

De Anza College
Business-CS Division, Accounting Dept.
Christopher Kwak, CPA, Instructor
Spring 2002
Course Syllabus for Accounting 1C- Intro. To Managerial Accounting

NOTE: This Syllabus represents a contractual agreement. You are responsible for reading this entire Syllabus and abiding by all provisions identified below. Your registration in this course signifies acceptance of all requirements terms and conditions.

De Anza College Business & Computer Systems Division office phone: 408.864.8796
Direct phone number and voice mail to the instructor's office on campus: 408.864.5727
On campus Email address of the instructor: KwakChris@fhda.edu
Office hour: 10:30am to 11:20am at Forum #9 or by appointment
De Anza College web address: <http://www.deanza.fhda.edu>

Course Materials:

- Required Textbook: Accounting, 20th Edition, Warren, Reeve, & Fess, Southwestern.
- Other supplemental materials, such as Personal WebTutor, Personal Trainer, Study Guide or Working Papers can be helpful depending on individual learning style or preference.

Recommended Reading: Wall Street Journal, Business Week, or other business journals/papers

Tell me, I'll forget
Show me, I may remember
Involve me, I'll understand
-Confucius

Philosophy of Learning & Course Expectations:

In a learning environment, everyone becomes a teacher and everyone becomes a student. Learning is your personal responsibility. The instructor is a mentor, facilitator, and coach in your **active** and unique learning process.

Class sessions will be informal and class participation is strongly encouraged. Questions pertaining to the course or relating to the accounting/finance/business field are also welcome throughout the semester. Class lectures will be focused on helping students understand the "WHY's" (the concept behind the mechanics) rather than the mere mechanics of the subject matter. Please do not use memorization as a substitute for understanding.

After observing students for many years and drawing from my own experiences as a student, I believe that students learn best by actively questioning and explaining. In this course, I encourage you to join in class discussions and bring questions to class. This means that in order to receive the maximum benefits out of classroom time, you will need to read the assigned topics and attempt the homework before coming to class.

It is obvious that you will both need and be expected to attend all class meetings. You also must be prepared to take part in class discussions. This does not mean that you should have all topics mastered and learned, otherwise there would be no reason for class. It does mean that you should not be hearing about the topic for the first time in class.

Again, class attendance is essential since in-class discussions and group exercises will enhance concepts presented in the course. You will become successful by helping others become successful. One of most effective ways of learning any subject matter **is to teach it to someone else**. By actively engaging in-group learning, you will be practicing the attributes of questioning, organizing, and connecting knowledge. Also, you will be learning to learn and to teach others, and you will be developing **interpersonal skills** you will need for successful careers in accounting or any other business field.

Learning is a collaborative process between all the members of the class. I hope we can help each other to create a supportive learning environment throughout the term.

A Typical Class:

I am not in class to teach as much as you are in class to learn. What you learn (understand) depends upon what you do. Many class periods will start with an oral report from you on current business news, business cases, or homework. Next, I will introduce a new topic-it's my show-and-tell time. Then, I will assign you to a group and give your group an exercise, problem, or case to solve. Finally, a member of your group will demonstrate or explain your answer. In my class, you will learn accounting. You will also learn competencies, which [Labor] Secretary's Commission on Achieving The Necessary Skills (SCANS) found to be essential for success in the labor force.

Course Content & Objectives:

Accounting is too important to managers, organizations, and societies to be left to accountants alone. Accounting information is often a basis for decisions. Accounting reports are often the basis on which the effectiveness of stewardship decisions, and actions are evaluated.

This introductory managerial accounting expands to cost management concepts and techniques dealing with the operational/behavioral aspects of accounting. The course presents the theory, procedures & practice relating to product costs, including job order, process & standard cost systems. It also includes analytical skills used to interpret accounting data used by management in planning and controlling business activities.

