



The University of Hong Kong

Faculty of Business and Economics

BUSI 0028 (E-H) Management Accounting II
2010-2011

Course Syllabus

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COURSE DESCRIPTIONS

This course covers an in-depth discussion of traditional and contemporary approaches to product and service costing, cost allocation and management control as well as performance measurement issues in a multi-national and decentralized organization.

More specifically, this course emphasizes three objectives:

- ❖ To introduce the advanced concepts of selected topics of management accounting;
- ❖ To provide the skills necessary to use management accounting information for business decisions making;
- ❖ To illustrate how management accounting information is used to formulate and support strategy implementation in a multi-national and decentralized organizational environments.

COURSE OBJECTIVES

- ❖ Provide students with advanced concepts in management accounting and the usefulness of internal accounting system;
- ❖ Identify and measure various types of product cost for different purposes;
- ❖ Understand the traditional and contemporary approaches in assigning overhead costs and their effects on measuring cost objects (e.g., products, services);
- ❖ Learn the concepts of value chain analysis, life cycle costing and Activity-Based Management and their applications;
- ❖ Evaluate the traditional and contemporary approaches to measuring performance;
- ❖ Develop financial and non-financial performance measurements for implementing balanced scorecard;
- ❖ Practice the use of spreadsheet skill and quantitative tools in solving management accounting problems
- ❖ Develop students' presentation skills

INTENDED LEARNING OUTCOMES (ILOs)

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

ILO1. Able to explain the contemporary business environment

1. Explain and distinguish the costs and benefits of management accounting systems
2. Explain and distinguish the difference between economies of scale and economies of scope and how they are related to the benefits of activity based costing
3. Explain and distinguish the different focus on the perspectives of business processes, people, customers and information systems
4. Explain and distinguish the difference between influencing and facilitating decisions
5. Understand the ethical issues faced by management accountants.

ILO2. Able to explain and apply cost allocation approaches for decision making

1. Explain and distinguish the reasons for cost allocation
2. Explain and distinguish between the cost allocation principles – the basis of cost allocation
3. Able to recall the traditional and contemporary approaches in assigning overhead costs and their effects on measuring cost objects (e.g., products, services)

4. Apply cost allocation principles to the allocation of service department costs
5. Suggest strategies for using multiple cost allocation bases in the same firm
6. Compare and contrast the information and incentive problems associated with different cost allocation bases

ILO3. Able to apply activity based management, value chain analysis, and cost of quality approaches for cost control and decision making

1. Apply value chain analysis to find costs for the purposes of determining customer profitability, supplier cost reasonableness or product design costs
2. Able to use cost allocation to measure customer profitability, supplier cost reasonableness, and product design costs.
3. Able to distinguish between value chain analysis, business process innovation and redesign
4. Able to draw a value chain of a firm that shows value-added and non-value-added activities
5. Able to develop performance measures that fit various types of activities in the value chain
6. Able to categorize the various quality costs of the firm for the purposes of assessing the performance of quality of the firm
7. Able to recall and calculate the measures used to evaluate the ability of the firm to compete on time

ILO4. Able to explain and account for the implementation of Strategy

1. Compare and contrast the four phases of building a strategy
2. Apply the strategy model to assess a firm's strategic competitive advantage
3. Prepare a strategy map that links the firm's strategy to various operational objectives; develop financial and non-financial performance measurements that match the various objectives of the firm
4. Compare and contrast the four balanced scorecard perspectives
5. Recall and describe the principles of the balanced scorecard
6. Recall and describe the benefits of the balanced scorecard
7. Make decisions based on understanding the causal business model of the firm and related financial and non-financial performance measures.
8. Evaluate the implementation issues associated with the balanced scorecard system

ILO5. Able to develop and apply management control systems for different purposes

1. Able to distinguish between the three responsibility centre approaches – activity, functional and strategic
2. Compare and contrast the controls used in the three types of responsibility centers
3. Able to assess the strengths and weaknesses of decentralization
4. Able to explain the logic of knowledge transfer costs and agency costs in the firm
5. Evaluate the strengths and limitations of different control mechanisms with respect to the firm environment
6. Explain how an input/output process model can be used to develop performance measures
7. Able to develop performance measures to fit the strategic planning of a firm
8. Evaluate the strengths and limitations of different transfer pricing approaches
9. Able to apply transfer pricing approaches to solve various management problems

Alignment of Program and Course Outcomes

A matrix is one way to indicate the relationship between the learning outcomes for the course and the learning outcomes for the program.

