

SYLLABUS

ACC 359/ACC 387.1/ECO 395K MANAGERIAL/COST ACCOUNTING SPRING 2019



The University of Texas at Austin
McCombs School of Business
Department of Accounting

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Sections:	02435/02745, TTH 12:30-2:00 p.m., GSB 3.138 02440/02750, TTH 2:00-3:30 p.m., GSB 3.138 02445/02755/02759/34548, TTH 3:30-5:00 p.m., GSB 3.138
Course web page:	Canvas: http://canvas.utexas.edu/
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Course Material

- **Required:** a calculator and the course packet. The course packet is available from the GSB Copy Center.
- **Recommended** (*not required*): Textbook by Horngren, Datar, and Rajan, *Cost Accounting: A Managerial Emphasis*, 16th edition (or 15th edition)

Course Description

This course is meant as a survey in the field of cost accounting using case studies.

Cost accounting systems provide valuable information for management planning and control. Organizations rely on accurate cost information to decide on which products to keep and which products to discontinue, for assessing productivity improvements and for performance evaluation and control. An improperly designed cost accounting system can lead to costly errors in decision-making.

Intense competition in product markets has forced firms to look inward to become more cost-efficient. Tracing various resource costs accurately to products has become increasingly important as product margins are squeezed. Manufacturing environments have also undergone significant changes. To support decision-making in these environments, cost accounting systems also need to be redesigned.

Through a number of case studies supplemented by some lectures, this course exposes students to recent advances in cost accounting, and highlights important inputs into the design of cost systems. The cases cover a variety of decision-making settings and illustrate the role of cost information in these settings.

Course objectives are:

1. To develop an understanding for the important characteristics of good cost systems;
2. To analyze the role of cost information in a variety of management decisions such as pricing, product mix, improving productivity, product design, and performance measurement.

Grading

Your performance in this course will be evaluated under the following model:

Homework Case Reports	30 points
Practice Problems	20 points
Mid Exam 1	75 points
Mid Exam 2	75 points
<u>Final Comprehensive Exam</u>	<u>150 points</u>
Total	350 points

There will be no opportunity to raise your course average or grade by doing “extra credit” work during or after the semester.

Beginning in Fall 2009, The University of Texas at Austin permits plus/minus grading—that is, A, A-, B+, B, B-, C+, etc., for all courses in which grades are awarded, including undergraduate as well as graduate courses. To foster consistency in grading across sections of ACC 359/ACC 387.1, the faculty have adopted plus/minus grading as the standard for all sections of the course. We believe that plus/minus grading permits us to better distinguish gradations in performance and provide better feedback to students on their performance.

In accordance with the Accounting Department Grade Policy/Guideline for the Core PPA courses, Final Course Grades will be assigned to achieve a final class average GPA between 3.2 and 3.4, inclusive.

Individual Case Homework

Every student is required to produce a short report for each case (not longer than one page). The reports should address the following questions: “What are the main issues in the case and how can these issues be addressed?” The goal of the homework reports is to ensure that students have read each case and understand the problems studied in the case.

Students have to upload the homework case reports on Canvas **no later than 11:59pm on the day before the case is discussed** (e.g. the deadline for the Giberson’s Glass Studio case is 11:59pm on Wednesday, January 23rd).

No late homework will be accepted. Canvas will not allow you to submit your homework after the deadline. Assignments submitted in hardcopy and assignments emailed to the professor or to the TAs will not be accepted. Homework will be graded on a scale of 2 (reasonable effort), 1 (not a good effort), and 0 (not turned in). Your two lowest homework scores will be dropped. Verbal collaboration (i.e., talking about the assignment) on homework is allowed. However, the prepared assignment should be your own work (do not borrow, copy or transfer answers or files from anyone else). For classes in which there is no case discussion, you do not need to prepare a case report.

Text and Homework Practice Problems

The Horngren, Datar, and Rajan book is an excellent textbook and I recommend that you read it to guide your understanding of this material. You are responsible for all text chapters assigned.

I will suggest 6 sets of homework practical problems on Canvas. They will be collected and graded based on efforts. Homework will be graded on a scale of 4 (reasonable effort), 2 (not a good effort), and 0 (not turned in). Your one lowest homework score will be dropped. The solutions to the suggested problems will be made available. If you are having trouble understanding a homework problem or solution, please discuss it with the TA.

