

# The Wharton School of the University of Pennsylvania

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

**Instructor:** Professor Mirko Heinle (1330 Steinberg Hall-Dietrich Hall),  
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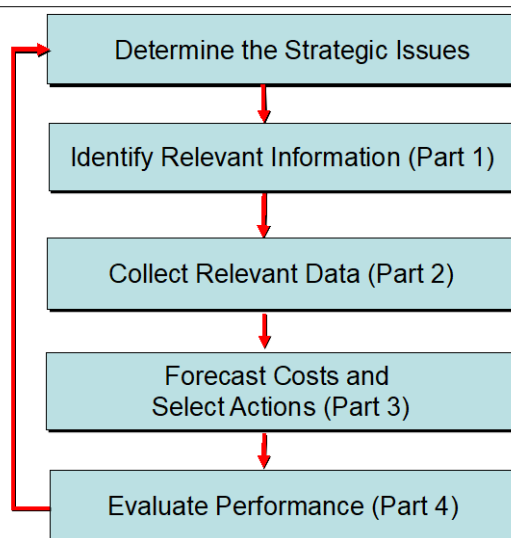
**Office Hours:** Monday and Wednesday 2:00 to 3:00 pm or by appointment

**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, competitor cost 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.

**SUPPLEMENTARY MATERIAL:**

Davila, Antonio and Daniel Oyon, *Malea Fashion District, How Successful Managers Use Financial Information to Grow Organizations*, 2<sup>nd</sup> or 3<sup>rd</sup> Edition

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 - Monday and Wednesday

**OFFICE HOURS:**

My office hours and those of the TAs will be posted on Canvas.

**CANVAS:**

To access the Canvas for Accounting 102, go to the internet URL: <https://canvas.upenn.edu/>

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 location. I will make the lecture notes for each class available on Canvas no 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)

**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 and the in-class questions. I offer four exams during the semester and for each student will count the three highest raw scores for the final grade (that is, if you have raw scores of 60, 70, 80, and 90 in the four exams, I will count 70, 80, and 90 for the final distribution). The schedule and weight of exams and in-class questions is as follows

	<u>Date</u>	<u>Time</u>	<u>Weight</u>
Exam I:	September 24 (Monday)	6:00 – 7:30 pm	30%
Exam II:	October 23 (Tuesday)	6:00 – 7:30 pm	30%
Exam III:	November 14 (Wednesday)	6:00 – 7:30 pm	30%
Exam IV:	<i>likely</i> December 19 (Wednesday)	3:00 – 4:30 pm	30%
In-class questions	September 11 – December 06	during class	10%

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 (split evenly between A's and 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.

## IN-CLASS QUESTIONS

Starting in session 3, on September 10, I will ask two or three questions during every class except for review sessions. I will ask all questions using Canvas and open the poll during classes such that students can answer the question and will close the poll a little later. To answer the questions students will need to bring either a smart phone, a tablet, or a laptop.

Note: there is one exception to the in-class questions. In session 16, on Monday November 05, we will not have class but run an online simulation in groups of 3 students. Finishing the simulation with at least 50% of the adjusted present value (an output of the simulation) of the most successful group, accounts for 10 correctly answered questions.

Students can gain a total of 10 points (that translate to 10% of the total grade) by answering in-class questions via Canvas. Up to 5 points are gathered for any answer, not just correct answers. 5 additional points can be gathered by answering correctly. The points can be achieved as follows:

<b>Answered questions</b>	<b>Score</b>
30% – 39%	1
40% – 49%	2
50% – 59%	3
60% – 69%	4
70% – 100%	5

<b>Correctly answered questions</b>	<b>Score</b>
30% – 49%	2
50% – 100%	5

## EXAMINATIONS

All examinations are closed-book and closed notes, with one exception. Students will be permitted to use one page (8 ½" x 11") 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 that is scheduled at the same time as a scheduled exam, you must notify your instructor (not your TA) by e-mail, no later than one week before the exam. 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.)

**A job interview, your attendance at a social event, or participation in a sporting event are not sufficient reasons to miss an exam.**

**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).

## 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*.

**WITHDRAWAL FROM THE COURSE:**

I rarely refuse a student's request to withdraw from the course. However, while I am 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, 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, November 09, 2018.** Therefore, if you wish to withdraw after November 09, 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).

