

Course Proposal
Free University of Bozen – Bolzano
Summer Program 2011
Reference Number E-82
Area: Cost Accounting (SECS – P/07)

COURSE TITLE: Relevant Costing for Decision Making: From Activity Based Costing to the Theory of Constraints.

LECTURER: Michael Eames Ph.D., Santa Clara University, meames@scu.edu

TEACHING LANGUAGE: English

TOTAL LECTURE HOURS: 15 hours

TEACHING ASSISTANT: None

PREREQUISITE: A previous accounting course

COURSE DESCRIPTION:

The course begins by providing students a foundation of cost terms, cost behaviours, cost-volume-profit analysis, cost allocation, and relevant costing.

The course then considers ABC, including consideration of its many pitfalls and benefits, and recent trends. We specifically consider the necessary and sufficient conditions for ABC systems to yield relevant costs.

Inventory costing and variances are considered and integrated with the the subsequent discussion of the Theory of Constraints.

The course ends with a full discussion of the Theory of Constraints and considerable work on cases pertaining to this theory.

LEARNING OBJECTIVES:

1. Understand cost accounting terminology and the flow of costs within manufacturing and merchandising organizations.
2. Identify relevant and irrelevant revenues and costs and appropriately integrate these into the business decision processes.
3. Understand common cost behaviours and conduct cost-volume profit analyses.
4. Calculate and interpret product costs under a variety of methods, including actual costing, standard costing, job costing, and process costing.
5. Construct income statements and identify inventory balances under various inventory costing systems and reconcile differences between the systems.



6. Understand common cost allocation methods, and the potential pitfalls and benefits of Traditional and Activity Based Costing systems.

7. Understand the Theory of Constraints (TOC) and the association between TOC production and accounting systems.

LIST OF TOPICS COVERED:

Ten sessions, 1.5 hours each, as follows:

1	Introduction, Cost Terms, Cost Behaviour, Cost-Volume-Profit Analysis
2	Job Costing and Process Costing
3	Relevant Costing
4	Baldwin Bicycle Case – relevant costing, capital budgeting, CVP, strategic cost analysis
5	Activity Based Costing
6	Societe Bonlieu Case – ABC/traditional costing, job costing, cost allocation and capacity, product synergies, relevant costing
7	Inventory Costing and Manufacturing Variances
8	Theory of Constraints and Throughput Costing
9	Theory of Constraints Cases – identifying and managing constraints, integrating costing and production systems
10	Theory of Constraints Cases

TEACHING FORMAT: Lectures, problems, and case discussions.

ASSESSMENT: Exam 70% and class participation 30%

REQUIRED READINGS: There is no textbook that adequately covers the above materials. I will distribute my lecture notes, the cases noted above, and a variety of sample problems for class discussion.