Practical Guidance: If it is in the text but I don't assign it in a problem or cover it in class, odds are very slim that it will be a significant component of the exam. Budget your time accordingly.

Exams

Exams will be individually-completed closed-book exams. The exams will consist of problems, essay questions, and short answer questions. You may bring a non-programmable calculator to the exams.

- Midterm Exams

The two midterm exams will be given in the regular class. *No make-up exams will be given.* Medical emergencies and family emergencies are the only valid reasons for missing an exam. In such instances, you must provide supporting documentation (e.g., signed note from your physician). If you miss one midterm exam and you have a valid and documented reason, your final exam will replace the missing midterm exam grade. For example, if you have 120 out of 150 points in the final (which is $120/150 = 80\%$), you get $0.8 \times 75 = 60$ points for the missing midterm. If you do not have a valid and documented reason for missing an exam, you will receive a zero on the exam.

- Final Exam

The date for our final exam will be announced later. The final exam will be comprehensive and will cover all topics in the course. Exams will strive to test comprehension, not merely memorization skills. If you have to take the makeup final due to the conflicted schedule, please submit your request in writing by April 12th at 5pm with a screen shot of your exam schedule.

- Grading Policy

1. There are **no verbal appeals** of grade changes. Review and regrade requests for the exams must be submitted in writing no later than March 5th at 5pm for the first exam, no later than April 11th at 5pm for the second exam, and within one week of receiving your grade for the final exam. The entire exam will be re-graded and the score may increase, remain unchanged, or decrease. After the regrade period, only totaling errors will be adjusted for.

2. The grade of the final exam, if better, will be averaged with the total of the two midterm exam grades and will replace the total midterm exam grade. For example, if you have 40 and 60 points in the two midterm exams and 140 points in the final exam, then your total midterm points will be changed from 100 to 120. Of course, if the total of your two midterm exam grades is better than your final exam grade, then your total midterm points remain unchanged. This gives everyone a final opportunity to improve their overall grade.

Class participation

Students must attend their assigned section unless they have specific permission from the Professor to attend a different section. It is my expectation that you to come to class on time, fully prepared, and ready to open the discussion.

Course Schedule

The course schedule, if need arises, may be changed. These changes will be announced beforehand.

Modules	Dates	Topics	Cases	Text
Introduction	T-Jan. 22	Introduction	None	Chapter 2
Module 1: Cost Allocation	Th-Jan. 24	Basics in Cost Behavior	Giberson's Glass Studio	Chapter 2
	T-Jan. 29	Cost Allocation	Seligram, Inc	Chapter 4
	Th-Jan. 31	Activity-Based Costing	None	Chapter 5
	T-Feb. 5	Capacity Analysis	Anagene, Inc.	Chapter 9
	Th-Feb. 7	Activity-Based Costing	Wilkerson Company	Chapter 9 HW1 Due
Module 2: Relevant Costs	T-Feb. 12	Joint Production Costing, Profitability, Strategy	Wendy's Chili	Chapter 16
	Th-Feb. 14	Opportunity Costs, Linear Programming	Problem: Product Mix, relevant costs (no case homework)	Chapter 11
	T-Feb. 19	Opportunity Costs, Linear Programming	Merton Truck Company	Chapter 11 HW2 Due
	Th-Feb. 21	Make or Buy, Pricing	Fineprint Company	Chapter 11
	T-Feb. 26	Midterm Exam 1 (in class)		
Module 3: Thinking Strategically and Game Theory	Th-Feb. 28	Strategic Competition and Market Entry	Dogfight over Europe: Ryanair (A)	None
	T-Mar. 5	Product Costing, Pricing Decisions	Sheridan Carpet Company	None
	Th-Mar. 7	Product Profitability and Sunk Costs	Precision Worldwide	None
	T-Mar. 12	Thinking Strategically and Game Theory	None	None HW3 Due
Module 4: Transfer Pricing	Th-Mar. 14	Transfer Pricing	None	Chapter 22
	T-Mar. 19	Spring Break		
	Th-Mar. 21			
	T-Mar. 26	Transfer Pricing	None	Chapter 22
	Th-Mar. 28	Transfer Pricing	San Francisco Bay Consulting	Chapter 22
	T-Apr. 2	Decentralization and Transfer Pricing	Sub Micron Devices Inc.	Chapter 22 HW4 Due
	Th-Apr. 4	Midterm Exam 2 (in class)		
Module 5: Variance Analysis	T-Apr. 9	Variance Analysis	None	Chapter 7
	Th-Apr. 11	Variance Analysis	Waltham Motor Division	None HW5 Due
Module 6: Performance Measurement	T-Apr. 16	Performance Measurement	None	Chapter 23
	Th-Apr. 18	Performance Measurement	None	Chapter 23
	T-Apr. 23	Performance Measurement	Atlanta Schools	None
	Th-Apr. 25	Franchising and Performance Measurement	Case of Big Mac's Pay Plans Roy Rogers Restaurants	None HW6 Due
	T-Apr. 30	Performance Measurement	Safelite Auto Glass (A)	Chapter 23
	Th-May. 2	Balanced Scorecard	Citibank	Chapter 12
	T-May. 7	Wrap-up and Review	None	None
Final Exam: TBD (Make-up: TBD)				