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

TEACHING AND LEARNING ACTIVITIES (TLAs)

TLA1. Situation: Interactive lectures

- ❖ Lectures: the advanced knowledge of management accounting is presented with PowerPoint slides.
- ❖ In-class exercises: application techniques are illustrated using examples. Students work through in-class exercises along with the lecturer. These exercises help students follow the lectures closely and actively.
- ❖ In-class discussions: students are encouraged to raise questions, participate in discussions and share opinions with their peers. These discussions encourage students to think more for certain arguable topics.
- ❖ Case analyses and presentation: Students are required to form groups to analyze and present assigned business cases. The assigned cases cover different management accounting topics, such as, cost allocation and performance measurement systems. These practices help students improve critical thinking abilities, research and group work skills.

Major focus: ILOs 1, 2, 3, 4 & 5

TLA2. Situation: Tutorials

Practice questions and selective assignments are covered.

- ❖ Weekly tutorial questions: students are required to complete assigned discussion questions before each tutorial session on an individual basis. Practices are especially important for the course. The practice questions help students better understand the concepts and techniques learned in class
- ❖ In-class interactive activities: students are required to participate actively in-class exercises and discussion
- ❖ outside-classroom activities: each lecturer provides 3 hours of consultation weekly to address students' questions and doubts related to the course

Major focus: ILOs 1, 2, 3, 4 & 5

ASSESSMENT TASKS/ACTIVITIES (ATs)

Attendance & in-class participation in lecture and tutorial	10%
Case analysis & presentation	15%
Mid-term examination	25%
<u>Final examination</u>	<u>50%</u>
Total	100%

AT1. Attendance & in-class participation in lecture and tutorial (10%)

Students are expected to attend and participate actively in lectures and tutorials. Quietly sitting in the tutorials does not count, but of course absenteeism from class will negatively affect the performance. Students are also required to attempt selected assignments. The list of tutorial questions is showed on the attached “Schedule of tutorials”. Participation and assignments are evaluated per student by the lecturer and demonstrator. The objective of the tutorials is to help students digest and apply the knowledge they have learned from the classes.

Grading Criteria

ILO	A+ A A-	B+ B B-	C+ C C-	D+ D	F
ILOs 1, 2, 3, 4 & 5.	Extremely well prepared for class discussion, active in sharing views and 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. Case analysis & presentation (15%)

Case analysis will be prepared on a group basis (five members in each group). Each group is responsible to make 25-30 minutes presentation, plus 5-10 minute Q&A session. Cases will be assigned on a random basis. The date for the case presentation is shown on the attached “Schedule of lectures”. Each group of students is expected to submit a case report (minimum 5 pages with font size 12 and 1.5 line spacing) and the PowerPoint slides on the day of presentation. The objective of the case analysis is to help students apply the knowledge into real-life situations and improve communication skills.

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

Grading Criteria

Grade	Depth and breadth of coverage, critical elements, structure, language and conventions
A+,A, A-	The presentation was highly successful at communicating the essential elements of the topic to the audience. Concepts were thoroughly explained and clarified.

	<p>The presentation demonstrated deep understanding and comprehension of the topic.</p> <p>There was clear evidence of independent thought and reflection on the topic.</p> <p>The topic was covered in a highly professional and organized manner.</p> <p>The presenter displayed excellent verbal skills and delivered a highly interesting, coherent presentation at an appropriate level for the audience.</p>
B+, B, B-	<p>The presentation was successful at communicating the essential elements of the topic to the audience.</p> <p>Most concepts were well explained and clarified.</p> <p>The presentation demonstrated sound understanding and comprehension of most aspects of the topic.</p> <p>The topic was covered in a professional and organized manner.</p> <p>The presenter displayed good verbal skills and mostly delivered an interesting, coherent presentation at an appropriate level for the audience.</p>
C+, C, C-	<p>The presentation adequately communicated most of the essential elements of the topic to the audience.</p> <p>Most concepts were adequately explained.</p> <p>The presentation demonstrated good understanding and comprehension of most aspects of the topic.</p> <p>The topic was covered in an organized manner.</p> <p>The presenter displayed adequate verbal skills and mostly delivered a coherent presentation at an appropriate level for the audience.</p>
D+, D	<p>The presentation basically covered the main aspects of the topic.</p> <p>The presentation demonstrated basic understanding and comprehension of most of the topic.</p> <p>The topic was covered in a basic manner.</p> <p>The presenter displayed minimal standards of verbal skills and or coherence and organization.</p>
F - Fail	<p>The presentation was poorly addressed and or concepts were inadequately explained.</p> <p>The presentation did not demonstrate sufficient understanding and comprehension of the topic.</p> <p>The topic was not covered acceptably and or was poorly organized.</p> <p>Verbal skills were inadequate.</p>