**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.

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**

<b>Session</b>	<b>Date</b>	<b>Topic and readings</b>
<b>Part 1: Identifying Relevant Decision-Making Information</b>		
<b>01</b>	<b>Wed. 8/29</b>	<b>Introduction</b> Class Notes: Session 01
	<b>Mon. 9/03</b>	<b>Labor Day – No Class</b>
<b>02</b>	<b>Wed. 9/05</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. 9/10</b>	<b>Cost, Volume, Profit (CVP) and Financial Modeling</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. 9/12</b>	<b>Relevant Costs</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. 9/17</b>	<b>Outsourcing Support Departments</b> Class Notes: Session 05 Text Books Malea Fashion District Chapter 13 Shaum's Outline Chapter 12, pp. 319-321
<b>06</b>	<b>Wed. 9/19</b>	<b>Review</b> Class Notes: Session 06
	<b>Mon. 9/24</b>	<b>Exam 1 6-7:30pm</b> (All materials covered in Session 1-6)

<b>Part 2: Determining Profits</b>			
<b>07</b>	<b>Wed. 9/26</b>	<b>Decision Making: Case</b> Class Notes: Reading:	Session 07 Forrest Gump Case
<b>08</b>	<b>Mon. 10/01</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>Wed. 10/03</b>	Fall Break: No class	
	<b>Mon. 10/08</b>	<b>Drop Period Ends</b>	
<b>09</b>	<b>Mon. 10/08</b>	<b>Profits with Joint Costs</b> Class Notes: Text Books Malea Fashion District Shaum's Outline	Session 09  Chapters 3, 4, 7 Chapter 12
<b>10</b>	<b>Wed. 10/10</b>	<b>Variable and Direct Costing</b> Class Notes: Text Books Malea Fashion District  Shaum's Outline	Session 10  Chapter 7, pp.153-155 Chapter 11 Chapter 4, p. 63
<b>11</b>	<b>Mon. 10/15</b>	<b>Activity Based Costing</b> Class Notes: Text Books Malea Fashion District Shaum's Outline	Session 11  Chapter 10 Chapter 13, pp. 335-338
<b>12</b>	<b>Wed. 10/17</b>	<b>Review</b> Class Notes:	Session 12
	<b>Tue. 10/23</b>	<b>Exam 2 6-7:30pm</b> (All materials covered in Session 7-12)	



<b>Part 3: Forecasting Costs and Selecting Actions</b>			
<b>13</b>	<b>Wed. 10/24</b>	<b>Budgeting</b> Class Notes: Text Books Malea Fashion District Shaum's Outline	Session 13  Chapter 8 Chapter 6
<b>14</b>	<b>Mon. 10/29</b>	<b>Capital Budgeting</b> Class Notes: Text Books Malea Fashion District Shaum's Outline	Session 14  Chapter 12 Chapter 9, pp. 212-222
<b>15</b>	<b>Wed. 10/31</b>	<b>Multi-Period Investment Analysis</b> Class Notes: Text Books Malea Fashion District	Session 15  Chapter 12
<b>16</b>	<b>Mon. 11/05</b>	<b>Resource Allocation Simulation – out of class</b>	
<b>17</b>	<b>Wed. 11/07</b>	<b>Resource Allocation Simulation - debrief</b> Class Notes:	Session 17
	<b>Fri. 11/09</b>	<b>Withdrawal Period Ends</b>	
<b>18</b>	<b>Mon. 11/12</b>	<b>Review</b> Class Notes:	Session 18
	<b>Wed. 11/14</b>	<b>Exam 3 6-7:30pm</b> (All materials covered in Session 13-18)	

<b>Part 4: Evaluating Performance</b>			
<b>19</b>	<b>Mon. 11/19</b>	<b>Decentralization &amp; Responsibility Accounting</b>	
		Class Notes:	Session 19
		Text Books	
		Malea Fashion District	Chapter 15, pp.307-316
		Shaum's Outline	Chapters 7, 8
	<b>Wed. 11/21</b>	Thanksgiving: No Class	
<b>20</b>	<b>Mon. 11/26</b>	<b>Accounting Performance Measures</b>	
		Class Notes:	Session 20
		Text Books	
		Malea Fashion District	Chapter 3, pp.60-75
		Shaum's Outline	Chapters 7, 8
<b>21</b>	<b>Wed. 11/28</b>	<b>Variance Analysis</b>	
		Class Notes:	Session 21
		Text Books	
		Malea Fashion District	Chapter 9
		Shaum's Outline	Chapters 6, 7
<b>22</b>	<b>Mon. 12/03</b>	<b>Comprehensive Performance Measurement</b>	
		Class Notes:	Session 22
<b>23</b>	<b>Wed. 12/05</b>	<b>Transfer Pricing</b>	
		Class Notes:	Session 23
		Text Books	
		Malea Fashion District	Chapter 15, pp. 316-319
		Shaum's Outline	Chapter 8, pp. 186-187
<b>24</b>	<b>Mon. 12/10</b>	<b>Review</b>	
		Class Notes:	Session 24
<i>likely:</i>	<b>Wed. 12/19</b>	<b>Exam 4</b>	<b>3:00-4:30</b>
		(All materials covered in Session 19-24)	