

# ACCT3210: Advanced Managerial Accounting

## HKUST Department of Accounting

### Spring 2024 Syllabus

#### Instructor:

**Dr. Arthur Morris**

Email: acarthur@ust.hk

Office Hours:

- Tuesday 10:00-11:00 via Zoom
- Tuesday 14:00-15:00 via Zoom

#### Teaching Assistant:

**Mr. Leon Lai**

Email: acleon@ust.hk

#### Class sessions:

Section	Days	Time	Location
L2	Mon & Wed	9:00-10:20	6573
L3	Mon & Wed	10:30-11:50	6573
L1	Mon & Wed	12:00-13:20	6573

#### Course description:

Managers rely on accounting information to guide operations. This course builds on Principles of Accounting II (ACCT 2200) to prepare students to produce, evaluate, and use this information. Topics covered include decision-making techniques, analysis of cost behavior, allocation of common and joint costs, use of cost information in operational and strategic decisions, transfer pricing, and performance measurement, and incentive compensation, with an emphasis on using data science to bring accounting information into the decision process.

## Course Objectives:

By the end of this course, you should be able to:

1. Use real data to make business decisions.
2. Understand both the importance of management accounting for companies' strategic and operational decisions and the pitfalls of misusing management accounting information and techniques.
3. Solve problems arising in business planning, with the aid of mathematical and statistical tools.
4. Evaluate various techniques for control and performance evaluation in a decentralized environment, and provide recommendations for an effective control system.
5. Understand how managerial and financial accounting relate to data analytics, data science, and business intelligence.

The course will also provide you with opportunities to:

5. Think through a variety of business problems.
6. Demonstrate team-work and leadership skills in solving operational and strategic planning problems.
7. Demonstrate communication skills through class participation and case discussions.

## Course Materials:

The materials that you need to prepare for each session will be provided via the Canvas site. Presentation slides, and resources, will be posted on the course website.

## Optional Textbook:

Accounting For Decision Making and Control 10e

*Any format, any addition. "Connect" is not required.* Many course assignments are based on this text, but all the materials that you need will be provided though the course canvas site.

## Course Structure and Mode of Instruction:

---

<i>Mode of Instruction:</i>	The course will be conducted <i>in-person</i> and will involve class participation.
-----------------------------	---

---

<i>Lectures and Cases:</i>	Class discussions will involve both lectures and cases. Case discussions will occur on days when the cases are assigned in the course schedule below.
<i>Preparation for Class:</i>	Students should prepare for class by completing the assigned reading and problems or case. All assignments and cases are due before class.
<i>Video Recordings:</i>	No recordings of this class will be distributed. This is to facilitate class participation.
<i>Canvas:</i>	Assignments will be turned in via Canvas, and I will use canvas to send updates. Please note that this website, and <i>not Canvas</i> will host the slides and syllabus . Also note that the Canvas gradebook will only track assignments turned in via Canvas and not your final grade.
<i>Communication:</i>	All questions about lecture content should be submitted in the canvas forum for the lecture, and will be addressed either in review sessions or in the forum posts. Other questions should be addressed to the T.A. via email with “ACCT 3210” and your section in the subject line.

---

## Grading

### Grading Scheme

Description	Weight
Class Participation	16%
Cases & Problems	16%
Midterm	18%
Final Exam	50%
Total	100%

### Class Participation:

Class participation scores will be based on attendance, you are expected to attend the section for which you are registered. Attendance will be taken using *iPRS*, supplemented by in-person cold calling. Please note that indicating that you are in attendance when you are not physically in the classroom is dishonest, and will be treated as academic misconduct.

I will begin counting attendance on the 19th of February (i.e. after the end of the add/drop period), but we will use iPRS in class each day to ensure that all students understand how it works, and to facilitate interactive learning. In the

grading scheme above, the 16% awarded based on class participation will be allocated as follows:

Classes Missed	Percent Awarded
1	100%
2	92%
3	73%
4	36%
5	0%

### Cases & Problems

Cases and problems will be due at 2200 the night before the class in which they are discussed. All assignments should be submitted in the formats specified in Canvas, and are graded on completion only. Students who miss assignments because they add the course after the start of the semester may turn in any of the assignments they miss until the first exam without penalty.

