

The University of Hong Kong
School of Business
BUSI0027 Management Accounting I
Course Syllabus and Outline
SEM2, 2010/11 Subclasses D, E, & F

I. COURSE INFORMATION

Lecturer: Dr. Yanling GUAN

Email: ylguan@business.hku.hk

Office: 716, Meng Wah Complex Phone: 2857-8346

Consultation Times: By Appointment

Demonstrator: Sunny Hong

Email: sunnyhsk@hku.hk

Office: 601B, Meng Wah Complex Phone: 2219-4833

Prerequisite: BUSI 1002 Introduction to Accounting

Textbook: K. W. Braun, W. M. Tietz, and W. T. Harrison. 2010. *Managerial Accounting (International Edition)*, 2/E. Pearson-Prentice Hall.

II. COURSE DESCRIPTIONS

This course covers basic topics of management accounting and introduces a business-management approach to the development and use of accounting information. In today's competitive marketplace, an excellent internal accounting system is essential for organizations to make better decisions. This course covers firms' internal accounting systems and their use in decision-making, planning and control. Major topics include cost classification, cost behavior, cost-volume-profit analysis, budget and variance analysis, and decision-making.

III. COURSE OBJECTIVES

1. Provide students with basic concepts of management accounting and the usefulness of internal accounting system;
2. Provide students with the capability to apply knowledge in decision-making scenarios;
3. Inculcate professionalism;
4. Develop students' communication skills.

IV. INTENDED LEARNING OUTCOMES (ILOs)

On completion of this course, students will be able to:

- ILO1.* Explain cost management concepts, product costing techniques, and planning & control systems;
- ILO2.* Use relevant information for making decisions;
- ILO3.* Prepare a master budget and a flexible budget, compare the budgets with actual results, analyze and interpret variances;
- ILO4.* Apply Management Accountants' Codes of Ethics to resolve an ethical situation;
- ILO5.* Develop verbal and writing communication skills.

V. ALIGNMENTS OF PROGRAM AND COURSE ILOs

Program ILOs	Course ILOs
1. Acquisition and internalization of knowledge of accounting, business and economics	ILO 1 & 2
2. Application and integration of knowledge	ILO 3 & 4
3. Inculcating professionalism and leadership	ILO 4 & 5
5. Mastering communication skills	ILO 5

VI. TEACHING AND LEARNING ACTIVITIES (TLAs)

TLA1. Situation: Interactive lectures

Basic knowledge of cost accounting and management accounting is presented with Powerpoint slides.

- In-class exercises: basic concepts and techniques are illustrated using examples. These exercises help students follow the lecturer closely and actively.
- In-class discussions: sometimes discussion questions are raised by the lecturer. Students are encouraged to participate in discussions and share opinions with their peers.
- Video clips are shown for selected topics followed by in-class discussion so that students can apply basic concepts and techniques to specific real-world scenarios.
- Concept map: at the end of some sessions, the lecturer use concept maps to provide an overview of the various topics covered and to demonstrate the inter-chapter links.

Major focus: ILOs 1, 2, 3 and 5;

Minor focus: ILO4.

TLA2. Situation: Tutorials

Practice questions and selective assignments are covered.

- Weekly tutorial assignments: assignments that reflect concepts and techniques learned are assigned to students every week. Students are expected to complete these assignments on an individual basis.
- In-class interactive activities: students are required to attend all tutorials, participate in discussions, and present their answers to peers, etc.

Major focus: ILOs 1 and 5;
 Minor focus: ILOs 2 and 4.

TLA3. Situation: Outside-classroom activities

- Group discussions: students are divided into groups to finish the team projects. Group members meet to discuss the projects, contribute jointly to the written reports and prepare for in-class presentation.
- Lecturer and demonstrator consultations: by appointment, lecturer (demonstrator) provides consultation weekly to address students' questions and concerns.

Major focus: ILOs 1, 2 and 3;
 Minor focus: ILO 4.

VII. ASSESSMENT TASKS (ATs)

Tutorial attendance and assignments	10%
Group-based written reports	25%
Group-based oral presentation	10%
<u>Final exam</u>	<u>55%</u>
Total	100%

AT1. Tutorial Attendance and Assignments (10%)

Students are required to attempt all assignments and participate actively in tutorials. The objective of the tutorials is to help you digest and apply the knowledge you have learned from the classes. The tutor will give you details on the assessment at the first meeting.

