignments
35% Final Portfolio Project
0% Live Classroom

20% Discussion Participation
0% Opening Exercises
0% Live Classroom
8% Mastery Exercises
37% Critical Thinking Assignments
35% Final Portfolio Project

IN-CLASSROOM POLICIES

For information on late work and incomplete grade policies, please refer to our [In-Classroom Student Policies and Guidelines](#) or the Academic Catalog for comprehensive documentation of CSU-Global institutional policies.

Academic Integrity

Students must assume responsibility for maintaining honesty in all work submitted for credit and in any other work designated by the instructor of the course. Academic dishonesty includes cheating, fabrication, facilitating academic dishonesty, plagiarism, reusing /repurposing your own work (see CSU-Global Guide to Writing & APA for percentage of repurposed work that can be used in an assignment), unauthorized possession of academic materials, and unauthorized collaboration. The CSU-Global Library provides information on how students can avoid plagiarism by understanding what it is and how to use the Library and internet resources.

Citing Sources with APA Style

All students are expected to follow the CSU-Global Guide to Writing & APA when citing in APA (based on the most recent APA style manual) for all assignments. A link to this guide should also be provided within most assignment descriptions in your course.

Disability Services Statement

CSU-Global is committed to providing reasonable accommodations for all persons with disabilities. Any student with a documented disability requesting academic accommodations should contact the Disability Resource Coordinator at 720-279-0650 and/or email ada@CSUGlobal.edu for additional information to coordinate reasonable accommodations for students with documented disabilities.

Netiquette

Respect the diversity of opinions among the instructor and classmates and engage with them in a courteous, respectful, and professional manner. All posts and classroom communication must be conducted in accordance with the student code of conduct. Think before you push the Send button. Did you say just what you meant? How will the person on the other end read the words?

Maintain an environment free of harassment, stalking, threats, abuse, insults, or humiliation toward the instructor and classmates. This includes, but is not limited to, demeaning written or oral comments of an ethnic, religious, age, disability, sexist (or sexual orientation), or racist nature; and the unwanted sexual advances or intimidations by email, or on discussion boards and other postings within or connected to the online classroom. If you have concerns about something that has been said, please let your instructor know.