



## GE3051 Cost Management Summer Quarter, AY2015

### Contact Information

**Instructor:** Don Summers, CMA, CFM  
**Phone:** (831) 656-3632 (office)  
(831) 649-8418 (home)  
(831) 915-5560 (cell)  
**Internet e-mail:** [desummer@nps.edu](mailto:desummer@nps.edu)

### Course Goal

The primary goal of this course is for you to understand how to interpret and use management accounting information to make good business decisions. The objective of this course is for you to be able to apply basic cost principles to determine and to analyze the cost of a product, service, or activity; to use relevant costs in deciding between alternatives and for determining the profitability of various businesses decisions; and to use costs to measure performance.

### Course Description

This course provides the student with an opportunity to learn and apply concepts and theory related to the effective use of costing and management accounting data as elements in decision making to determine the cost of products and services, plan and control operations, measure performance, motivate employees, manage external relationships and makes other related business decisions. The course will thus emphasize the decision-making and control functions of a manager using managerial accounting information.

### Learning Outcomes

Upon successful completion of this course, you will be able to:

- Define important cost terminology, behaviors, concepts, and principles.
- Calculate the cost of providing a good or service using job order costing and activity-based costing.
- Evaluate and analyze profitability of decisions using cost-volume-profit analysis.
- Distinguish costs that are relevant or not relevant in making short-term or tactical decisions.

- Calculate cost variances; determine possible causes and corrective actions required.
- Use financial information to evaluate performance.

## Course Format

This course is taught in a lecture and problem solving format. The readings are drawn from the course text and supplemental materials provided on the course SAKAI web site.

Readings: Read the assigned chapters before the class for which it is assigned.

Exercise and Problems: Prepare a written solution to each problem before the class for which it is assigned. Problems will not be collected or graded, but they provide an important self-test of your comprehension of the material. Thus, it is essential to work out every problem fully before we review them in class.

**Cautions:** Don't let yourself fall behind. Accounting is a cumulative subject. Topics build upon previous ones. Also, don't assume you know the material just because it "makes sense" when explained in class or in the text. Accounting can't be learned by passively reading or listening. You must actively test your understanding by doing the problems.

Solutions to all problems in the text and PowerPoint presentation slides for each chapter lecture are available on SAKAI.

## Prerequisites

*GE3050: Financial Reporting and Analysis*

## Textbook

Garrison and Noreen, Managerial Accounting, 15<sup>th</sup> edition, Irwin/McGraw-Hill

## Assessment

Grades will be determined as follows: Two exams, for a total of approximately 260 points.

The exams will not be cumulative in terms of chapter subjects, although concepts developed in earlier chapters will necessarily be employed in later chapters.

Exams will be conducted in class during the normal class time and on the dates contained in the course schedule. You will be allowed two pages of notes for each exam.

## Grades

Final grades will be based on a partial curve. The maximum cutoff percentages are listed below, but I reserve the right to lower these cutoffs depending on the class exam performance.

A	94 – 100% of the total possible points
A-	89 – 93% of the total possible points
B+	82 – 88% of the total possible points
B	76 – 82% of the total possible points
B-	69 – 75% of the total possible points
C+	61 – 69% of the total possible points
C	52 – 60% of the total possible points
D	45 – 51% of the total possible points
F	0 – 44% of the total possible points