Students with Disabilities

Students with disabilities may request appropriate academic accommodations from the Division of Diversity and Community Engagement, Services for Students with Disabilities, 512-471-6259, <http://diversity.utexas.edu/disability/>.

Religious Holy Days

By UT Austin policy, you must notify me of your pending absence at least fourteen days prior to the date of observance of a religious holy day. If you must miss a class, an examination, a work assignment, or a project in order to observe a religious holy day, you will be given an opportunity to complete the missed work within a reasonable time after the absence.

Policy on Scholastic Dishonesty

The McCombs School of Business has no tolerance for acts of scholastic dishonesty. The responsibilities of both students and faculty with regard to scholastic dishonesty are described in detail in the BBA Program's Statement on Scholastic Dishonesty at <http://my.mcombs.utexas.edu/BBA/Code-of-Ethics>. By teaching this course, I have agreed to observe all faculty responsibilities described there. By enrolling in this class, you have agreed to observe all student responsibilities described there. If the application of the Statement on Scholastic Dishonesty to this class or its assignments is unclear in any way, it is your responsibility to ask me for clarification. Students who violate University rules on scholastic dishonesty are subject to disciplinary penalties, including the possibility of failure in the course and/or dismissal from the University. Since dishonesty harms the individual, all students, the integrity of the University, and the value of our academic brand, policies on scholastic dishonesty will be strictly enforced. You should refer to the Student Judicial Services website at <http://deanofstudents.utexas.edu/sjs/> to access the official University policies and procedures on scholastic dishonesty as well as further elaboration on what constitutes scholastic dishonesty.

Campus Safety

Please note the following recommendations regarding emergency evacuation, provided by the Office of Campus Safety and Security, 512-471-5767, <http://www.utexas.edu/safety>:

- Occupants of buildings on The University of Texas at Austin campus are required to evacuate buildings when a fire alarm is activated. Alarm activation or announcement requires exiting and assembling outside.
- Familiarize yourself with all exit doors of each classroom and building you may occupy. Remember that the nearest exit door may not be the one you used when entering the building.
- Students requiring assistance in evacuation should inform the instructor in writing during the first week of class.
- In the event of an evacuation, follow the instruction of faculty or class instructors.
- Do not re-enter a building unless given instructions by the following: Austin Fire Department, The University of Texas at Austin Police Department, or Fire Prevention Services office.

Behavior Concerns Advice Line (BCAL): 512-232-5050 or [submit your concerns using the online form](#).

- Further information regarding emergency evacuation routes and emergency procedures can be found at: <http://www.utexas.edu/emergency>.

Privacy in Canvas

Information in Canvas is protected by your UTEID login. Please be aware that I will use a merged Canvas site for all sections of the course that I am teaching this semester. This will allow students in other sections to see that you are enrolled in the course and send you email from within Canvas. However, they will not actually learn your email address and no other personal data will be revealed through Canvas. If you have any concerns, please contact the ITS Help Desk at 475-9400 for help removing your name from view of other students.