AT3. Mid-term examination (25%)

A mid-term examination (25%) will cover the materials of the first six topics in the course. The mid-term examination is part of continuous assessment. Since the subject

is in logical sequence, one week builds into the next week. A regular assessment helps students to digest the knowledge on a timely and efficient basis.

Grading Criteria

ILO	A+ A A-	B+ B B-	C+ C C-	D+ D	F
ILOs 1, 2, 3, 4 & 5	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

AT4. Final Exam (50%)

The final examination will be held in the normal exam period. It is a closed book comprehensive examination which covers all the chapters on the course syllabus. With the exception of extremely special cases, NO MAKEUP test will be allowed if students fail to seek ADVANCE permission from the instructor. The objective of the final exam is to further enhance students' understanding of the concepts and theories and develop their ability to apply the knowledge learned in the classes.

Grading Criteria

ILO	A+ A A-	B+ B B-	C+ C C-	D+ D	F
ILOs 1, 2, 3, 4 & 5	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

ACADEMIC CONDUCT

1. Plagiarism and copying of copyright materials are serious offences and may lead to disciplinary actions. Students should read the chapters on “Plagiarism” and “Copyright” in the Undergraduate/Postgraduate Handbook for details. Students are strongly advised to read the booklet entitled “What is Plagiarism” which was distributed to them upon their admission into the University, a copy of which can be found at www.hku.hk/plagiarism. A booklet entitled “Plagiarism and How to Avoid it” is also available from the Main Library.
2. Students are required to attend all the lectures and tutorials on time. In case they cannot attend, they should inform the instructor beforehand.

TEXTBOOK

1. Horngren, Datar and Foster, Ittner, Rajan, Cost Accounting: A Managerial Emphasis, Thirteenth edition, Pearson Publishing, 2009.
2. Blocher, Stout, Cokins and Chen, Cost Management – Cases and Readings, Fourth edition, McGraw Hill Irwin, 2008.

COURSE MATERIALS

The course materials, including lectures slides, the solutions of class work and assignments, will be available in the course WebCT. Students are expected to download these materials for their own use in the classes.

TUTOR

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SCHEDULE OF LECTURES

Lecture Date	Topic	Case analysis & Presentation (Sub-lectures on Thursday)	Chapter
Jan 11 & 13	Overview & Activity-Based Management	a) Go through course outline b) Select tutorial groups c) Form presentation groups d) Assign business cases	HGN-1 & -5
Jan 18 & 20	Pricing Decisions and Cost Management	Class exercises	HGN-12
Jan 25 & 27	Capital Budgeting I	Class exercises	HGN-21
Feb 1 & 10	Capital Budgeting II	Case #1 – Emerson Electric Company	HGN-21
Feb 2 – 8 – Chinese New Year Holiday			
Feb 15 & 17	Cost Allocation, Customer-Profitability Analysis, Sales-Variance Analysis	Case #2 – Wilson Electronics (A)	HGN-14
Feb 22 & 24	Allocation of Support-Department Costs, Common Costs and Revenues	Case #3 – Mercedes-Benz	HGN-15
Feb 28 – March 6 – Reading Week			
Mar 8 & 10	<i>Mar 8 - Mid-term Examination</i>	No Sub Lecture	
Mar 15 & 17	Quality, Time and the Theory of Constraints	Case #4 – ACE Company (A)&(B)	HGN-19
Mar 22 & 24	Management Control Systems, Transfer Pricing, and Multinational Considerations	Case #5 - Brookwood Medical Center	HGN-22
Mar 29 & 31	Strategy, Balanced Scorecard, Strategic Profitability Analysis	Classwork	HGN-13

Apr 7	No Main Lecture	Case #6 – Kelsey Hospital	
Apr 12 & 14	Performance Measurement, Compensation and Multinational Consideration	Case #7 – Interior System, Inc.	HGN-23
Apr 19	Overview of Corporate Governance	No Sub Lecture	