Seligman

Purpose:
The objectives of this assignment are:

1. to demonstrate how cost systems can become obsolete over time, due to technological change.
2. to demonstrate how a cost system can induce subtle shifts in the firm’s strategy.
3. to demonstrate the role of cost centers and the allocation of overhead.

Each of the above objectives is critical to management accounting.

Case questions:
For our discussion please think about the following four questions:

1. What caused the existing system at ETO to fail?
2. Calculate the reported costs of the five components described in the:
   a. existing system
   b. the proposed system
   c. the consultant’s system
3. What system is preferable?
4. Would you recommend any changes in the system you prefer?
5. Would you treat the new machine as a separate cost center or as part of the main test room?

Destin Brass

Purpose:
The objectives of this assignment are:

1. to illustrate how to estimate product cost using an ABC system
2. to determine which of three accounting systems provides the most useful information
3. to illustrate that reported profit is not dependent on the cost system (as long as inventories stay constant)

Suggestions
Make sure that you use the related excel spreadsheet when preparing your analysis.

Case questions:
The four questions in the textbook will provide for our discussion.
Waltham Motors

Purpose
The objectives of this case are:
1. to illustrate how to construct expected costs when information about cost variability is known.
2. to illustrate the importance of evaluating performance against the level of cost that should have been expected at the actual level of operations as opposed to the budgeted level of operations

Case questions:
The four questions in the textbook will provide for our discussion.