

ACCT3210: Advanced Management Accounting

HKUST Department of Accounting

Preliminary until the semester begins, and the registrar confirms exam dates and locations. Please follow [this link](#) for the current version.

Spring 2025 Syllabus

Instructor

Dr. Arthur Morris

Email: acarthur@ust.hk

Course Website: [LINK HERE](#) Office Hours:

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

Teaching Assistant

Ms. Mandy Cheung

Email: acmandy@ust.hk

Class sessions

Section	Days	Time	Location
L3	Tue & Thur	09:00-10:20	5583
L1	Tue & Thur	10:30-11:50	5583
L2	Tue & Thur	15:00-16:20	5404

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, performance measurement, and incentive

compensation, with an emphasis on using data science to bring accounting information into the decision process.

We will pay particular attention to how control systems can be designed to manage human and “AI” agents, with an emphasis on how the problems of managing complex organizations are part of the same line of inquiry as the study of Artificial Intelligence.

Course Objectives

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

1. Understand both the importance of management accounting for companies’ designing the control systems that generate 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 systems.
5. Understand how these concepts apply to human and “AI” agents: similarities, differences, and prospects.
6. Understand how managerial and financial accounting relate to data analytics, data science, and business intelligence.

The course will also provide you with opportunities to:

7. Use data to make business decisions.
8. Think through a variety of business problems.
9. 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: **LINK HERE**

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

<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 at 18:00 (6:00 PM) the evening following class.
<i>Canvas:</i>	Assignments will be turned in via Canvas, and I will use canvas to send updates. Please note that the course website (LINK) , and <i>not Canvas</i> will host the slides and syllabus. Also note that canvas will track the <i>unweighted</i> points for the course.
<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 participation in class discussions. There are three ways to participate: *iPRS questionnaires*, verbal participation

in class discussions, and both asking and answering questions on the Canvas forums.

Cases & Problems

Cases and problems will be due at 1800 the night after 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%
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	
1. 3 Feb.	Expectations and Conceptual Framework
<i>Read:</i>	Zimmerman, Ch 1
	Introduction to Management Accounting (class note)
<i>Survey:</i>	Pre-class survey (in canvas)
2. 5 Feb.	The Nature of Costs
<i>Read:</i>	Zimmerman, Chapter 2
<i>Problem:</i>	P1: Cost in a Multiproduct Firm
3. 10 Feb.	Cost estimation (regression)
<i>Read:</i>	Cost behavior (class note)
<i>Problems:</i>	P2: Data Collection Issues I
	P3: Data Collection Issues II

Section 1: Tools	
	<i>No Class 12 Feb.</i>
4. 12 Feb.	Constraints and (non-)linear programming
<i>Problem:</i>	P4: Cost in a Multiproduct Firm Part 2 Note: Add/Drop Period ends on 14 Feb.
5. 24 Feb.	Solving Linear Programs
<i>Problems:</i>	P5: Shadow Prices, Component Searches, and Product Cost P6: Ava Catering P7: Builder of Garages and Sheds
6. 26 Feb.	Comprehensive review
<i>Survey:</i>	<i>Submit review topics for in-class discussion</i>

Section 2: Theory	
7. 3 Mar.	Time Value of Money and Capital Budgeting
<i>Read:</i>	Zimmerman, Chapter 3
<i>Case:</i>	Case: Special Electric Case <i>read before class</i>
8. 5 Mar.	Taxation of returns
<i>Read:</i>	Before- and After-tax Returns (class note) Taxable versus Tax-exempt Bonds (class note)
<i>Problem:</i>	P8: Alternative Savings Vehicles
9. 10 Mar.	Tax Shields and Real and Financial Assets
<i>Read:</i>	Net-of-tax returns on real and financial assets (class note) <i>Note: No problems are due today</i>
10. 12 Mar.	Economics of Agency
<i>Read:</i>	Zimmerman, Chapter 4 Incentives and Managerial Compensation (class note)
11. 17 Mar.	Economics of Agency: Examples
<i>Problems:</i>	P10: 4–18 Rothwell
<i>Survey:</i>	<i>Submit review topics for in-class discussion</i>
12. 19 Mar.	Mid-term Review
	in class.
24 Mar.	Midterm <i>No class</i>
	Time and Location TBA.

Section 3: Cost Allocation	
13. 26 Mar.	Responsibility Accounting and Transfer Pricing
<i>Read:</i>	Zimmerman, Chapter 5
14. 31 Mar.	Transfer Pricing: Additional Considerations
<i>Case:</i>	Case: Vik-Giger Corporation <i>read before class</i>
15. 2 Apr.	Exam paper review <i>In class only.</i>
	Mid-Term Break <i>No class Monday and Wednesday.</i>

Section 3: Cost Allocation	
16. 9 Apr	Course Feedback Day <i>No lecture or attendance today!</i> Please complete the survey posted in Canvas.
17. 14 Apr.	Cost Allocation: Theory <i>Read:</i> Zimmerman, Chapter 7 <i>Read:</i> Zimmerman, Chapter 8 <i>Read:</i> Chapter 8 Appendix A
18. 16 Apr.	Cost Allocation: Practice
19. 21 Apr.	Absorption Costing Systems <i>Read:</i> Zimmerman, Chapter 9 <i>Problems:</i> P11: 9–9 DeJure Scents P12: 9–24 Kitchen Rite
20. 23 Apr.	Absorption Costing Problems <i>Read:</i> Zimmerman, Chapter 10 <i>Problems:</i> P13: 10–8 Aspen View P14: 10–11 Kothari Inc. P15: 10–17 Navisky
21. 28 Apr.	ABC <i>Read:</i> Zimmerman, Chapter 11
22. 30 Apr.	Budgeting <i>Read:</i> Zimmerman, Chapter 6 <i>No Class on May 1</i>
23. 5 May	Standard Costs and Variances <i>Read:</i> Zimmerman, Chapters 12 and 13
24. 7 May.	Final Review in class <i>Survey:</i> <i>Submit review topics for in-class discussion</i> Final Exam Time and Location TBA.

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 in the syllabus template 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.
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. The course has Similarities to those approaches are absolutely intentional, and any shortcomings are my attempts at innovation.