

**The Wharton School of the University of Pennsylvania**

ACCOUNTING 102 -- Managerial Accounting  
Course Syllabus Summer 2007

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Lectures:	Monday through Thursday from 1:00 to 2:35pm (JMHH 250)
Office Hours:	Tuesdays 2:35-4pm; or e-mail for appointment
webCafe:	<a href="http://webcafe.wharton.upenn.edu/">http://webcafe.wharton.upenn.edu/</a>

**REQUIRED MATERIAL:**

Hornngren, Datar, and Foster, *Cost Accounting: A Managerial Emphasis*, 12th Edition, Prentice-Hall, Inc. 2006 (together with solutions manual available at the Penn Bookstore)

I will be posting sample questions and answers (including those from past exams) on webCafe for you to practice.

**COURSE OBJECTIVES:**

This course emphasizes the use of accounting information for internal planning and control purposes, as opposed to the external disclosure focus of financial accounting. We will learn alternative methods of preparing managerial accounting information in the first part of this course, and we will spend the remainder of the course examining how these methods are used by companies. Managerial accounting is a company's internal language, and is used for decision-making, production management, product design and pricing, performance evaluation, and motivating employees. Well-designed managerial accounting systems maximize economic profits (all relevant benefits minus all relevant costs).

What you learn in this course complements and builds upon what you learned in financial accounting, and what you are learning in your economics, finance, marketing, management, operations, and statistics courses.

Unless you understand managerial accounting, you cannot have a thorough understanding of a company's internal operations. What you learn in this course will help you understand the operations of your future employer (and enable you to be more successful at your job), and help you understand other companies you encounter in your role as competitor, consultant, or investor.

## **COURSE OPERATION:**

The course usually meets four times a week - Mondays through Thursdays from 1:00 to 2:35pm in JMHH 250. Please note that there will be no classes on Aug 6 (Mon) and Aug 7 (Tue) because I will be away at a conference. The make-up classes are on 27 Jul (Fri) and 3 Aug (Fri) from 1-2:35PM.

I do not expect to lecture for the whole hour and a half each time. The remainder of the class time I will either discuss problems I handed out the lecture before (see below) or be available for questions.

Given the short time period available, this is a relatively intensive course. It is important to keep up with the material as we go through the course. See the course calendar at the end of this syllabus for a schedule of readings and suggested textbook problems for each day. The suggested study approach is:

1. Read/skim the 'Readings' before class
2. Go to the lecture, and make sure you understand the material for the day
3. Test your understanding by doing (some of) the suggested problems after class
4. Check your answers using the solutions manual and go to office hours if necessary

I will hold office hours Tuesdays from 2:35-4pm. In addition, you can see me right after the lectures during the remainder of the class time, or make an appointment by email. Apart from the review session on the day before the exams, there will be no review sessions or additional recitations.

In addition to the suggested textbook problems, which I will generally not discuss, I will occasionally hand out somewhat more challenging problems. These problems are designed to resemble exam questions and you are encouraged to try them at home. They will be discussed in the lecture(s) following the lecture in which they were handed out.

## **GRADING:**

The course grade is based on a weighted average of two exams, which are scheduled as follows:

	<u>Date</u>	<u>Time</u>	<u>Weight</u>
Mid-Term:	Monday, July 23	1:00 - 3:00 pm	40%
Final Exam:	Thursday, August 9	1:00 - 3:00 pm	60%

Please note that the above weighting scheme will be followed. There is no possibility of earning extra credit or of changing the above weights. The Mid-Term exam will cover the material of lectures 1-9, and the Final Exam will be cumulative with an emphasis on the material covered after the Mid-Term.

Students in the bottom of the distribution with very poor average scores (e.g., an average of less than 40%) will likely receive an F. Students taking the course for credit must receive a grade of D- or higher to get a "Pass."

## **WEBCAFE:**

I will post most of the course materials on webCafe. To access the webCafe for Accounting 102, go to the internet URL:

<http://webcafe.wharton.upenn.edu>

On that page, click on ACCT to display links to accounting course webCafe rooms, and then click on your section number.

