

**Kellogg School of Management
Northwestern University**

ACCT 431 - Sections 61 and 62
Management Accounting
Winter 2012

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I. Overview

This course focuses on firms' *internal* accounting systems. In this course, we will first examine firms' managerial accounting systems and their use in decision-making. Second, we will examine these accounting systems and their use in planning, control, and performance evaluation. We begin the course with a discussion of the basic vocabulary and mechanics of managerial accounting systems. For the remainder of the course, we will focus on how to identify and extract relevant information from managerial accounting systems as an input to decision making and performance evaluation. Throughout, we consider the limitations of, and assumptions underlying, these data. The course objectives are reinforced through the lecture notes and course packet readings, discussion cases, assigned case write-ups, class and group discussions, and numerical problems.

II. Course Materials

Packet of cases, readings, slides, sample problems, and sample exams

Optional text: *Managerial Accounting: An Introduction to Concepts, Methods, and Uses*, Eleventh Edition by Maher, Stickney, and Weil

A web page devoted to this course is located on Blackboard at:

<http://courses.northwestern.edu>

From this web page, you can: (1) e-mail me directly, (2) view a list of handouts by class session, and (3) download the syllabus, the course calendar, the assigned articles, certain handouts from class, the exhibits from the discussion cases, additional sample problems, and the class notes after the session (in Adobe Acrobat format). Your Kellogg netid and password will be required to access the course web page. A different password (provided in class) will be required to open the Adobe Acrobat files.

III. Evaluation

Your grade in this course will be based on classroom participation, case preparation, and two exams. It will be determined as follows:

<u>Percent of Grade</u>	<u>Component</u>
20%	Four case write-ups and class participation
40%	Midterm exam
40%	Final exam

III. Evaluation, Continued

Classroom participation is an important component of your course grade. To meaningfully participate, you should read the assigned material, complete the assigned problems and cases, and think about the topic to be discussed. Although not all of the assigned material will be discussed in class, they are a useful tool to understand the concepts and performing well on the exams.

Homework problems and cases are an important aspect of this course. The homework problems will not be turned in for a grade, but you should work these problems for potential class discussion and to ensure you have mastered the key concepts.

For each discussion case, you must answer the questions that are in the case packet. You should form groups of 4 to 6 people to work through each case. You can form groups across sections; however, the write-up must be turned in at the earliest section. Your group will turn in write-ups of four discussion cases (of your choosing). Your write-up should be clear, concise, and typed. Only one write-up per group should be turned in for grading; and, your group should only turn in four write-ups for grading. Regardless of which group member prepares the case, all members must be prepared to discuss the case in class. If your group decides not to turn in a particular discussion case, you must still be prepared to discuss the case in the same detail as if you had elected to submit the case for grading. In some situations, the discussion case will represent your first exposure to a particular issue or problem; in those cases, I expect you to read ahead and work through the case questions to the best of your group's ability.

The final component of your grade is exams. Both the midterm and final exam will be closed book and closed notes. You should take the exam at the scheduled time; exceptions will be made only for extenuating circumstances outside your control. Job interviews, treks, weddings, ski trips, travel, and other similarly conflicting events are not considered extenuating. Although the final exam will use concepts learned in the first half of the course, the focus will be on the topics covered after the midterm. The case packet contains sample midterm and final exams. Also, the additional sample problems in the case packet are typical of, or have been used as, exam questions.

Given the need to maintain fairness and equity among all students in the class, all students are bound by the same evaluation scheme as laid out above and there will be no additional opportunities to improve your grade through extra credit work.

IV. Application of the Honor Code to ACCT 431

The Kellogg Graduate School of Management Honor Code is enforced in ACCT 431. By accepting admission to the School, you have agreed to abide by the Honor Code. Violations of the Honor Code are subject to disciplinary actions. The culture of Kellogg is such that Honor Code issues seldom arise. To ensure that there are not any misunderstandings, below I define the manner in which the course requirements are to be completed. The discussion in this syllabus of the Honor Code, while intended to be as comprehensive as possible, may not cover all applications of the Honor Code to this course. If you believe something is unclear or has been omitted, please speak to me.

As discussed in Section III of this syllabus, you are required to complete case write-ups that are submitted for a grade in a group of 4-6 students. The write-up must be the original work of only the students in that group, all of whose names must appear on the write-up. You may not use any materials containing solutions or partial solutions to the case. This includes solutions prepared by current and former students at Kellogg or elsewhere. You may discuss the case only with members of your team prior to handing in the case write-up; you may not discuss case assignments with individuals who are not members of your group. Substantial contributions by each team member on each case are expected, and all group members are responsible for the material contained in the write-up.