The ultimate goal of cost and managerial accounting is to help organizations provide a **quality product** at a **reasonable cost and** on a **timely basis**. Good management accounting information must also provide decision relevant information that enhances process understanding (its technical property), encourages the right behaviors (its behavioral property), and creates or reinforces the right symbols, beliefs and values (its cultural property). Therefore, the purpose of managerial accounting is to show **what kind of information** is needed, **where** this information can be **obtained**, and **how** this information can be **used** by managers as they carry out their

planning, controlling, and decision-making responsibilities. These three essential functions show that today's management accountant is not just a number cruncher or "corporate cop," but rather a key **specialist** in supporting the decision-making process.

Management accountants are now **partners** with other departments within an organization and engage in a wide variety of activities. These tasks range from traditional accounting work (such as financial reporting or resource management) to new types of work (such as internal consulting and process improvement). The Institute of Management Accountants (IMA) has identified the knowledge, skills, and abilities most important for entry-level accountants to have in order to perform these tasks. These skills are based on the accounting fundamentals (such as cost flows; accruals and deferrals; measurement, valuation, and presentation of revenue and expenses; and measurement, valuation, and presentation of assets and equities). Managerial Accounting emphasizes these accounting fundamentals in their relation to the decision-making process. Students gain an understanding of technical information and learn how to apply that information in appropriate situations.

This course will be a combination of lecture, discussion, group work and projects.

In order to be successful in this course you must be able to read well for content and interpretation and apply basic concepts to different situations. Part of the intent of this course is to help you improve your skills in these areas.

Assessment of Student Achievement:

Your letter grade will be based on three midterms, one final, homework completion, in-class team activities (i.e. group or individual class participation /presentation/quiz etc.). **See below "Grade Distribution" section for details.** Exams, mini-tests (or quizzes), and group activities must be taken during class on the days scheduled. No make-up examinations will be given. Students are expected to take the exams and quizzes using their **own** knowledge. Violation of this policy will result in a grade of 0 (Zero) for that exam/quiz. (See also the Statement of Academic Integrity in this syllabus packet.) Remember that your work will be graded on accuracy and subjective qualities such as presentation and style.

The following scale will be used to assign letter grades:

<u>Grade</u>	<u>Percentage</u>
A	Above 90 %
B	80% to 89%
C	70% to 79%
D	60% to 69%
F	Below 60%

To maximize your potential for a good grade, I recommend that you keep up with the reading and the homework, come to class, participate in the class exercises and ask questions when you don't understand.

All homework assignments should have a neat and professional appearance. Using a computer to do the homework is strongly encouraged (more points will be given). Also, you are encouraged to do homework and study in GROUPS (two or three in a group works best). Each member of the group must be **ACTIVE PARTICIPANT**.

High points for class participation points will be awarded to students whose participation reflects that they completed the assigned reading and homework prior to class. Keep in mind that quality of participation is more important than mere quantity.

Grade distribution:

- Three midterm examinations: 40% of total grade
- Final examination: 20% of total grade on ABM(Activity Based Management) Case Study with Power Point presentation
- Weekly comprehension quizzes: 10% of total grade (the lowest score will be dropped)
- In-class participation and team work: 10% of total grade (subjective)
- Homework completion: 10% of total grade
- Term Paper on the book, “The Goal” : 10% of total grade

Student Responsibilities:

- **Attendance is required:** Regular attendance is an obligation assumed by every student at the time of registration. Late entry or early exits from class are disruptive to the class. **Excessive absences will result in your being dropped from class or your grade being lowered since a significant portion of your grade is based on in-class participation and group activities.**
- If you are absent, it is YOUR responsibility to find out what you missed and obtain any necessary handouts. You are strongly advised to call a classmate and obtain any class notes and missed information.
- Withdrawing from the course is your responsibility. If the appropriate forms are not completed and filed with the Office of Admissions and Records by YOU, you will receive a failing grade for the course.
- Bring a working calculator, books and course materials to each class meeting. (A three-ring binder to organize all coursework and materials is strongly recommended)
- Preparation of all assignments is essential to the understanding of the course materials. **All assignments should have a neat and professional appearance.** Late assignments will NOT be accepted. You may turn in assignments prior to class or have someone turn in your assignment if you must miss a class.
- Group work is an essential part of this class. Being unprepared or absent will negatively impact your participation and peer evaluation grade.
- No make-up Exams/Quizzes. Quizzes may be unannounced.
- It is your responsibility to keep track of your grades this semester. Keep a log of all graded assignments on a separate piece of paper.

