

The Wharton School of the University of Pennsylvania

ACCOUNTING 102 – Managerial Accounting Course Syllabus Spring, 2014

Instructors:

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REQUIRED MATERIAL:

Horngren, Datar, and Rajan, *Cost Accounting: A Managerial Emphasis, 14th Edition*, (and Solutions Manual), Prentice-Hall, Inc., 2011

You may also use the 13th edition of the text (Horngren, Datar, Foster, Rajan, and Ittner). If you do, you will have to refer to the file posted on Canvas that maps the problems for the 14th edition into the 13th edition. (Note that many of the problems that are in the 14th edition are not in the 13 edition.)

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 - lectures on Monday and Wednesday and a recitation on Friday.

Monday and Wednesday – lectures and office hours

Fridays – Recitations

The teaching assistants (TAs) for the course, will conduct the Friday recitation sessions. During those recitations, the previous week's material will be reviewed, your questions will be answered, and an assigned problem will be reviewed. New material will not be covered.

Please note that some recitations and/or review sessions may be held at different times from those indicated in your class schedule. (These will typically occur near the time of an exam.) This will be done to maximize the number of students able to attend these sessions.

CANVAS:

To access the Canvas for Accounting 102, go to the internet URL:

<https://wharton.instructure.com>

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

Canvas contains, among other items, the course syllabus, class schedule, and information on the TAs' office hours and office and recitation locations. We will make the lecture notes for each class available on Canvas on the day preceding the day of the class.

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

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

If you have problems with the Canvas, contact

iwane@wharton.upenn.edu

OFFICE HOURS:

The TAs office hours will be posted on Canvas.

In addition to the regular weekly office hours the TAs will hold additional office hours during the week of an exam.

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: the fact that you are at Penn/Wharton means that you were ranked in the upper 5% to 20% 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.

Your grade for this course will be based on a weighted average of three exams, which are scheduled as follows:

	<u>Date</u>		<u>Weight</u>
Exam I:	February 19 (Wednesday)	6:00 – 8:00 pm	35%
Exam II:	March 27 (Thursday)	6:00 – 8:00 pm	35%
Exam III (Final):	May 6 (Tuesday)	6:00 – 8:00 pm	30%

Please note that the above weighting scheme will be strictly adhered to. There is no possibility of earning extra credit or of changing the above weights.

The grade distribution is determined so that approximately 70% of the class enrollment (following the end of the drop period) receives A's or B's. We hope that this relaxed grading scheme will relax you, so that there will be more learning, more cooperation, less over-studying, and less competition over grades.

Note that the grade distribution is set based on enrollment following the end of the drop period, and to the extent that students subsequently 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 have withdrawn.** (Typically, the average final grade for the course is in the range of B+.)

Students at the bottom of the distribution with a very poor weighted average scores (e.g., a weighted average score of less than 40%) will likely receive an F.

EXAMINATIONS

All examinations are closed-book and closed notes, with one exception. Students will be permitted to use one page (8 ½" x 11", one side only) of notes during the examination.

EXAM ACCOMMODATIONS AND CONFLICTS:

If you need additional time to complete an exam because of a university-recognized disability, please inform your instructor (by e-mail) and the Office of Student Disabilities Services (SDS) **within two weeks of the start of classes.** You will be provided with the accommodations that are approved by that Office.

If you have a class or an exam for another course which is to be given at the same time as a scheduled exam, you must notify your instructor (not one of the TAs) by e-mail within two weeks of the start of classes. Your e-mail must include your COMPLETE CLASS AND EXAM SCHEDULE FOR THE DAY OF THE CONFLICT. In those cases of an acceptable exam conflict, arrangements will be made for you to take the exam at an alternate time. Note that if such an arrangement has been made and you fail to attend the exam at the arranged time, you will receive a grade of zero for the exam. If your schedule changes such that you no longer have a “conflict” with the regularly scheduled exam, you should notify your instructor by e-mail as soon as possible.

In other cases, documented (written) evidence (i.e., from a doctor – a letter from Student Health is NOT sufficient) that you were **seriously ill, or unavailable for some other reason**, 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 your instructor as soon as possible (prior to the exam, if possible), and you must provide the original copy of the required documentation. (A photocopy or other facsimile is not sufficient.) **Please note that a job interview, your attendance at a social event or a participation in a sporting event are not normally considered to be a sufficient reason to miss an exam.** However, if you notify your instructor sufficiently far in advance, an attempt will be made to accommodate the situation.

Students who fail to attend an exam without making arrangements with the instructor in accordance with the preceding requirements will receive a grade of 0 for the exam.