Focus: ILOs 1, 2, 4, & 5.

Grading Criteria

A+ A A-	B+ B B-	C+ C C-	D+ D	F
Extremely well prepared for class discussion, active in sharing views, attended at least 90% of classes.	Partially prepared for class discussion, quite active in sharing views and attended at least 80% of classes.	Not well prepared for class discussion, limited active in sharing views and attended at least 70% of classes.	Not well prepared for class discussion, no sharing of views and attended at least 60% of classes.	Never prepared for class discussion and no sharing of views and experience and attended less than 50% of classes.

AT2. Group-Based Written Reports (25%)

Students form groups to work on two projects. The detailed requirements are given in the next part.

Focus: ILOs 1, 2, & 5.

Grading Criteria

Grade	Depth and breadth of Coverage, critical elements, structure, language and conventions
A+,A, A-	All aspects were addressed and researched in great depth. Demonstrated a clear understanding of and the ability to apply the theory, concepts and issues relating to the topic. Clearly identified the most critical aspects of the task and adopted a critical perspective. Developed excellent argument and offered a logically consistent and well-articulated analysis and insight into the subject. Drew widely from the academic literature and elsewhere whilst maintaining relevance. All aspects conformed to a high academic / professional standard.
B+, B, B-	Most aspects were addressed and researched in depth. Demonstrated a good understanding and some application of the theory and issues relating to the topic. Identified critical aspects of the task and adopted a critical perspective. Showed some evidence of analysis, supported by logical argument and insight into the subject. Drew on relevant academic and other material. Most aspects conformed to a high academic / professional standard.
C+, C, C-	Most aspects were addressed and researched adequately. Demonstrated a good understanding of the theory, concepts and issues relating to the topic but limited application relating to the topic. Some presented argument showed some insight but not always consistent and logical. Drew upon an adequate range of academic and other material. Most aspects conformed to an acceptable academic / professional standard.
D+, D	Basic aspects were addressed and researched adequately. Demonstrated mainly description, showing basic understanding of the topic but no application. Showed little evidence of analysis but no clear and logical argument relating to the subject. Drew primarily upon course materials. Limited aspects conformed to academic / professional standards.
F Fail	Basic aspects were superficial, inadequate or absent. Demonstrated limited understanding of the topic and drew conclusions unrelated to the topic. The written work was not of an academic / professional standard.

AT3: Group-Based Oral Presentation (10%)

Each group is required to present their work on one of the two team projects in class. The presentation is evaluated on a group basis and all members need to participate in the presentation. See the next part for more details on this.

Focus: ILOs 1, 2 & 5

Grading Criteria

Grade	Presentation fluency, body language, use of visual aids, time management, handling of Q&A
A+,A, A-	Deep and Convincing analysis; Fluent and interesting presentation; Excellent use of visual aids and other presentation tools; Strictly keeping to the time limit; Excellent response in Q&A.
B+, B, B-	Reasonably convincing analysis; Reasonably fluent presentation; Reasonably good use of visual aids and other presentation tools; Strictly keeping to the time limit; Satisfactory response in Q&A.
C+, C, C-	Less than deep analysis; Reasonably fluent presentation; Some use of visual aids and other presentation tools; A bit exceeding the time limit; Satisfactory response in Q&A.
D+, D	Less than deep analysis; Presentation is not fluent; Very little use of visual aids and other presentation tools; A bit exceeding the time limit; Non-satisfactory response in Q&A.
F Fail	Wrong analysis; Presentation is not fluent; No use of visual aids and other presentation tools; Obviously exceeding the time limit; Non-satisfactory or no response in Q&A.

AT4. Final Exam (55%)

The final examination will be held in the normal exam period. It is closed-book, comprehensive and covers all the chapters on the course syllabus. The objective of the final exam is to further enhance your understanding of the basic concepts and theories and develop your ability to apply the knowledge in business situations.

Focus: ILOs 1, 2, 3, 4, & 5.

