

# ACCT3210: Advanced Management Accounting

## HKUST Department of Accounting

### Spring 2025 Syllabus

*Preliminary until the semester begins, and the registrar confirms exam dates and locations. Please follow **this link** for the current version.*

### Instructor

**Dr. Arthur Morris**

Email: acarthur@ust.hk

Office Hours:

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

### Teaching Assistant

**Ms. Chloe Tay**

Email: actaychloe@ust.hk

### Class sessions

Section	Days	Time	Location
L1	Tue & Thur	12:00-13:20	2404
L3	Tue & Thur	13:40-14:50	2404
L2	Tue & Thur	16:30-17:50	LSK1014

### Course description

Managers rely on accounting information to design and implement control systems. This course builds on Principles of Accounting II (ACCT 2200) to prepare students to produce, evaluate, and use this information and these systems. 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. Understand both the importance of management accounting for companies' strategic and operational decisions and the pitfalls of misusing management accounting information and techniques.
2. Understand the resource bargain that arises in organizations, and how accounting information can be used to manage this bargain.
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:

6. Use data to make business decisions.
7. Think through a variety of business problems.
8. 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 through the course canvas site.

## Course Structure and Mode of Instruction

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<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 the course 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.

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## 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 18th 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%

**Support for Interviews and Internships** Many students will have to miss class in order to pursue valuable opportunities, such as job interviews and internships. The following policy is intended to support students progress while maintaining the integrity of this course as an in-person synchronous exercise.

Students may get participation credit for one absence missed due to interviews, internships, and similar opportunities, by submitting a short essay (500-750) words discussing how one of the lectures relates to the work you are doing or will do. Please note that while this essay is short and will be graded based on completion, I expect concrete detail about both the lecture and the organization that you are describing. If the essay is overly general (i.e. the discussion could apply to any organization or lecture) I may ask for a more detailed revision of the essay. These essays are to be submitted to the TA via email with me in CC by the 29th of April.

*Note on the use of LLM/GPT output for this assignment: You may prepare this assignment however you wish; however, my expectations for the level of detail about this course and the opportunity you are pursuing are unlikely to be amenable to generation by any model trained on the general corpora used in the production of current widely used tools, without carefully engineered prompts. If you do use these resources I would like to know for my own enlightenment.*

### 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.

- **Midterm Exam:**

- 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.
- **Mid-term Exam Conflicts:** Every semester a few students have conflicting mid-term exams. Please let the TA know if you have a conflict and we will make arrangements.

- **Final Exam:**

- The exam is closed book. Communication with others, use of any resources not provided in the exam 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.
  - Students absent from the final exam will receive zero mark for this component.
- You will need to present your student ID to take your exam.

## 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%

Grade	%
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. 4 Feb.</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. 6 Feb.</b>	<b>The Nature of Costs</b>
<i>Read:</i>	Zimmerman, Chapter 2
<i>Problem:</i>	<b>P1:</b> Cost in a Multiproduct Firm
<b>3. Feb. 11.</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. 13 Feb.</b>	<b>Constraints and (non-)linear programming</b>
<i>Problem:</i>	<b>P4:</b> Cost in a Multiproduct Firm Part 2 Note: Add/Drop Period ends on 15 Feb.
<b>5. 18 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. 20 Feb.</b>	<b>Comprehensive review</b>
<i>Survey:</i>	<i>Submit review topics for in-class discussion</i>

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Section 2: Theory	
<b>7. 25 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. 27 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>Tax Shields and 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.

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Section 3: Cost Allocation	
<b>13. 20 Mar.</b>	<b>Responsibility Accounting and Transfer Pricing</b>
<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> _In class only. <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.

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Section 3: Cost Allocation	
<b>20. 22 Apr.</b>	<b>P15: 10–17 Navisky</b>
<i>Read:</i>	<b>ABC</b>
<b>21. 24 Apr.</b>	<b>Budgeting</b>
<i>Read:</i>	Zimmerman, Chapter 11
<b>22. 29 Apr.</b>	<b>Standard Costs and Variances</b>
<i>Read:</i>	Zimmerman, Chapter 6
	<b>Standard Costs and Variances</b>
	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 in class</b>
<i>Survey:</i>	<i>Submit review topics for in-class discussion</i>
<i>TBA</i>	<b>Final Exam</b>

### Compliance Section

**Mandated Policy on “Artificial Intelligence”** The use of any of the tools commonly referred to as “AI” in the graded assessments of this course is covered by the prohibition on the use of outside resources. In order to comply with the HKUST CEI policy on Generative Artificial Intelligence this should be interpreted as a prohibition on the use of these tools in the exams.

Students are encouraged to use whatever tools they find most effective in preparation for the exams and for completion of the assignments. As the assignments are graded only on completion no further restrictions apply.

**Mapping “Assessment Tasks” to “Intended Learning Outcomes”** The HKUST CTLQ has helpfully advised that:

*“With a clearly stated criterion-referenced model that includes the CILOs, assessment components and the rubrics on the syllabus, it is expected that misunderstanding about the assessment model would be minimized where both instructors and students may enjoy the transparency of the necessary course information.”*

The “Assessment Tasks” listed in the “Grading Scheme” section above map to the course objectives, which I will refer to as “ILOs” to match the usage approved by CTLQ, as follows:

Assessment Task	ILO	Explanation
Class Participation	ILO 6-8	Class participation offers students the opportunity to demonstrate communication skills, and to think through a variety of business problems.



Assessment Task	ILO	Explanation
Cases & Problems	ILO 1-7	The content of the cases and problems is designed to cover the content of the course while addressing ILOs 1-7.
Midterm	ILO 1-7	The midterm exam will cover the content of the course, and will be designed to test the students' understanding of the material with respect to ILOs 1-7.
Final Exam	ILO 1-7	The midterm exam will cover the content of the course, and will be designed to test the students' understanding of the material with respect to ILOs 1-7.

### 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.