Non-Wharton students must obtain a Wharton computer account in order to access webCafe. You can sign up at: <http://accounts.wharton.upenn.edu>

The webCafe contains, among other items, the course syllabus, assignment schedule, and information about the exams. If you miss class or if you lose your copy of the lecture notes, you may download a copy from the webCafe. I will post the lecture notes on webCafe after the lectures (note that I will hand out a paper copy in class). I will periodically email you via the list-serve to alert you to items on the webCafe.

If you have problems with the webCafe, contact the webCafe team at [webcafe@wharton.upenn.edu](mailto:webcafe@wharton.upenn.edu)

## **WITHDRAWALS:**

I will not refuse a request by a student to withdraw, and I will allow withdrawals up to the day before the final. However, I urge students who are thinking of withdrawing to avoid getting a C to think carefully about the costs of losing credit in the course and getting a W versus the benefit of potentially getting a higher grade in the future.

**Be aware that you must also meet university deadlines and requirements regarding withdrawals.**

## **RE-GRADES:**

My grader and I will work hard to ensure that the same partial credit is allocated to the same partially correct answer on each exam. Occasionally, we will make mistakes in our grading, and we are eager to correct mistakes subject to the following limits. If you believe that there was a *mistake* in the grading of your exam, *within one calendar week* following the return of the exam, submit the original exam, a re-grade request form, and a *written explanation* of the points of contention. Altering the exam in any way before handing it in for a re-grade is considered cheating and will result in an 'F' for the course. If the re-grade request is made after one calendar week or without an accompanying re-grade request form, no re-grade will be given. All re-grade decisions are *final*.

## **FAIRNESS AND INTEGRITY:**

**I emphasize fairness to all students taking the course. Please do not do anything that is unfair to other students, or ask me to make exceptions that are unfair to other students.**

In order to ensure fairness and on behalf of the overwhelming majority of honest students, I will send anyone suspected of cheating to the Office of Student Conduct. The Office of Student Conduct will determine if there was cheating, and if so, what punishment will be administered. There are no exceptions to this policy under any circumstances.

There is some probability that we will catch a student who cheats, and when a student is convicted of cheating by the Office of Student Conduct, the minimum punishment is a one-semester suspension. Cheating is wrong from an ethical standpoint, and cheating does not make sense practically, because **the expected costs to the cheater far outweigh any small benefits.**

## **EXAM CONFLICTS:**

If you need additional time on an exam because of a university-recognized disability, please inform me **immediately**. I will make whatever accommodations are recommended by the Office of Affirmative Action.

If you have a time conflict with a scheduled exam (i.e., because you are enrolled in a course at that time), please email me **immediately** so that we can make arrangements.

Otherwise, documented evidence (i.e., from Student Health) that you were **seriously ill** at the scheduled time of an exam is the only valid excuse for missing an exam. In order to be excused from an exam, you must email me *prior to the exam* and inform me that you are ill, and be ready to provide me with documentation after the exam. Students who do not show up for an exam without making arrangements with me according to the preceding rules will receive an exam grade of 0.

**There is no make-up exam** for the midterm. If a student misses the first exam (with a valid excuse), his/her course grade will be based on the performance relative to the other students on the final exam only. If a student misses the final exam (with a valid excuse), he/she will allowed to take a make-up exam.

## **HELPFUL HINTS:**

- Please e-mail me if you think that there is an error in one of my handouts. If there is, I will contact everyone via the list-serve with a correction.
- The lecture notes are a **summary** of the related material in the book, and it is important that you read/skim this material.
- The easiest way to learn accounting is to keep up with the material weekly. Accounting is difficult to learn by cramming. Spend at least an hour each day on this course outside class. You will understand the material better than if you try to do it all right before an exam.

- The best way to learn accounting is by doing it. Most of the problems will look easy once you have seen the solution. Try not to read the solution until after you have (at least) thought about how you would solve the problem. Take the practice exams that I will give you later in the semester under *exam conditions*. The solutions are provided so you can get timely feedback on your own problem-solving.
- Remember that the WebCafe contains copies of all lecture notes and other material handed out in class, as well as other information.
- Think about how what you are learning helps you now and how it will help you in the future.

