

The Wharton School of the University of Pennsylvania

ACCOUNTING 102 -- Managerial Accounting
Course Syllabus Spring 2006

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TA Office Hours:	See webCafe
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REQUIRED MATERIAL:

Horngren, Datar, and Foster, *Cost Accounting: A Managerial Emphasis* (and Solutions Manual), 12th Edition, Prentice-Hall, Inc. 2003 (package available from bookstore *at a cost of list price of textbook minus five dollars*)

Bulkpack of Readings
(includes required readings and sample exams and solutions)

You may also use the 11th edition of Horngren, Datar, and Foster, but you need to pick up (in front of accounting suite) a copy of a key that maps the assigned problems for the 12th ed. into the 11th ed. (Note that several of the problems in the 12th ed. are not in 11th ed.)

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 meets three times a week - one lecture each on Mondays and Wednesdays and recitation and/or extended office hours on Fridays.

Mondays and Wednesdays – Frank Moers' lectures and office hours

Although there is an 80-minute time-slot, **this is a 55-minute lecture**. I will be available in the classroom for the remaining 25 minutes of the 80-minute period to answer questions about the day's material and any more general questions you may have.

Fridays - TAs' recitations and extended office hours

The Teaching Assistants will teach the Friday recitation sections and hold extended office hours on Friday. On Fridays between 9 am and 1 pm, two TAs will teach recitation sections, which will be held at 9, 10, 11, and 12 in SHDH 109; at 9, 10, 11, and 12 in SHDH 1201; at 10, 11, and 12 in JMHH G90; and at 10, 11, and 12 in JMHH G92. In addition, TAs will hold office hours. During the recitations, the TAs will review the previous week's material, answer questions, and discuss and interpret solutions to assigned homework problems. They will not cover new material.

Menu-based learning

The course is set up as a menu-based learning environment. On Monday, Wednesday and Friday, you will have the option of a lecture format, an office hour format, both, or neither. Figure out which combination of lecture, office hours, recitation, and your own reading and study works best for you.

Most of you will not need to stay for the office-hour period following my lecture (unless you have a specific question). Further, as I post extensive notes and information on the web and maintain a list-serve, it will not be necessary for some of you to attend my lecture (although you may need to get answers from a classmate for some in-lecture examples).

Experiment and figure out how to maximize learning and comprehension while minimizing effort. Try to free up time to think creatively about all of the material you are learning at Penn and how this course complements what you are learning in other courses.

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 on the TAs' office hours and office and recitation locations. 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 to the webCafe on the day before the lecture (note that I hand out a paper copy in class).

To read many of the materials, you will need a copy of the Adobe Acrobat reader. To obtain a copy, go to:

<http://www.adobe.com/products/acrobat/readstep2.html>

or click on the webCafe Icon "Download Acrobat Reader."

If you have problems with the webCafe, contact lalevic@wharton.upenn.edu.

I will periodically email you via the list-serve to alert you to items on the webCafe.

OFFICE HOURS:

TA office hours will be posted on the webCafe.

We will schedule office hours so that one of us will be available on each day of the week. In addition to Friday office hours, the TAs will hold regular weekly office hours that will be announced in the second week of class. The TAs and I will hold additional office hours in the week prior to an exam.

If you need to see me at a time other than my scheduled after-lecture office hours, please e-mail me for an appointment (give me alternative times that would be convenient for you).

PERFORMANCE EVALUATION SYSTEM:

Whether you are aware of it or not, all of your life you have been, are, and will be evaluated based on a relative performance evaluation (RPE) system. These systems are colloquially called "curves." An example of a curve is the college application process: That you are at Penn/Wharton means that you were graded in the upper 5% to 25% of applicants. The key to dealing with an RPE system is not to become anxious, but to accept the system, understand it, and learn to work gracefully within it. You will be applying these systems to your subordinates as you move through life, and you need to know how to do so effectively.

