

# The Wharton School of the University of Pennsylvania

## ACCOUNTING 102 – Managerial Accounting Course Syllabus Spring, 2018

**Instructor:** Professor Christopher Ittner (1326 Steinberg Hall-Dietrich Hall),  
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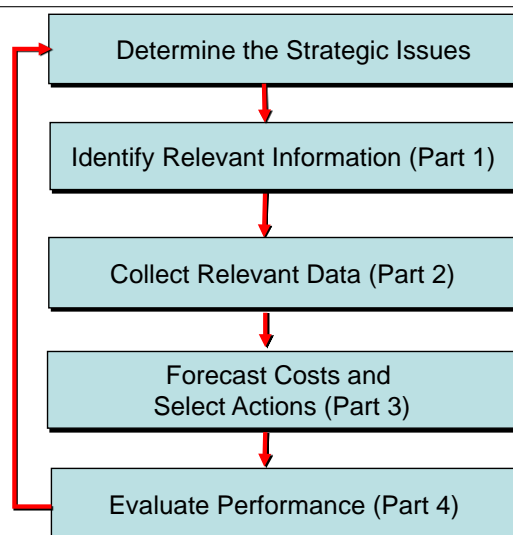
**Office Hours:** Monday and Wednesday 12:15 to 1:15 or by appointment

**Teaching Assistants:** Refer to Canvas

### COURSE OBJECTIVES:

This course focuses on financial decision-making and performance evaluation within firms. Throughout the class, the following strategic cost management framework is applied across the various functions of an organization to highlight the cost analysis and performance evaluation methods available to improve organizational performance.

### The Strategic Cost Management Decision-Making Process



Examples from a variety of settings, ranging from product design and pricing to customer profitability analysis, and the development of pro forma financial statements and earnings forecasts, are used to illustrate the widespread applicability of these methods to internal management, consulting, and financial analyst positions.

**REQUIRED MATERIAL:**

Davila, Antonio and Daniel Oyon, *Malea Fashion District, How Successful Managers Use Financial Information to Grow Organizations, 2<sup>nd</sup> Edition*, 2009

Shim, Jae K. and Joel G. Siegel, *Shaum's Outlines, Managerial Accounting, 2<sup>nd</sup> Edition*, McGraw Hill

**COURSE OPERATION:**

The course meets twice a week - lectures on Monday and Wednesday. Optional out-of-class review sessions will be held periodically throughout the semester, and will be announced approximately one week in advance.

**CANVAS:**

Canvas contains, among other items, the course syllabus, class schedule, and information on the TAs' office hours and office locations. I will make the lecture notes for each class available on Canvas not later than 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 Canvas, contact

[iwane@wharton.upenn.edu](mailto:iwane@wharton.upenn.edu)

**OFFICE HOURS:**

The TAs office hours will be posted on Canvas.

These office hours are in addition to my regular weekly office hours, which are Monday and Wednesday 9:15 to 10:15.

**PERFORMANCE EVALUATION SYSTEM:**

The course grade is based on relative performance evaluation (i.e., a curve), but no forced grade distribution is used. Your grade will be based exclusively on the weighted average of three exams.

*We offer 4 exams during the semester and **the three best** exams will count for the final score. Your grade will be based on **raw scores** on the three best exams. Individual exam scores will **not** be normalized (e.g., we will **not** mean adjust the exam scores and we will **not** use z-scores). The schedule and weights for exams is as follows:*

	<u>Date</u>	<u>Time</u>	<u>Weight</u>
Exam I:	February 05 (Monday)	6:00 – 7:30 pm	33.33% (if one of 3 best)
Exam II:	March 14 (Wednesday)	6:00 – 7:30 pm	33.33% (if one of 3 best)
Exam III:	April 4 (Wednesday)	6:00 – 7:30 pm	33.33% (if one of 3 best)
Exam III:	April 30 (Monday)	6:00 – 7:30 pm	33.33% (if one of 3 best)

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.

Grades will be distributed so that approximately 85% of the class enrollment (following the end of the drop period) receives A's or B's. 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 85%. **This policy means that no student who remains in the course is negatively affected by the fact that other students have withdrawn.**

Students at the bottom of the distribution with a very poor weighted average scores (e.g., a weighted average score of less than 45%) will likely receive a final grade of 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", double-sided) 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 your TA) 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 or your attendance at a social event are not normally considered to be sufficient reasons 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:**

I rarely refuse a student's request to withdraw from the course. However, while I am allowed 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, I 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, March 30, 2018. Therefore, if you wish to withdraw after March 30, 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.