Grading Criteria

A+ A A-	B+ B B-	C+ C C-	D+ D	F
Provided accurate solutions to all problems, gave detailed and insightful responses to essay questions and scored correctly on more than 90% of the multiple choice questions.	Provided accurate solutions to some problems, gave detailed responses to some essay questions and scored correctly on less than 90% of the multiple choice questions.	Provided accurate solutions to a few problems, gave limited responses to some essay questions and scored correctly on less than 80% of the multiple choice questions.	Provided inaccurate solutions to a few problems, gave unclear responses to most essay questions and scored correctly on less than 70% of the multiple choice questions.	Skipped some problems or provided inaccurate solutions to most problems, gave poor responses to most essay questions and scored correctly on less than 60% of the multiple choice questions.

VIII. GROUP-BASED WRITTEN REPORTS AND ORAL PRESENTATION

Project 1: Management Accounting Practice Project (12.5%)

The objective of this project is to study the recent management accounting practice worldwide. You should identify a company with some unique management accounting practice and the company should be a listed company with wide media coverage of the management accounting practice that you study.

A sample list of suitable topics includes: *Activity-Based Costing (ABC), Total Quality Management (TQM), Just-in-Time system (JIT), Balanced Scorecard (BSC), value chain analysis, supply chain management, ethics control system, responsibility accounting, target costing, life cycle costing, variable costing, customer profitability, Enterprise Resource Planning system (ERP), customer profitability, etc.*

The final project report should include:

- a. A brief description of the organization and its industry;
- b. A description of the management accounting practice that you study;
- c. A discussion of the advantages of the practice;
- d. A thorough evaluation of the potential implementation problems in practice, and
- e. Conclusions (containing any recommendations for improvement).

Project 2: Strategic Analysis and Budgeting Project (12.5%)

The objective of this project is to study the budgeting process in an organization. Select one company from the list below for the project:

- a. McDonald's
- b. Starbucks
- c. Cathy Pacific
- d. Walt Disney

Obtain the selected company's most recent annual report (fiscal year 2010 if available). Perform strategic analysis and prepare the budgets for the next fiscal year.

The strategic analysis is a tool to help anticipate what might happen and prepare for it happening. The suggested contents for strategic analysis include:

- ◆ Industry and competitor analysis
- ◆ Pricing strategy and marketing strategy
- ◆ Sales forecast
- ◆ Inventory management (e.g., inventory level, and inventory purchase)
- ◆ Capital expenditure analysis
- ◆ Cost control and analysis, etc.

The foundation of the budgeting is built upon assumptions about how the future will look. In the budgeting part, you only need to translate your general strategic analysis to more concrete assumptions (with reasonable justifications). Based on this, you can start building your projected financial statements, including projected B/S, I/S, CF/S, cash budget, capital expenditure budget, etc.

For both strategic analysis and budgeting parts, try to relate to the course coverage and simplify the other parts that fall beyond the scope of basic financial accounting and management accounting.

The final project report should include:

- a. A brief description of the organization and its industry;
- b. General strategic analysis;
- c. Projected financial statements under justified assumptions;
- d. Summary and conclusions.

Format and Information Sources for Projects 1 & 2

Format requirements for written reports 1 & 2:

- ◆ 8 pages maximum (excluding appendixes & references), double-spacing, 12 pt font

Possible sources of reference include:

- ◆ The company's recent annual report and filings (in particular, the MD&A section)
- ◆ Media coverage (e.g., Wall Street Journal, Financial Times, etc. in Factiva.com)
- ◆ The company's website.

Oral Presentation (10%)

Given the large class size, each group will be assigned to present your work on one of the two projects. Every group is given 15 minutes – 10 minutes for presentation and 5 minutes for Q&A. **Every group member is required to be involved in the presentation.**

Both the lecturer and the students (other than the presenting group) will evaluate the oral presentation. The final score is the average of the two. Details of the oral presentation will be announced later.

Important Deadlines

28 Jan, 2011 (Fri)	Group Formation*
11 Mar, 2011 (Fri)	Submission of your chosen topic for project 1 and chosen company for project 2 to the demonstrator
25 Mar, 2011 (Fri)	Submission of written report 1 to the demonstrator
14 Apr, 2011 (Thu)	Submission of written report 2 to the demonstrator

*Note:

Every **FIVE** students can form a group to work on the two projects (the same group for both projects). Please send your voluntary group formation to the demonstrator before the deadline. Those that do not inform the demonstrator about your preference will be randomly assigned to a group. Groups can **ONLY** be formed within each subclass.