Statement on Academic Integrity:

It goes without saying that academic integrity is expected from each student. As such, if there is a reasonable basis for concluding that a violation of academic integrity has taken place, all suspected parties will be awarded a course grade of “F”, with a letter to the Dean explaining why this grade was awarded. It will be up to the students involved to convince the instructor that the violation did not take place. (Refer to DeAnza College catalog and class schedule.)

Standards of Classroom Conduct:

There will be many opportunities for voicing opinions during class discussions and group activities throughout the course. It is expected that there be mutual respect between students in the classroom. No comments, which are discriminatory or display insensitivity towards differences based on race, ethnic origin, age, gender, religion, physical disability and sexual orientation will be tolerated. Also, there is no tolerance for any other behavior, which is disruptive to the learning environment in the classroom. Any student disruptive to class will be asked to leave. De Anza College will enforce all procedures set forth in the nondiscrimination policy in compliance with the Civil Rights Act, and the appropriate remedial and / or disciplinary steps will be taken when violations occur. (Refer to DeAnza College catalog and class schedule.)

Keys To Success:

1. **Commitment:** Accounting is not hard, but it's hard work. To do well, you should understand that this course requires a **serious time commitment**.
2. **Preparation:** To perform adequately in this course, you must have a thorough understanding of the text and the homework materials assigned. It is imperative **you read the assigned case and chapter** before you come to class. Expect the reading of each Chapter to take at least **2-3 hours to complete**.
3. **Homework:** The homework should be completed to the best of your ability and brought to class on the date assigned. On occasion there may be difficult problems that you can not complete before you class. However, you should still make a legitimate attempt. Allocate **another three to four hours** to complete each Chapter's homework including the supplemental assignments handouts prepared by instructor.
4. **Exams** will be based on the textbook, lectures, and homework assigned. Complete the homework not just for the calculations but for understanding the underlying concepts and principles it is conveying. **Understanding** and **interpreting** the use of accounting information is just as important as the calculation of a number. You will be tested on how well you interpret accounting information, not just on whether you can arrive at the correct calculation of a number.
5. **Team Project:** The project will require planning, cooperation and application of analytical techniques. There are multiple components requiring data collection, financial analysis and report preparation. The Project may requires a significant amount of work but synthesizes concepts developed throughout the course. Each project component must be completed and handed-in on the assigned date.

Tentative Course Calendar with Assignment Schedule

(Depending on student learning progress, the schedule might be changed or adjusted to maximize the benefits of student learning.)

Note for homework: As we learn topics in each chapter of the text, the instructor will select a number of particular homework questions that you will find at the end of each chapter of the textbook. In addition to those assigned exercise /problem questions in the textbook, the instructor will also design additional weekly demonstration/homework questions, team projects, and case studies that will be distributed in class.

Week 1 – Introduction / Orientation, Team dynamics building exercises
Ch.17-Intro to Managerial Accounting and Job Order Cost Systems

Week 2 – Ch.18-Process Cost Systems

Week 3 – Review for Ch.17&18, **Mid-term Exam #1** covering topics, Ch.17 &18

Week 4 – Ch.19-Cost Behavior and Cost-Volume-Profit Analysis

Week 5 – Ch.20-Budgeting- **Instructor will supplement with hands-on examples.**

Week 6 – Review for Ch.19 &20 / **Mid-term Exam. #2** covering topics, Ch.19 &20

Week 7 –Ch.21-Performance Evaluation Using Variances from Standard Costing –**Coverage will be on the selected topics only. Instructor will provide additional/ supplemental materials on “Non-financial performance measures”**