If a student misses an exam (with a valid excuse), he/she will be required to take the make-up exam. Make-up exams will be given **only** on the make-up exam date, which is scheduled by the University (typically during the first week of classes for the **following** semester).

WITHDRAWAL FROM THE COURSE:

We will not refuse a student's request to withdraw from the course. However, while we are willing to approve withdrawals up to the day before the final, **the undergraduate division has the final authority**, and, in most previous cases, it has refused all withdrawal requests submitted after the university deadline (**see below**). However, we urge students who are thinking of withdrawing in order to avoid a grade of C to think carefully about the costs of losing credit for the course and receiving a W versus the benefit of potentially getting a higher grade in the future.

Be aware that, in order to withdraw from the course, you must meet the university deadline and requirements regarding withdrawals. In particular, note that the university withdrawal deadline is Friday, April 4, 2014. Therefore, if you wish to withdraw after April 4, you will be required to submit a petition to the Wharton Undergraduate Division to obtain its approval. Please obtain the School's approval before you ask for mine (which I will give).

RE-GRADES:

We and the TAs follow a grading scheme that is designed to award partial credit. Occasionally, we will make mistakes, and we are eager to correct them subject to the following limits. If you believe that there was a *mistake* in the grading of your exam, you must submit the original exam (with no adjustments), and a *written explanation* of the points of contention. *within one calendar week following the return of the exam*, **We will only re-grade exams if they: (1) were originally written in non-erasable pen, (2) used no correction tape, white-out, etc., and (3) have not been edited or marked up in any way following their return and prior to the submission of the re-grade request.** *Please note, any exam submitted for re-grade is subject to a complete review*, which may result in an increase or decrease in the total exam score. If the re-grade request is made after one calendar week or without an accompanying explanation, no re-grade will be permitted.

All re-grade decisions are *final*.

FAIRNESS AND INTEGRITY:

We emphasize fairness to all students taking the course. Please do not do anything that is unfair to other students, or ask your instructor to make exceptions that are unfair to other students.

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

http://www.upenn.edu/provost/images/uploads/Academic_Integrity.pdf.

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

There is some probability that we or the TAs will find a student who has cheated. Please note that when a student is convicted of cheating by the Office of Student Conduct, the minimum punishment is a grade of F for the course and 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 outweighs any small benefits.**

Accounting 102

Class Schedule

Spring, 2014

Session	Day	Date	
PART I: PRODUCT COSTING			
1	Wed	1/15	Introduction
			Class Notes: Session 01
			Text Book Readings: Chapter 1
2	Wed	1/22	Cost Concepts I
			Class Notes: Session 02
			Text Book Readings: Chapter 2
			Text Book Problems: 2-18,19,22
3	Mon	1/27	Cost Concepts II / Budgeting
			Class Notes: Session 03
			Text Book Readings: Chapter 6 (pp 187-197)
			Text Book Problems: 2-32; 6-17, 18, 19
4	Wed	1/29	Job Costing
			Class Notes: Session 04
			Text Book Readings: Chapter 4 (pp 98-111)
			Text Book Problems: 4-21,22
	Fri	1/31	Recitation
			Problem for Discussion Recitation Problem 01
5	Mon	2/3	Job Costing for Manufacturing
			Class Notes: Session 05
			Text Book Readings: Chapter 4 (pp 111-123)
			Text Book Problems: 4-17,20,24
6	Wed	2/5	Process Costing
			Class Notes: Session 06
			Text Book Readings: Chapter 17 (exclude pp 627-629)
			Text Book Problems: 17-16, 17, 24, 25

Session	Day	Date		
	Fri	2/7	Recitation	
			Problem for Discussion	Recitation Problem 02
7	Mon	2/10	Process Costing (continued)	
			Class Notes:	Session 07
			Text Book Readings:	See above
			Text Book Problems:	See above
8	Wed	2/12	Financial Accounting Effects	
			Class Notes:	Session 08
			Text Book Readings:	Chapter 9 (pp 300-310)
			Text Book Problems:	9-21, 28
	Fri	2/14	Recitation	
			Problem for Discussion	Recitation Problem 03
9	Mon	2/17	Catch-up and Exam Review	
			Class Notes:	Session 09
	Wed	2/19	EXAM 1	6 - 8 p.m.
			(All materials covered in Session 1-9)	
	Fri	2/21	Recitation Cancelled	
	Fri	2/21	DROP PERIOD ENDS	

PART II: COST ESTIMATION AND COST ALLOCATION AND DECISION MAKING

10	Mon	2/24	Cost Estimation	
			Class Notes:	Session 10
			Text Book Readings:	Chapter 10 and Appendix, (exclude pp 357-362)
			Text Book Problems:	10-26, 33, 40, 41
			Case (Read for class):	Continental Airlines