I now describe the grading system in this course. The course grade is based on a weighted average of three exams, which are scheduled as follows:

	Date		Weight
Exam I:	Monday, February 6	6:00 - 7:00 pm	20%
Exam II:	Thursday, March 23	6:00 - 8:00 pm	40%
Exam III (final):	Thursday, April 27	3:00 - 5:00 pm	40%

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 grading distribution is set so that 70% of the *initial* class enrollment receives A's or B's. We hope that this relaxed grading scheme will relax you, and that there will be more learning, more cooperation, less over-studying, and less competition over grades.

Note that the grading distribution is set based on initial enrollment, and to the extent that students withdraw from the course the percentage of the *final* enrollment who receive A's or B's will be *greater* than 70%. **This policy means that no student who remains in the course is negatively affected by the fact that other students withdraw.**

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."

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. In particular, note that Wharton Undergrad this year intends to enforce the university withdrawal deadline of Friday, March 17, 2006. Therefore, if you wish to withdraw after March 17, you must obtain your advisor's approval. Please obtain this permission before you ask for mine (which I will give).

RE-GRADES:

The TAs 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 (with no adjustments), a re-grade request form, and a *written explanation* of the points of contention. **We will only re-grade exams if they: (1) are originally written in non-erasable pen, and (2) use no correction tape, white-out, etc.** 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.

I expect you to follow the code of Academic Integrity in this course and in all your courses:

<http://www.vpul.upenn.edu/osl/acadint.html>.

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 are no make-up exams for the first and second exams. If a student misses the first or second exam (with a valid excuse), his/her course grade will be based on some weighting of the other two exam scores. If a student misses the final exam (with a valid excuse), he/she will be allowed to take the make-up exam. The make-up final exam will be given *only* on the make-up exam date for final exams, which is scheduled by the university. The make-up exam date for the spring semester is typically during the first week of classes in the fall (of 2005).

HELPFUL HINTS:

- Relax. Remember that there is less grading pressure in this course.

- 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. Although you can read the lecture notes before class on the webCafe, it is better not to do so.
- Figure out what combination of lecture, recitation and office hours works best for you.
- The easiest way to learn accounting is to keep up with the material weekly. Accounting is difficult to learn by cramming. Spend an hour each day on this course outside class (or two hours every other day). You will spend less time in total and understand the material better than if you try to do it all the night 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.
- If you are uncertain about any of the material covered during the week, be sure to go the Friday recitation sessions or extended office hours (whichever you find to be the most effective use of your time).
- Remember that the webCafe contains copies of all lecture notes and other material handed out in class, as well as other information. Extra paper copies of handouts will be available in the front of the accounting suite.
- 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 pages provide a detailed outline of the course. The chapters listed under "Reading" and the assigned problems refer to the textbook, Horngren, Datar, and Foster.

<u>Lecture</u>	<u>Date</u>	<u>Day</u>	<u>Topic</u>	<u>Book/ "Bulkpack" Reading</u>	<u>Assigned Problems</u>
PART I: PRODUCT COSTING					
1.	Jan 9	Mon	Introduction to Course	Ch. 1 (skim) "Nothing Matters More than Integrity"	
2.	Jan 11	Wed	Cost Concepts I	Ch. 2	2-18,19,22
	Jan 13	Fri	No Recitation / No Extended OH		
	Jan 16	Mon	NO CLASS (Martin Luther King day)		
3.	Jan 18	Wed	Cost Concepts II / Budgeting	Ch. 6 (184-193)	2-30; 6-17, 18, 19
	Jan 20	Fri	Recitation / Extended OH		2-31, 33; 4-18; 6-30
4.	Jan 23	Mon	Job Costing	Ch. 4 (97-109)	4-21,22
5.	Jan 25	Wed	Job Costing for Manufacturing	Ch. 4 (109-123)	4-17,20,24
	Jan 27	Fri	Recitation Extended OH		4-26, 4-33.2a;
6.	Jan 30	Mon	Financial Accounting Effects	Ch. 9 (294-301)	9-21, 9-30
	Feb 1	Wed	NO CLASS – Review Session		
	Feb 3	Fri	Recitation / Extended OH		9-33
	Feb 6	Mon	NO CLASS		
	Feb 6	Mon	Exam I 6-7 pm (All material covered in Lectures 1-6)		
7.	Feb 8	Wed	Process Costing (Note: pages 611-612 excluded)	Ch. 17 (594-609) (612-618)	17-16, 17, 24, 25
	Feb 10	Fri	Recitation / Extended OH		17-27, 28, 29
	Feb 10	Fri	DROP PERIOD ENDS		