Week 8 –Ch.22-Performance Evaluation for Decentralized Operations- **Coverage will be on the selected topics only. Instructor will provide Real World Case Studies.**

Week 9- Review for Ch.21 &22 / **Mid-term Exam. #3** covering topics, Ch.21 &22

Week 10- Ch.23-Differential Analysis and Product Pricing- **Coverage will be on the topics of ABC/ABM and Case Studies on those issues.**

Week 11- Ch.24-Capital Investment Analysis-Limited coverage / Review for **Final Exam.**

Week 12- Finals week

About the Instructor, Christopher Kwak, CPA:

Licensed CPA in the state of California with over 17 years of industry experience in major firms such as Hewlett Packard (HP), PriceWaterhouseCoopers, and Chevron USA, specializing in cost management, financial reporting, mergers & acquisitions, and forensic accounting. Chris Kwak has held many positions at HP including Senior Corporate Internal Auditor, Senior Financial Analyst, and Business Control Manager (Division Controller level). He also worked as a Senior Associate and a manager at PriceWaterhouseCoopers (formerly Coopers & Lybrand), one of the Big Five international accounting/consulting firms, specializing in Mergers & Acquisitions, Financial Reporting, Business Litigation, and Start-up business advisory services.

Current academic positions & professional affiliations:

Full-time faculty member of De Anza College Business-CS Division.

Adjunct Professor of Accounting at Golden Gate University.

Adjunct Professor of Accounting at Saint Mary’s College of California.

A member of American Institute of Certified Public Accountants and California Society of Certified Public Accountants.

Chris Kwak wants to be a partner in your learning process to encourage you to be a passionate, life-long learner.

Managerial Accounting Outcomes with Core Competencies

This objective will be achieved by requiring the following outcomes (“what”) and core competencies (“how”). (*Adapted from the California Core Competency Model for the first course in Accounting, Accounting Education Change Commission Position Statement No.2*)

◆ Role of the Management Accountant

Part A: How does management accounting differ from that of financial accounting and what role does the management accountant play as a member of the management team?

- **Distinguish** between the usefulness of managerial and financial accounting by considering the activities of planning, evaluating, controlling, and decision making.
- **Explain** why managerial accounting applies to all types of industries (e.g., merchandising, manufacturing, non-financial services, financial services, government and other nonprofit entities).
- **Describe** different ways in which the management accountant’s advice can help an entity to operate more effectively.
- **Analyze** a company’s financial statements and / or management reports and **Identify** several strengths and several weaknesses of the company from this analysis.

Part B: Why do management accountants need to have both a broad and in-depth understanding of their entity to fully participate in decisions about the products and services provided?

- **Discuss**, using specific examples, the cause and effect relationship between expenses and revenues and how they affect operating decisions.
- **Discuss** the need for and uses of a management control system and how accounting information facilitates control.
- **Explain** how the operating philosophies of continuous improvement, total quality management and just-in-time manufacturing are used to manage optimal inventory levels; and **discuss** how the accounting function can be used to support their implementation.

◆ Using Accounting Information To Make Decisions

Part A: How is accounting information used to make and communicate short-term management decisions needed to run the entity?

- **Distinguish** between fixed costs, variable costs, and mixed costs by **categorizing** various costs of an entity into these three categories.
- **Explain** the usefulness and discuss the limitations of Cost-Volume-Profit (CVP) analysis as a decision making tool.
- **Read** a CVP graph and **explain** the significance of the components illustrated.
- **Calculate** fixed and variable costs, contribution margin, contribution margin ratio, break-even point in sales dollars and units, and target sales volume in dollars and units.
- **Calculate** the effects of changes in sales volume, sales price, variable costs and/or fixed costs on company contribution margin, break-even point, and operating income for both multi-product and single-product situations.
- **Explain** how pricing decisions are made, including transfer-pricing decisions.

- **Identify** the relevant costs in a make-or-buy decision and **discuss** both the qualitative and quantitative factors considered in this decision.