### **QUESTIONS TO THINK ABOUT BEFORE EACH LECTURE:**

- How does the material fit into the "big-picture" issues in business, education, and life?
- How could this material help me make better decisions? (for example, by avoiding the “sunk cost fallacy”)
- How does this material relate to what I am learning in other courses? (for example, how could I apply what I am learning in statistics to help me design a cost system?)
- How are businesses that I interact with using these concepts or how could they be improved by using these concepts? (for example, why are prices in the dining halls so high?)
- How could I use this knowledge at a future employer? (for example, to understand the system that is being used to evaluate my performance)
- How would I use this knowledge if I set up my own business (for example, to budget and control costs)?
- Could I think more deeply about this idea, improve it, and turn it into a profitable consulting business? (for example, EVA or the Balanced Scorecard)

### **COURSE CALENDAR:**

The following page provides a detailed outline of the course. The chapters listed under "Readings" and the suggested problems refer to the textbook, Horngren, Datar, and Foster (12<sup>th</sup> edition).

### **Important:**

All classes are from 1-2:35PM. Please note that there will be no classes on Aug 6 (Mon) and Aug 7 (Tue) because I will be away at a conference. The make-up classes are on 27 Jul (Fri) and 3 Aug (Fri) from 1-2:35PM.

<b>Lec.</b>	<b>Day</b>	<b>Date</b>	<b>Topic</b>	<b>Readings</b>	<b>Suggested problems</b>
1	Mon	2-Jul	Introduction to Management Accounting	Ch. 1 (skim)	
2	Tue	3-Jul	Cost Concepts, Cost Behavior	Ch. 2, Ch. 10	2-18,19,21,28,29,31, 10-26,30,32
3	Wed	4-Jul	No class (Independence Day)		
4	Thu	5-Jul	Cost-Volume-Profit Analysis (CVP) I	Ch. 3	3-16,17,25,27
5	Mon	9-Jul	CVP II	Ch. 3	3-35,38,39,40,46
	Tue	10-Jul	Job Costing	Ch. 4	4-17,18,19,20, 21,23,24
6	Wed	11-Jul	Accounting Effects of Absorption Costing and Variable Costing, Processing Costing I	Ch. 9 (294-309), Ch 17	9-21,29,30,33, 17-16,17
7	Thu	12-Jul	Process Costing II	Ch. 17	17-27,28,35,38,39,40
8	Mon	16-Jul	Cost Allocation, Allocation of Joint Costs	Ch. 14 (492-508), Ch. 16 (565-574)	14-18,22,30, 16-20,22
9	Tue	17-Jul	Allocation of Support-Department Costs, Common Costs, and Revenues	Ch. 15	15-18,19,20,32,34
10	Wed	18-Jul	Activity-Based-Costing (ABC) I	Ch. 5	5-17,24
	Thu	19-Jul	Review session/extra office hours		
	Mon	23-Jul	<b>Mid-Term (covers material of lectures 1-9)</b>		
11	Tue	24-Jul	ABC II	Ch. 5, Ch. 14 (501-508)	5-28,29,30,31, 14-21,29
12	Wed	25-Jul	Decision Making and Relevant Information	Ch. 11, Ch. 16 (575-577)	11-21,22,35,36, 16-19,29
13	Thu	26-Jul	Pricing Decisions and Cost Management	Ch. 12	12-17,24,30
14	Fri	27-Jul	Master Budget and Responsibility Accounting	Ch. 6	6-22,28
15	Mon	30-Jul	Flexible budgets and Direct Cost Variances	Ch. 7	7-18,20,22,40
16	Tue	31-Jul	Flexible budgets and Overhead Cost Variances	Ch. 8	8-20,21,34,40
17	Wed	1-Aug	Capital Budgeting and Cost Analysis	Ch. 21	21-18,19,23
18	Thu	2-Aug	Performance Measurement and Compensation Balanced Scorecard I	Ch. 23	23-21,27,33
19	Fri	3-Aug	Performance Measurement and Compensation Balanced Scorecard II	Ch. 13 (455-464)	13-31, 13-32
	Wed	8-Aug	Review session/extra office hours		
	Thu	9-Aug	<b>Final Exam (cumulative, but with an emphasis on lectures 10-19)</b>		