**Course Syllabus**

**Accounting 416 - Cost & Managerial Accounting (E)**

**Prerequisite: Acc. 214.**

**Fall 2023/2024**

**---------------------------------------------------------------------------------------------------------------**

Course Number : 1020416

Faculty Name : Dr. Metwally Kayed

Number of Registered Students: 30

Class Schedule: 24

Time: 09:30-10:45 a.m.

Section #: 1020416-01A

Location: **BAU-S,** (D2\1017)

Contact Information:

Office Location: 1037-4th floor- Acc. Dep.

Tel. #: 24988504

Mob #: 99556157

E-mail: [Kayed@cba.edu.kw](mailto:Kayed@cba.edu.kw)

Metwally.kayed@ku.edu.kw

Office Hours: 24 (12:30-01:30 p.m.).

**Course Description:**

This course is an extension to Introduction to Cost and Managerial Accounting (Acc. 214). The course is designed to provide in more depth and detail the important aspects of cost and managerial accounting. It introduces the cost concepts, techniques, and analytical procedures necessary for the determination of cost and its uses in planning, control, and decision making. The main topics include: Job and process costing, activity based costing, standard cost and variance analysis, cost allocation, joint cost allocation, capital budgeting, decentralization and performance evaluation, and Relevant cost and benefits in decision making.

**Course learning Objective**

LO1: Contrast cost and financial accounting, explain the different cost concepts, and the code of conduct for management accountant.

LO2: Demonstrate the manufacturing cost and the underlying accounts and preparing cost of goods manufactured and cost of goods sold schedules.

LO3: Identify the characteristics of the Job order and, the process -costing systems and, outline the accounting process to accumulate the cost of materials, labor, and manufacturing overhead in job order costing systems.

LO4: Outline the accounting process for over – under applied overhead cost in job order costing.

LO5: Prepare process cost report using weighted average and first in first out and accounting for transferred-in cost.

LO6: Explain the impact of quality control concepts and zero defects programs on normal and abnormal losses.

LO7: Explain the difference between the traditional costing system and the activity-based costing system (ABC), outlines the product or service using ABC, and compares the results of the ABC with the traditional cost system.

LO8: Distinguish between flexible budget and static budgets, and prepare flexible budget to analyze direct material, direct labor and manufacturing overhead variances.

LO9: Allocation of department cost, common cost using single or dual rates.

LO10: Allocation of support department cost using direct, step-down, and reciprocal methods.

LO11:

Outline the capital investment decision, and the methods to determine the cash flows of the projects.

LO12: Evaluate and select the capital investment by using payback period, accounting rate of return, net present value, and internal rate of return, and evaluates the effect of taxes on these decisions.

LO 13: Allocation of joint cost between joint and by-products, and the relevance of joint cost allocation to decision making.

LO14: Understanding of segment reporting and its role in responsibility accounting and performance evaluation.

LO 15: Prepare analysis of various, decisions, properly identify the relevant costs and benefits.

LO 16: Set prices using different pricing formulas.

**Required Material:**

**Textbook :**

The main text covering the topics included in the course outline is:

1. R.W. Hilton 12th Ed. Managerial Accounting, McGraw-Hill, Irwin.
2. Hand-out: several hand-outs will be made available to students covering other topics not covered in the text; or explain in more details some concepts and techniques which the text covers lightly.

**Additional Material** :

**E-Learning System** :

**Course Website** :

**Course Requirements and Policies:**

**Individual Assignments:**

**In-Class Tests:**

**Participation:**

**Class Preparation – Readings, Videos, and Online Quizzes:**

**Attendance and Participation:** Every student in this course must abide by the Kuwait University Policy on Attendance (published in the Student Guide, Chapter 3, Section: 13). A copy of the student guide can be accessed online on:

http://www.kuniv.edu/cs/groups/ku/documents/ku\_content/kuw055940.pdf

This course has a significant seminar component and class participation is critical to the learning experience. Participation will be assessed in each class period. Your class participation and attendance will both contribute to your score of in-class performance.

**Cheating and Plagiarism:** Every student in this course must abide by the Kuwait University Policy on Cheating and Plagiarism (published in the Student Guide, Chapter 3, Section 2). A copy of the student guide can be accessed online on:

http://www.kuniv.edu/cs/groups/ku/documents/ku\_content/kuw055940.pdf

Please carefully note all sources and assistance when you turn in your work. Under no circumstances should you take credit for work that is not yours. You should neither receive nor give any unauthorized assistance on any deliverable. If you have any questions about what constitutes “unauthorized assistance” please email me before the deliverable is submitted.

**Writing Style:** Students must refer to APA writing style for their assignments and report writing. Refer to the English Language Center for help.