## Tentative Schedule

<b>Date</b>	<b>Chapter</b>	<b>Topic</b>	<b>Problems/Readings</b>
7/9 Jul	Ch. 1	Introduction to management accounting	
	Ch. 2 (pp. 27-38 & 45 - 47)	Cost concepts and terminology (omit analysis of mixed costs)	Ex. 2-2, 2-3, Ex. 2-4, Ex 2-10 (Req. #1), P2-21
<b>Cost Determination</b>			
14/16 Jul	Ch. 3	Job order costing (JOC) (Omit "Allocated between accounts section on p.106)	Ex.3-1, Ex. 3-3, Ex3-14, Ex. 3-15, P3-21, P.3-26 (Req. 2 & 6 only)
21/23 Jul	Appendix 4B (pp. 179)	Service department allocations	
	Ch. 7	Activity based costing (ABC)	Ex. 7-3 & Handout problem on Sakai
<b>Short-Term Decision Analysis</b>			
28/30 Jul	Ch. 2 (pp. 38 - 45)	Analysis of mixed costs (Ch 2, pp. 38 - 45)	Ex. 2-14 (Req. 1 & 2 only), P.2-17
	Ch. 5	Cost-volume profit analysis (CVP)	Ex.5-6, Ex. 5-8, Ex. 5-14, Ex. 5-16 (Req. 1 & 2), Ex.5-17, P.5-22, P5-29
4/6 Aug		CVP/Exam review	
<b>11/13 Aug</b>		<b>Exam #1</b>	
18/20 Aug	Ch. 12/Ch. 9 (p. 393 - 404)	Relevant costs for decision making (omit Joint Product Costs, p. 552 - 555)/Flexible Budget (Ch. 9)	Ex12-2, Ex.12-3, Ex. 12-4, Ex.12-5, P12-18
<b>Financial Performance Measurement</b>			
25/27 Aug	Ch. 10 & Appendix 10A	Standard costs and variances/overhead analysis	Ex. 10-1, Ex. 10-2, Ex. 10-3, P.10-11, P10-15, Ex. 10A-1, Ex.10A-2, Ex.10A-6, P10A-10 (Req. 1 & 2 optional)
1/3 Sep	Appendix 10A	Overhead analysis/ Exam review	
<b>8/10 Sep</b>		<b>Exam #2</b>	

## **GE3051 Class Protocols**

### **What you can expect from me**

- I will make you the focus of this course; it's not about me. I see myself as a guide or facilitator of learning. I do not have all the answers; I am still learning as well. I will make mistakes and, on occasion, tell you I don't know, but will have to get back with you next class session.
- I will make every attempt to get to know you: Where are you starting from? What are your goals? How can I help you reach your goals?
- I will do my best to earn your trust and treat you with respect. Learning requires vulnerability. You need to take risks. I need to create a safe environment in the classroom where students can acknowledge what they don't know, take risks, and rethink what they thought they knew.
- I will make every effort to make the course content useful and purposeful. I firmly believe that learning is enhanced if the course material is relevant and useful to you.
- To do my best to keep it clear even if I can't keep it simple. I will do my best to break down complex ideas and make them understandable.
- I will repeat important points. The challenge I face is finding new ways to express the same point without becoming predictable and boring.
- I will ask you questions. Learning is about exploring the unknown and that exploration starts with a question. I may at times play the devil's advocate. The idea is not to undermine a decision or answer, but to bolster it through it through examination of the options...even outlandish ones.
- I am not just passing out information. I want you to think. I am not only interested in the answers but the thinking behind them. It's how you look at the world, interpret information, and think through problems.
- I will attempt a multidimensional approach in this course. People learn differently...reading, PowerPoint slides, working problems, etc.
- I will make myself available to assist you when you need it (evenings or weekends) outside of the normal working hours.
- I will return e-mails and phone calls within 24 hours.

### **What I expect from you**

- You need to take responsibility for your learning. I am the facilitator. I can't make you learn.
- You need to be engaged in the process, not just be passive receivers of information.
- You need to prepare for class (readings, problems, etc.), ask questions, and share your experiences and insights. I am assuming you want to learn.
- Work together in groups to learn the course material and help each other learn.
- Be professional, courteous, and considerate.
- Ask questions and seek assistance when you need it; not just before the exam.

- Attend class. If you have job requirements or go TAD that will not allow you to attend class, please let me know in advance. In addition, please watch the recorded class that you missed at: <https://navcast.nps.edu/Login4.aspx> and call me if you have questions.
- Have a sense of humor...let's make this a fun and meaningful learning experience.