IX. ACADEMIC CONDUCT AND IMPORTANT POLICIES

- a) Plagiarism and copying of copyright materials are serious offences and may lead to disciplinary actions. You should read the chapters on “Plagiarism” and “Copyright” in the Undergraduate/Postgraduate Handbook for details. You are strongly advised to read the booklet entitled “What is Plagiarism” which was distributed to you upon your admission into the University, a copy of which can be found at www.hku.hk/plagiarism.
- b) The course enrollment is charged by the faculty office. Please approach the staff in the faculty office for any queries about course enrollment, class quota, etc. In no circumstances should you approach the lecturers who have no control on this.
- c) A make-up exam will be given for the final exam if you miss it with valid reasons/documents.

X. COURSE OUTLINE

Topic	Coverage	Reading	Assignments
Session 1: Beginning 10 Jan 2011 Introduction to Management Accounting	<ul style="list-style-type: none"> Compare management accounting and financial accounting Understand the role of management accountant Understand today's business environment 	Chapter 1	E1-10A E1-24B E1-27B
Session 2: Beginning 17 Jan 2011 Building Blocks of Managerial Accounting	<ul style="list-style-type: none"> Three business sectors and the value chain Define cost object, direct vs. indirect cost, variable vs. fixed cost, inventoriable vs. period cost Other cost terms 	Chapter 2	E2-19A* E2-30A* P2-49A* P2-55B*
Session 3: Beginning 24 Jan 2011 Job Costing	<ul style="list-style-type: none"> Distinguish job costing from process costing Job costing Deadline for group formation (Jan 28, Fri) 	Chapter 3, Appendix 3A	E3-25A E3-26A P3-52A
Session 4: Beginning 31 Jan 2011 Activity-Based Costing (ABC)	<ul style="list-style-type: none"> Activity-Based Costing (ABC) Activity-Based Management (ABM) Lean production 	Chapter 4	E4-24A P4-43A P4-51B
<i>Happy Chinese New Year: 2 Feb (Wed) -- 8 Feb (Tue)</i>			
Session 5: Beginning 14 Feb 2011 Process Costing	<ul style="list-style-type: none"> Process Costing Weighted average method in process costing 	Chapter 5	E5-24A E5-48B I 5-60
Session 6: Beginning 21 Feb 2011 Cost Behavior	<ul style="list-style-type: none"> Cost behavior and how to determine cost behavior Contribution margin income statement Variable costing and absorption costing 	Chapter 6, Appendix 6A	E6-27A* E6-28A* P6-61A* P6-62A*
<i>Reading Week: 28 Feb -- 6 Mar</i>			
Session 7: Beginning 7 Mar 2011 Cost-Volume-Profit (CVP) Analysis	<ul style="list-style-type: none"> CVP analysis and its application Break-even and targeted profit analysis Product mix & multiple cost drivers in CVP Deadline for submitting project choices (Mar 11, Fri) 	Chapter 7	E7-37A P7-63A P7-66B

Session 8: Beginning 14 Mar 2011 The Master-Budget and Responsibility Accounting	<ul style="list-style-type: none"> • How to prepare master budget • Responsibility accounting 	Chapter 9	E9-54B E9-56B P9-59A
Session 9: Beginning 21 Mar 2011 Flexible-Budgets and Standard Costs	<ul style="list-style-type: none"> • Flexible budget • Variance analysis • Standard costs • <i>Deadline for submitting written report 1 (Mar 25, Fri)</i> 	Chapter 10, Appendix 10A	P10-64A* P10-65A* P10-68A*
Session 10: Beginning 28 Mar 2011	<ul style="list-style-type: none"> • <i>Oral presentation of project 1</i> 	---	---
Session 11: Beginning 4 Apr 2011 Short-Term Business Decisions	<ul style="list-style-type: none"> • Short-term business decisions rules • Several examples on short-term decisions 	Chapter 8	E8-19A E8-21A E8-24A E8-27A
Session 12: Beginning 11 Apr 2011 Performance Evaluation and the Balanced Scorecard	<ul style="list-style-type: none"> • Performance measurement using BSC • Measuring financial performance for cost, revenue, profit, and investment centers • <i>Deadline for submitting written report 2 (Apr 14, Thu)</i> 	Chapter 11	E11-18A E11-29B P11-40A
Session 13: Beginning 18 Apr 2011	<ul style="list-style-type: none"> • <i>Oral presentation of project 2</i> 	---	---

* Assignments to be submitted to your demonstrator for marking.