Session	Day	Date		
11	Wed	2/26	Activity Based Costing	
			Class Notes:	Session 11
			Text Book Readings:	Chapter 5
			Text Book Problems:	5-16, 28, 38
			Additional Reading	How to Solve the Cost Crisis in Health Care
	Fri	2/28	Recitation	
			Problem for Discussion	Recitation Problems 04A and 04B
12	Mon	3/3	Activity Based Costing, continued	
			Class Notes:	Session 12
			Text Book Readings:	Chapter 14 (pp 510-518)
			Text Book Problems:	14-22, 30
13	Wed	3/5	Cost Allocation	
			Class Notes:	Session 13
			Text Book Readings:	Chapter 14 pp (502-510) Chapter 15 (exclude 550-556)
			Text Book Problems:	14-18; 15-16, 24, 33
	Fri	3/7	Recitation Cancelled	
<p align="center">March 8 – March 16 March Break Classes Cancelled</p>				
14	Mon	3/17	Cost Allocation – Inter-related Service Departments	
			Class Notes:	Session 14
			Text Book Readings:	Chapter 15 (550-557), Problem for self-study
			Text Book Problems:	15-19, 20
15	Wed	3/19	Cost-Volume-Profit Analysis	
			Class Notes:	Session 15
			Text Book Readings:	Chapter 3
			Text Book Problems:	3-35, 38, 39, 46

Session	Day	Date		
	Fri	3/21	Recitation	
			Problem for Discussion	Recitation Problems 05A and 05B
16	Mon	3/24	Catch-up and Exam Review	
			Class Notes:	Session 16
	Wed	3/26	Class Cancelled	
	Thurs	3/27	EXAM 2	6 - 8 p.m.
			(All materials covered in Session 10-16)	
	Fri	3/28	Recitation Cancelled	
17	Mon	3/31	Decision Making I	
			Class Notes:	Session 17
			Text Book Readings:	Chapter 11
			Text Book Problems:	11-21, 22, 36
18	Wed	4/2	Decision Making II, Pricing	
			Class Notes:	Session 18
			Text Book Readings:	Chapter 12
	Fri	4/4	Recitation	
			Problem for Discussion	Recitation Problem 06
	Fri	4/4	WITHDRAWAL PERIOD ENDS	

PART III: PERFORMANCE EVALUATION AND INCENTIVES

19	Mon	4/7	Control Systems and Responsibility Accounting	
			Class Notes:	Session 19
			Text Book Readings:	Chapter 6, Chapter 22 (pp 777-780)
			Text Book Problems:	6-19, 6-22

Session	Day	Date	
20	Wed	4/9	Performance Evaluation: Analysis of Variance – Revenues Class Notes: Session 20 Text Book Readings: Chapter 13 (pp 466-477) Chapter 7, Chapter 8, Chapter 14 (pp 518-522) Text Book Problems: 7-17, 22 8-20, 21, 33, 34 Case (Read for Class): Berkshire Toy Company - Questions 1a and 1b(i)
	Fri	4/11	Recitation Problem for Discussion Recitation Problem 07
21	Mon	4/14	Analysis of Variance - Costs Class Notes: Session 21 Text Book Readings: See above Text Book Problems: See above Case (Read for Class): Berkshire Toy Company - Questions 1b(ii) and (iii)
22	Wed	4/16	Incentives (Cost, Revenue and Profit Centers) Class Notes: Session 22 Text Book Readings: Chapter 23 (exclude 819-820) Text Book Problems: 23-18, 22 (parts 1-3,5) Case: Berkshire Toy Company - Questions 2 and 3b
	Fri	4/18	Recitation Problem for Discussion Recitation Problem 08
23	Mon	4/21	Capital Budgeting, Project Selection, and Taxes Class Notes: Session 23 Text Book Readings: Chapter 21 Text Book Problems: 21-18, 19
24	Wed	4/23	Incentives and Performance Measures (Investment Centers) Class Notes: Session 24 Text Book Readings: Chapter 23 (exclude 819-820) Text Book Problems: 23-18, 22 (parts 1-3,5)

Session	Day	Date		
	Fri	4/25	Recitation	
			Problem for Discussion	Recitation Problems 09
25	Mon	4/28	Transfer Pricing	
			Class Notes:	Session 25
			Text Book Readings:	Chapter 22 (780--794)
			Text Book Problems:	22-20, 25, 26
26	Wed	4/30	Catch-up and Exam Review	
			Class Notes:	Session 26
	Tues	5/6	EXAM III 6 - 8 p.m.	
			(All material covered in Sessions 17-26)	