Both a midterm and a final exam will be administered in this course. Both exams are closed notes and closed book; no assistance may be given, received, or otherwise used during the exam. You are permitted to use a calculator when taking the exam; personal computers are not allowed. Regardless of when you take the exam, you may not discuss the exam with any other individual before the graded exams are returned (in case there are students who have not yet taken the exam). Even casual statements, such as "It was easy" or "It was hard," are not permitted. Requests for regrades must be submitted in writing within two weeks of the day that the graded exams are returned. I reserve the right to reevaluate your grade on the entire exam if you request a regrade.

V. Application of the Code of Classroom Etiquette to ACCT 431

To facilitate the learning process at Kellogg, students developed the Code of Classroom Etiquette. In the spirit of this Code, I have identified some of the key things I think you should expect of me and some of the key things I expect of you.

You can expect that I will (1) arrive on time for class; (2) be prepared and organized for every class; (3) listen attentively, actively, and respectfully to whomever is speaking in class; (4) enforce the Kellogg Honor Code; (5) maintain equity in all course policies; (6) meet with you outside of class on an individual or group basis at a mutually agreeable time; and (7) respond to your suggestions to make this class more challenging, stimulating, and enjoyable.

I expect that you will (1) arrive on time for class; (2) complete the course assignments, required readings, assigned and discussion cases, and be prepared for every class; (3) listen attentively, actively, and respectfully to whomever is speaking in class; (4) abide by the Kellogg Honor Code; (5) thoughtfully participate in class discussion; and (6) suggest ways in which I can make this class more challenging, stimulating, and enjoyable.

Each student should select a seat at the second class session; this will be your assigned seat for the term. Class will start precisely at the bottom of the hour and each student is expected to be prepared to begin at that time. Once class begins, you may leave the classroom only in the case of an emergency.

If you elect to use a laptop in class, you must sit in the last row. Further, it should be used only to take notes and you should ensure that your use is not disruptive to the other students in the class.

Cellular phones must be turned off during class.

VI. Other Matters

Materials used in this class, including, but not limited to items included in the course packet, handouts, exercises, problems, cases, discussion questions, exams, charts, and graphs are copyrighted and may not be used for purposes other than the educational experience of this class without the written consent of the instructor.

Auditors are not allowed if the class is at capacity.

VI. Tentative Topic Outline - Sections 61 and 62

Date	Topic	Assignment
Jan. 2	NO CLASS – NEW YEAR’S DAY HOLIDAY (MAKE-UP ON WEDNESDAY, JAN. 4)	
Jan. 4	Introduction & Cost Concepts	Slides [#] : pp. 1-9 Text: ch. 1, pp. 32-36, Appendix 2.2 Article: “One Cost System Isn’t Enough” Article: “F.A.A.’s Accounting Project...” Homework: DSW Corp. [†] , Douglass Co., 2-19*
Jan. 5	Product Costing: Cost Inclusion	Slides: pp. 10-21 Text: ch. 1 Supplemental material (chapter 3) Homework: Williams Co., Vanderbilt Corp., Keegan Co.
Jan. 9	Product Costing: Issues Related to Cost Inclusion & Cost Allocation	Slides: pp. 22-28 Text: ch. 8 (skim) Supplemental material (chapter 3) Article: “GM Net Rises 7.7% to Record” Article: “Toyota to Raise Output...” Article: “WorldCom Moved Some Costs to MCI” Article: “NBA Owners Are Inflating Loss...” Homework: Linda Co., Mike Rayburn, Crawford Electronics
Jan. 12	Product Costing: Cost Measurement	Slides: pp. 29-41 Text: pp. 36-39 Supplemental material (chapter 3) Homework: BNL Corp., Mannix Co., Tiger Corp., 2-32, 2-33, 2-44
Jan. 16	NO CLASS – MARTIN LUTHER KING DAY HOLIDAY (MAKE-UP ON WEDNESDAY, JAN. 18)	
Jan. 18	Product Costing: Cost Accumulation	Slides: pp. 42-52 Text: pp. 40-44, Appendix 2.1 (Weighted Average Method) Homework: Grable & Daughters, Slam Dunk, 2-37, 2-38
Jan. 19	Nontraditional Costing Systems	Slides: pp. 53-59 Text: ch. 3 Article: “Distorted Numbers” Article: “FedEx Is To Adopt Rate Structure...” Discussion case: Wilkerson Company Homework: Attaway Co., 3-27, 3-36, 3-38, 3-40
Jan. 23	Nontraditional Cost Systems, Cont.	Slides: pp. 60-73 Article: “Alienating Customers...” Article: “New UPS Delivery Service Sends...” Article: “Analyzing Customers, Best Buy Decides...” Discussion case: Dakota Office Products Homework: Kupchella, Steven Inc.
Jan. 26	Nontraditional Cost Systems, Cont. & Review	Slides: pp. 74-75 Homework: Sample exam problems
Jan. 30	IN-CLASS MIDTERM	