**RE-GRADES:**

I 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:**

**I 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.**

I 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](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, I 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 I 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.**

## Course Schedule

Session	Date	Topic and readings
<b>01</b>	<b>Wed. 1/10</b>	<b>Introduction</b> Class Notes: Session 01
	<b>Mon. 1/15</b>	<b>MLK – No Class</b>
<b>Part 1: Identifying Relevant Decision-Making Information</b>		
<b>02</b>	<b>Wed. 1/17</b>	<b>Cost Concepts</b> Class Notes: Session 02 Text Books Malea Fashion District Chapters 1, 2, 6 Shaum's Outline Chapters 2, 4, 5
<b>03</b>	<b>Mon. 1/22</b>	<b>Relevant Costs</b> Class Notes: Session 03 Text Books Malea Fashion District Chapters 1, 2, 6 Shaum's Outline Chapters 2, 4, 5
<b>04</b>	<b>Wed. 1/24</b>	<b>Cost, Volume, Profit (CVP) and Financial Modeling</b> Class Notes: Session 04 Text Books Malea Fashion District Chapters 1, 2, 6 Shaum's Outline Chapters 2, 4, 5
<b>05</b>	<b>Mon. 1/29</b>	<b>Multi-Period Investment Analysis and Real Options</b> Class Notes: Session 05 Text Books Malea Fashion District Chapter 12
<b>06</b>	<b>Wed. 1/31</b>	<b>Review</b> Class Notes: Session 06
	<b>Mon. 2/05</b>	<b>Exam 1 6-7:30pm</b> (All materials covered in Session 1-6)

<b>Part 2: Collecting Relevant Data</b>			
<b>07</b>	<b>Wed. 2/07</b>	<b>Decision Making: In Class Case</b> Class Notes: Reading:	Session 07 Forrest Gump Case
<b>08</b>	<b>Mon. 2/12</b>	<b>Overview of Cost Accounting</b> Class Notes: Text Books Malea Fashion District Shaum's Outline	Session 08  Chapters 3, 4, 7 Chapter 12
<b>09</b>	<b>Wed. 2/14</b>	<b>Short-Term (Variable/Direct) Costing</b> Class Notes: Text Books Malea Fashion District Shaum's Outline	Session 09  Chapter 7, pp. 153-155 Chapter 11 Chapter 4, p. 63
<b>Fri. 2/16 Drop Period Ends</b>			
<b>10</b>	<b>Mon. 2/19</b>	<b>Longer-Term Decision-Making: Activity Based Costing</b> Class Notes: Text Books Malea Fashion District Shaum's Outline	Sessions 10 and 11  Chapter 10 Chapter 13, pp. 335-338
<b>11</b>	<b>Wed. 2/21</b>	<b>Activity Based Costing and Customer Profitability Analysis</b> In class case Class Notes: Text Books Malea Fashion District	Sessions 10 and 11  Chapters 14
<b>12</b>	<b>Mon. 2/26</b>	<b>Activity Based Management</b> Class Notes: Text Books Malea Fashion District	Session 12  Chapter 10, pp. 223-228
<b>13</b>	<b>Wed. 2/28</b>	<b>Support Department Cost Allocation</b> Class Notes: Text Books Malea Fashion District Shaum's outline	Session 13  Chapter 13 Chapter 12, pp. 319-321



March 3 – March 11 Spring Term Break			
14	Mon.	3/12	<b>Review</b>  Class Notes: Session 14
	Wed.	3/14	<b>Exam 2 6-7:30pm</b> (All materials covered in Session 7-14)
<b>Part 3: Forecasting Costs and Selecting Actions</b>			
15	Mon.	3/19	<b>Budgeting</b>  Class Notes: Session 15 Text Books Malea Fashion District Chapter 8 Shaum’s Outline Chapter 6
16	Wed.	3/21	<b>Capital Budgeting</b>  Class Notes: Session 16 Text Books Malea Fashion District Chapter 5 Shaum’s Outline Chapter 5, pp. 91-92
17	Mon.	3/26	<b>Variance Analysis – Revenues</b>  Class Notes: Session 17 Text Books Malea Fashion District Chapter 9 Shaum’s Outline Chapters 6, 7
18	Wed.	3/28	<b>Variance Analysis – Costs</b>  Class Notes: Session 18 Text Books Malea Fashion District Chapter 9 Shaum’s Outline Chapters 6, 7
	Fri.	3/30	<b>Withdrawal Period Ends</b>
19	Mon.	4/02	<b>Review</b>  Class Notes: Session 19
	Wed.	4/04	<b>Exam 3 6-7:30pm</b> (All materials covered in Session 15-19)

<b>Part 4: Evaluating Performance</b>			
<b>20</b>	<b>Mon. 4/09</b>	<b>Decentralization &amp; Responsibility Accounting</b>  Class Notes: Text Books Malea Fashion District Shaum's Outline	Session 20   Chapters 15, pp.307-316 Chapters 7, 8
<b>21</b>	<b>Wed. 4/11</b>	<b>Accounting Performance Measures</b>  Class Notes: Text Books Malea Fashion District Shaum's Outline	Session 21   Chapters 3, pp.60-75 Chapters 7, 8
<b>22</b>	<b>Mon. 4/16</b>	<b>Transfer Pricing</b>  Class Notes: Text Books Malea Fashion District Shaum's Outline	Session 22   Chapter 15, pp. 316-319 Chapter 8, pp. 186-187
<b>23</b>	<b>Wed. 4/18</b>	<b>The Balanced Scorecard</b>  Class Notes: Text Books Malea Fashion District	Session 23   Chapter 15, pp. 319-321
<b>24</b>	<b>Mon. 4/23</b>	<b>In-class Case</b>  To be determined	
<b>25</b>	<b>Wed. 4/25</b>	<b>Review</b>  Class Notes:	Session 25
<b>Mon. 4/31 Exam 4 6-7:30pm</b> (All materials covered in Session 20-25)			