**Grading:**

The scores in this course will be the weighted average of the following items:

|  |  |
| --- | --- |
| **Weight** | **Description** |
| 20% | First Mid-Term Exam |
| 20% | Second Mid-Term Exam |
| 10% | Class participation, H. W. |
| 50% | Final Exam |
| 100% | TOTAL |

**Grade Distribution:**

|  |  |
| --- | --- |
| **Grade** | **Range** |
| A | ≥ 95 |
| A- | ≥ 90 and < 95 |
| B+ | ≥ 87 and < 90 |
| B | ≥ 83 and < 87 |
| B- | ≥ 80 and < 83 |
| C+ | ≥ 77 and < 80 |
| C | ≥ 73 and < 77 |
| C- | ≥ 70 and < 73 |
| D+ | ≥ 65 and < 70 |
| D | ≥ 60 and < 65 |
| F | < 60 |

**Course Outline:**

**Course Outline**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ***Assignments*** | ***LO*** | ***Readings*** | ***Topics*** | ***Week*** |
| 30, 32 | 1 | Ch.1:  -The work of management  - Comparing financial and managerial accounting.  - The changing business environment.  - Objectives of Managerial Accounting.  - Balanced Scorecard.  - Major themes in Managerial Accounting  - Professional ethics. | Managerial Accounting and the Business Environment | 1 |
| 30, 31, 43,45 | 2 | Ch.2:  - General cost classification.  - Cost classification for predicting cost behavior.  - Cost classification for assigning costs to objects. | Cost Terms, Concepts and Classification |  |
| 24, 25, 26, 31, 33, 35, 36, 38, 43, 47, 48, 54,60, 61. | 3,4 | Ch.3:  - Job-Order Costing- An overview.  - Job-Order Costing- The flow of costs.  - Problems of overhead application,  Appendix to Ch. 3 (ABC). | System Design: Job-Order Costing | 2, 3 |
| 29, 33, 35, 47. | 7,8 | Ch. 5:   * The ABC system * Design of ABC system * Comparing the ABC with traditional costing | Activity- Based Costing: A Tool to Decision Making | 4, 5 |
| 17, 21, 23, 26, 30, 34, 35, 36.  Handouts  30, 31,32 | 5,6 | Ch.4:   * Comparison of Job-order and Process costing- A Perspective of Process Cost Flow. * Equivalent Units of production. * Production report-Weighted average and FIFO methods. * Operation Costing. | System Design: Process Costing | 6 |
| First Mid-Term | | | | |
| 31, 34, 35, 44, 50, 51, 53, 60, 61. | 10 | Ch. 10:  - Standard Costs - management by exception.  - Setting Standard Costs.  - A general model for variance analysis.  - Using standard cost- direct material variances.  - Using standard cost- direct labor variances.  - Variance analysis and management by exception.  - Direct material and direct labor variances  - Balanced Scorecard. | Standard Cost and the Balanced Scorecard | 7 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 25, 31, 33, 35, 37, 38, 39, 40, 42, 47. | 10 | Ch.11:  - Flexible budget   * Variable overhead variances- A closer look. * Overhead rates and Fixed overhead analysis Appendix: Sales Variances. | Flexible Budget and Overhead Analysis. | 8 |
| 31, 35, 46, 53, 54. | 16 | Ch. 12:   * Decentralization in organizations. * Profitability analysis. * Rate of Return for measuring managerial performance. * Residual income another measure of performance. | Segment Reporting and Decentralization | 9 |
| Ex. 24, 25, 27, 29, 33, 34, 35.  P36, 37, 38, 39, 40, 41, 42, 43, 46. |  | Ch. 13:   * Goal Congruence * Compute an investment center’s return on investment (ROI) and economic value added (EVA). * Transfer prices | Investment Centers and Prices. | 10 |
| Ch. 14:  31, 32, 33, 34, 35, 41, 44, 54. | 1,  5, 6 | Ch. 14:   * Cost concepts for decision making. * Utilization of a constrained resource. * Joint Product Costs and the contribution approach. * Activity-Based Costing and Relevant costs. | Relevant Cost for Decision Making. | 11 |
| **Second Mid-Term** | | | | |
| 24, 25, 27, 35, 36, 37 | 13,  14 | Ch16:   * Capital Budgeting- planning investments. * Flows- the net present value method. * Discounted cash flows- the internal rate of return. * Expanding the net present value method. * Other approaches to capital budgeting decisions. * Budgeting Decisions. | Capital Budgeting Decision | 12,13 |
|  |  | * Income tax & Capital Budgeting.. * Additional methods of ranking investment projects.. * Estimating cash flows: Role of ABC Appendix A & B. |  |  |
| Ex. 15, 16, 18, 19, 20, 21, 22, 23.  P. 24, 25, 28, 29, 30. |  | Ch18:   * Allocate Service Departments using Direct Method, Step Down and reciprocal methods. * Allocate Joint Costs using Physical method, relative sales value method and Net realizable value method. * Decision making. | Allocation of Support Activity Costs and Joint Costs | 14 |
| Final Exam. | | | | |

**Important Dates**

|  |  |
| --- | --- |
| **Date** | **Event** |
| Oct. 23th, 2023 | First Mid-Term Exam, ch.1,3,5. |
| Dec. 04th, 2023 | Second Mid-Term Exam, ch4-10-11-12. |
| Jan 07th, 2024 | Final Exam: from 11.00-01.00 p.m. |