[#] The page numbers of the slides that are listed loosely approximate what we will cover in class.

[†] This notation refers to the additional sample problems (that I created) in your course packet. Solutions to these additional sample problems are also included in your course packet. You should skim these additional sample problems before class, and then work them after each class to ensure that you have mastered the material.

* This notation refers to problems out of the textbook. The first number indicates the chapter; the second number indicates the problem. Copies of all assigned problems from the text and their solutions are included in the course packet.

<u>Date</u>	<u>Topic</u>	<u>Assignment</u>
Feb. 2	Other Cost Allocations: Joint Costs	Slides: pp. 76-80 Text: pp. 463-467, 232-233 Supplemental material (pages 169-174, 180) Homework: Hirsch Co., Bower Chemical, Cinnamon Refining, Jo-By Co., Newcastle, 13-35
Feb. 6	Other Cost Allocations: Service Costs	Slides: pp. 81-85 Text: pp. 453-463 Supplemental material (pages 161-169, 176-180) Discussion case: Wendy's Chili Homework: Pineno Co., Keaton Co., Castleford Eng., PHB Mfg., Penfolds Mfg., 13-32, 13-33
Feb. 9	CVP Analysis: Basics & Cost Estimation	Slides: pp. 86-104 Text: ch. 5, 6, 7, Appendix 5.2 Article: "Economics Textbook Is Getting..." Article: "Detroit's Symbol..." Homework: Interpreting Regression Output, Peecher, CVP Problem, Abel Co., Hulbert Publishing, Gothic Gargoyles, 5-23, 5-36, 6-24, 7-46, 7-47
Feb. 13	CVP Analysis, Cont.	Slides: pp. 105-106 Article: "ACS Finds Profits in..." Article: "Blame the Profit Dive..." Discussion case: Prestige Telephone Company
Feb. 16	Budgeting & Variance Analysis	Slides: pp. 107-116 Text: ch. 9, 10 Article: "Budgeting in the Real World" Homework: Zork Co., Walther Machine Co., Zoe Co., Regional Co., 9-31, 10-46
Feb. 20	Variance Analysis, Cont.	Slides: pp. 117-120 Discussion case: Polysar Limited Homework: 10-30, 10-31, 10-54, 10-57
Feb. 23	Control & Performance Evaluation	Slides: pp. 121-131 Text: ch. 12, Appendix 9.2, pp. 388-391, pp. 398-405 Article: "Fraud Detector" Article: "Tie Salesmen's Bonuses..." Article: "Real Key to Creating Wealth..." Homework: Garcia, 11-26, 11-28, 11-32
Feb. 27	Decentralization & Transfer Pricing	Slides: pp. 132-138 Text: pp. 391-398 Homework: Acme Electric, Coastal Motor Co., TMC Corp., 11-29, 11-33
Mar. 1	Transfer Pricing, Cont. & Multinational Tax Issues	Slides: pp. 139-146 Discussion case: National Youth Association Homework: Interstate
Mar. 5	Multinational Tax Issues, Cont.	Slides: pp. 147-153 Article: "How Xerox's Plan to Reduce Taxes..." Article: "Google 2.4% Rate Shows How..." Article: "Companies Push for Tax Break..." Article: "Sales Tax Loophole Leaves Some Cities..." Article: "A New Twist in Tax Avoidance..." Article: "Haven or Hell?" Article: "Symantec Is In \$1 Billion..." Article: "The Essential Guide to Transfer Pricing"
Mar. 8	Multinational Tax Issues, Cont. & Review	Homework: Sample exam problems

SATURDAY, MARCH 10: IN-CLASS FINAL EXAM, 9:00 A.M. – 11:15 A.M., ROOMS TBD (EARLY OPTION)
WEEK OF MARCH 12: IN-CLASS FINAL EXAM, TIME TBD BY STUDENT AFFAIRS