**Feedback on Cases and Problems:** I will provide detailed discussion of the problems in class after they are due, this feedback will help you prepare for the examination. Please raise questions in the class discussion, or via the canvas discussion. This ensures that all students have access to the same information as they prepare for the exam.

### Exams

Exams will be conducted in-person and will be closed book. Times and locations TBA.

- **Midterm Exam:** The midterm examination is scheduled from *TBA* to *TBA* in person. Locations: *TBA* (see Canvas for maps, and room assignments). The exam is closed book and communication with others is cheating and not allowed. All students are required to take the midterm exam at this pre-scheduled time, and there will be no make-up exam for it. Students absent from the midterm exam will receive zero mark for this component, except for highly unusual circumstances that cannot be controlled and avoided by the student—in which case the grade weight on the midterm exam will be loaded to the final examination component. Solutions to the midterm exam will be reviewed in class.
  - **Feedback on Midterm Exam:** I will discuss each problem from the midterm exam, as scheduled below, so that you have a chance to prepare for the final exam.
- **Final Exam:** The comprehensive final examination is scheduled from *TBA* to *TBA* on *TBA* in *TBA*. The exam is closed book and communication with others is cheating and not allowed. All students are required to take

the final exam at this pre-scheduled time, and there will be no make-up exam for it. Students absent from the final exam will receive zero mark for this component.

### Grading Scale:

Points on all work will be weighted as shown above and graded as shown here:

Grade	%
A+	97.00% - 100%
A	93.00% - 96.99%
A-	90.00% - 92.99%
B+	87.00% - 89.99%
B	83.00% - 86.99%
B-	80.00% - 82.99%
C+	77.00% - 79.99%
C	73.00% - 76.99%
C-	70.00% - 72.99%
D	60.00% - 69.99%
F	Below 60.00%

### Course Schedule and Outline:

The contents of this course are divided into three sections: (1) Tools, (2) Theory, (3) Cost Allocation. The midterm will cover sections (1) and (2), while the final exam will cover all three sections.

Section 1 will cover the fundamentals of data and analytical analysis needed to apply the ideas of managerial accounting to actual business data and decisions. Section 2 will cover classic ideas like the time value of money, and tax strategy, with an emphasis on how incentives and strategies vary across individuals and over time. This section will also emphasize the incentive conflicts that arise throughout organizations, and how organizations can be designed to manage these problems. Finally, Section 3 will present cost allocation as a way to either solve or cause the incentive problems introduced in Section 2, and as an application of the tools presented in Section 1.

Section 1: Tools	
<b>1. 31 Jan.</b>	<b>Expectations and Conceptual Framework</b>
<i>Read:</i>	Zimmerman, Ch 1
	Introduction to Management Accounting (class note)
<i>Survey:</i>	Pre-class survey (in canvas)
<b>2. 5 Feb.</b>	<b>The Nature of Costs</b>
<i>Read:</i>	Zimmerman, Chapter 2