8.	Feb 13	Mon	JIT; Backflush Costing (ignore price and effic. variances)	Ch. 20 (703-713) “Evaluating JIT as a Manufacturing Strat.”	20-33.1, 20-34.1
PART II: COST ALLOCATION and DECISION-MAKING					
9.	Feb 15	Wed	Activity Based Costing	Ch. 5 “Acctg Bores You?”	5-16, 5-37
	Feb 17	Fri	Recitation / Extended OH		20-35.1; 5-23 25, 38
10.	Feb 20	Mon	Cost Allocation	Ch. 14 (492-501) Ch. 15 (531-537) (544-47)	14-18; 15-16, 24, 33
11.	Feb 22	Wed	Service Departments	Ch. 15 (537-544) problem for self-study	15-19, 20
	Feb 24	Fri	Recitation / Extended OH		15-17, 18, 32
12.	Feb 27	Mon	Activity Based Costing Customer Profitability Analysis	Ch. 14 (501-508) “Customer-Driven Costs” (Skim; focus on diagrams)	5-27; 14-22, 30
13.	Mar 1	Wed	Cost-Volume-Profit Analysis	Ch. 3	3-35, 38, 39, 46
	Mar 3	Fri	No Recitation / No Extended OH - Spring Break		
14.	Mar 13	Mon	Cost Estimation	Ch. 10 (332-344), (353-354), (356-363); also read this article: <a href="http://www.refresh.com/!rogfixe
d.html">http://www.refresh.com/!rogfixe d.html	10-25, 32, 39, 40
15.	Mar 15	Wed	Decision Making I / Guest Lecture	Ch. 11	11-21, 22, 36
	Mar 17	Fri	Recitation / Extended OH		11-35; 12-30
	Mar 17	Fri	UNIVERSITY WITHDRAWAL DEADLINE You must obtain permission from your advisor to withdraw after this date.		
16.	Mar 20	Mon	Decision Making II, Pricing	Ch. 12 “Cost-based Decision Making”	12-17, 24
	Mar 22	Wed	NO CLASS – Review Session		

	Mar 23	Thur	Exam II 6-8 pm (All material covered in Lectures 7-16)		
	Mar 24	Fri	No Recitation / No Extended OH		
PART III: PERFORMANCE MEASUREMENT AND INCENTIVES					
17.	Mar 27	Mon	Responsibility Accounting and Performance Evaluation	Ch. 6 Ch. 22 (754-758) "What They Know about You" "Attention Shoppers"	6-19, 6-22
18.	Mar 29	Wed	Control and Variable Pay; Intro to Variance Analysis	Ch. 7	7-17, 22
	Mar 31	Fri	Recitation / Extended OH		7-18, 42
19.	Apr 3	Mon	Variance Analysis (conc.)	Ch. 8	8-20, 21
20.	Apr 5	Wed	Capital Budgeting and Project Selection	Ch. 21 "Must CIM be Justified..."	21-18, 19
	Apr 7	Fri	Recitation / Extended OH		8-33, 40; 21-23
21.	Apr 10	Mon	Performance Measures	Ch. 23 (791-804, 805-813) Ch. 13 (455-464)	23-21, 27
22.	Apr 12	Wed	Transfer Pricing I	Ch. 22 (764-779)	22-20
	Apr 14	Fri	Recitation / Extended OH		22-22; 23-32
23.	Apr 17	Mon	Transfer Pricing II; Executive Performance Evaluation		22-25, 26
24.	Apr 19	Wed	Course conclusion and Review Session		
	Apr 21	Fri	Recitation / Extended OH		22-28
	Apr 27	Thur	Exam III 3:00-5:00 pm (All material covered in Lectures 15-24)		