Part B: How is accounting information used to make and communicate long-term strategic decisions needed to position the firm for competitive advantage?

- **Identify** and **explain** the long-term strategic decisions that management needs to make.
- **Calculate** both returns on investment (ROI) and residual income (RI) and **explain** how each method is used.

◆ **Using Accounting Information To Analyze and Improve Operational Efficiency**

How is accounting information used to analyze and improve efficiency in operating, financing, and administering the entity?

- **Explain** the purposes of budgets and **prepare** both a simple operating budget and a simple cash budget.
- **Explain** the relationship between budgeting and strategic planning.
- **Discuss** the limitations of budgets in managing organizations.
- **Explain** the relationship between accounting budgets and non-financial performance measures; e.g. cycle time, defect rate, and on-time delivery.
- **Explain** how the concept of responsibility accounting applies to cost centers, profit centers, and investment centers.
- **Distinguish** between controllable and non-controllable costs and **Discuss** why the distinction is important.
- **Explain** how the concept of cost control is used to compare budgeted to actual amounts and to interpret any significant variances.

◆ **Processing Managerial Accounting Information**

What is the importance and proper use of automated information processing in managerial accounting?

- **Identify** alternative ways costs are tied to inventory and expense accounts (including the systematic and rational allocation associated with financial accounting).
- **Trace** the flow of costs in both a job order cost and process cost manufacturing system.
- **Explain** the causes and appropriate dispositions of over-applied and under-applied manufacturing overhead.
- **Distinguish between** a periodic and a perpetual inventory system for a merchandiser and a manufacturer.
- **Describe** the information benefits of maintaining a perpetual inventory.
- **Distinguish between** an activity-based cost accounting system and a traditional cost accounting system.

Active Learning Outcomes with Core Competencies

Communication Skills: *How can students demonstrate their ability to communicate effectively in both oral (speaking and listening) and written form?*

- **Engage** in one or more of the following in-class speaking activities:
 - (a) Summarize an accounting-related newspaper or magazine article

- (b) Present an accounting concept or homework problem applying a concept
- (c) Debate at least one side of an accounting issue
- (d) Present an analysis of an assigned case
- (e) Present the results of a research assignment or project
- **Engage** in one or more of the following in-class listening activities:
 - (a) **Listen** to someone speak, summarize what they say, and ask them for feedback
 - (b) Listen to someone's response to a question or assignment and compare it to your own
 - (c) Compare notes you have taken to those taken by another student and evaluate the effectiveness of your listening skills
- **Engage** in one or more of the following written communication activities:
 - (a) Accumulate written records of the concepts and terminology learned in the course, e.g. a writing journal
 - (b) Summarize the content of assigned readings, e.g. a reading log
 - (c) Describe what was learned in class, e.g. a one-minute response
 - (d) Submit questions about concepts or problems
 - (e) Submit potential exam questions
 - (f) Respond to discussion questions or cases
 - (g) Respond in essay form to questions in quizzes and exams
 - (h) Submit an essay describing a particular issue

Group Work Skills: *students demonstrate their ability to work effectively in-groups?*

- **Participate** in a group whose task is to do one or more of the following:
 - (a) Solve problems
 - (b) Discuss readings from the financial press
 - (c) Analyze financial statements
 - (d) Analyze case studies
- **Perform** the following tasks that are commonly associated with collaborative or cooperative learning:
 - (a) Facilitate the discussion and keep the group on task
 - (b) Record the group's results
 - (c) Report the results of the group's work to the class
 - (d) Keep time, assist the leader, and fill vacant roles

Problem Solving Skills: *How can students demonstrate their ability to reason creatively and critically rather than to memorize?*

- **Identify** the problem, alternate ways of solving the problem, alternate positions, and position arguments for controversial issues.
- **Identify** the assumptions and possible positions underlying ethical issues.
- **Evaluate** a speaker's or writer's content for the appearance of underlying assumptions and of facts versus opinions.
- **Analyze** an unstructured problem that has no single correct answer.