<b>Section 1: Tools</b>	
<i>Problem:</i>	<b>P1:</b> Cost in a Multiproduct Firm
<b>3. 7 Feb.</b>	<b>Cost estimation (regression)</b>
<i>Read:</i>	Cost behavior (class note)
<i>Problems:</i>	<b>P2:</b> Data Collection Issues I <b>P3:</b> Data Collection Issues II <i>No Class 12 Feb.</i>
<b>4. 14 Feb.</b>	<b>Constraints and (non-)linear programming</b>
<i>Problem:</i>	<b>P4:</b> Cost in a Multiproduct Firm Part 2
<b>5. 19 Feb.</b>	<b>Solving Linear Programs</b>
<i>Problems:</i>	<b>P5:</b> Shadow Prices, Component Searches, and Product Cost <b>P6:</b> Ava Catering <b>P7:</b> Builder of Garages and Sheds
<b>6. 21 Feb.</b>	<b>Comprehensive review</b>
<i>Survey:</i>	<i>Submit review topics for in-class discussion</i>
<b>Section 2: Theory</b>	
<b>7. 26 Feb.</b>	<b>Time Value of Money and Capital Budgeting</b>
<i>Read:</i>	Zimmerman, Chapter 3
<i>Case:</i>	<b>Case:</b> Special Electric Case <i>read before class</i>
<b>8. 28 Feb.</b>	<b>Taxation of returns</b>
<i>Read:</i>	Before- and After-tax Returns (class note) Taxable versus Tax-exempt Bonds (class note)
<i>Problem:</i>	<b>P8:</b> Alternative Savings Vehicles
<b>9. 4 Mar.</b>	<b>Real and Financial Assets</b>
<i>Read:</i>	Net-of-tax returns on real and financial assets (class note) <i>Note: No problems are due today</i>
<b>10. 6 Mar.</b>	<b>Economics of Agency</b>
<i>Read:</i>	Zimmerman, Chapter 4 Incentives and Managerial Compensation (class note)
<b>11. 11 Mar.</b>	<b>Organizational Architecture</b>
<i>Problems:</i>	<b>P10</b> 4–18 Rothwell
<i>Survey:</i>	<i>Submit review topics for in-class discussion</i>
<b>12. 13 Mar.</b>	<b>Mid-term Review</b>
	in class.
<b>18 Mar.</b>	<b>Midterm</b> <i>No class</i> 1800-1900, location TBA. See Canvas for room assignments.
<b>Section 3: Cost Allocation</b>	
<b>13. 20 Mar.</b>	<b>Responsibility Accounting and Transfer Pricing</b>

Section 3: Cost Allocation	
<i>Read:</i>	Zimmerman, Chapter 5
<b>14. 25 Mar.</b>	<b>Transfer Pricing: Additional Considerations</b>
<i>Case:</i>	<b>Case:</b> Vik-Giger Corporation <i>read before class</i>
<b>15. 27 Mar.</b>	<b>Exam paper review</b> <i>_In class only.</i>
	<b>Mid-Term Break</b> <i>No class Monday and Wednesday.</i>
<b>16. 8 Apr.</b>	<b>Cost Allocation: Theory</b>
<i>Read:</i>	Zimmerman, Chapter 7
<i>Read:</i>	Zimmerman, Chapter 8
<b>17. 10 Apr</b>	<b>Modern Cost Allocation</b>
<i>Read:</i>	Chapter 8 Appendix A
<b>18. 15 Apr.</b>	<b>Absorption Costing Systems</b>
<i>Read:</i>	Zimmerman, Chapter 9
<i>Problems:</i>	<b>P11:</b> 9–9 DeJure Scents
	<b>P12:</b> 9–24 Kitchen Rite
<b>19. 17 Apr.</b>	<b>Absorption Costing Problems</b>
<i>Read:</i>	Zimmerman, Chapter 10
<i>Problems:</i>	<b>P13:</b> 10–8 Aspen View
	<b>P14:</b> 10–11 Kothari Inc.
	<b>P15:</b> 10–17 Navisky
<b>20. 22 Apr.</b>	<b>ABC</b>
<i>Read:</i>	Zimmerman, Chapter 11
<b>21. 24 Apr.</b>	<b>Budgeting</b>
<i>Read:</i>	Zimmerman, Chapter 6
<b>22. 29 Apr.</b>	<b>Standard Costs and Variances</b>
<i>Read:</i>	Zimmerman, Chapters 12 and 13
	<i>No Class on May 1</i>
<b>23. 6 May.</b>	<i>TBA</i>
<b>24. 8 May.</b>	<b>Final Review</b> <i>in class</i>
<i>Survey:</i>	<i>Submit review topics for in-class discussion</i>
<i>TBA</i>	<b>Final Exam</b>

### Acknowledgements:

Like Bob Dylan, this course was born a long way away from where it's from, but the starting point was reading Joel Demski's *Managerial Uses of Accounting Information*, Zimmerman's *Accounting for Decision Making and Control*, and reviewing Steve Huddart's excellent Accounting 440 taught at Penn State. Similarities to those approaches are absolutely intentional, and any shortcomings are my attempts at innovation.