**Summer 2022**

**ACC902 –Managerial Accounting**

**Instructor:** Ulf Nilsson

**Office:** SBS 1031

**Phone:** (216) 483-96 45

**Cell phone:** 0542 674 68 33 (my private cell phone)

**Fax:** (216) 483-9699

**E-mail:** ulf.nilsson@sabanciuniv.edu

**Web:** SuCourse++

**Office Hours:** By appointment

**Zoom link:** https://sabanciuniv.zoom.us/j/95412619166

|  |  |  |  |
| --- | --- | --- | --- |
| **Type** | **Time** | **Days** | **Where** |
| Class | 18.30-22.30 | Thursdays 9/June to 7/July | Altunizade |

**Course Objective:**

* Learn the structure and design of Management Accounting Systems
* Learn the most central Management Accounting concepts and terminology
* Learn the most common Management Accounting and Management Control techniques
* Learn how Management Accounting supports decision making
* Learn how Management Accounting supports strategy implementation

**Learning Outcomes:**

Upon successful completion of the course, the student should be able to:

* 1. Describe and assess the structure of cost calculation (costing systems)
	2. Use cost management and customer profitability
	3. Describe budgeting
	4. Explain how Management accounting supports strategy
	5. Interpret financial and non-financial performance measurements

**Course Material:**

***Textbooks:***

Atkinson, Kaplan, Matsumura & Young, 2012, *Management accounting: information for decision-making and strategy execution plus myaccountinglab* with Pearson etext, 6/e

Bhimani, Horngren, Datar & Rajan, 2019, *Management and cost accounting, plus myaccountinglab* with Pearson etext 7/e

 We will use five Harvard Business School cases in the course. The student should download them individually. Links have been provided via email and are also available on SU Course.

The PowerPoint presentations will be posted on SU course before the class.

**List of Cases:**

|  |  |  |
| --- | --- | --- |
| **Case 1** | **Date:** | **Read briefly until 16th of June but you do not have to solve it** |
| Case:Type: Subject: Teamwork: Grading: | Classic Pen CompanyHarvard case which the student downloads her/himselfSimple ABC modelNoNo It will be discussed jointly in class and will not be graded |
| **Case 2** | **Date:** | **Solve until 23rd of June** |
| Case:Type: Subject:Teamwork:Grading: | Destin Brass Products Harvard case which the student downloads her/himselfActivity Based CostingYesYes as a team  |
| **Case 3** | **Date:** | **Solve until 30th June** |
| Case:Type: Subject: Teamwork: Grading: | Domestic Auto PartsHarvard case which the student download her/himselfBalanced ScorecardYesTeam  |
| **Case 4** | **Date:** | **Solve until 7th July** |
| Case:Type: Subject:Teamwork:Grading: | Waltham Motors DivisionHarvard case which the student download her/himselfVariance AnalysisYesTeam  |
| **Case 5** | **Date:** | **Will be solved in class on the 7th of July** |
| Case:Type: Subject: Teamwork: Grading: | Waltham Motors DivisionHarvard case which the student download her/himselfCustomer Profitability AnalysisYesTeam  |

**Course Web:**

The student should check SU course++ on a weekly basis.

**Instructional Design:**

The lecture will be given over Zoom and will be divided into two parts. The first part will be live (se starting time below) and the second part will be pre-recorded giving the student to watch it any time he/she finds suitable.

We will discuss cases and other homework in class.

**Grading**:

Percentages allocated to each type of assessment are:

Cases/exercises (including presentation and written report) 40%

 Attendance 15%

 Oral participation 10%

 Homework 20%

 Short final exam. An in-class exam (1 h at the end of the last class) 15%

**Requirements:**

The cases are graded as a group. Each of the cases which are parts of the grading should include three components:

A case report

A PowerPoint presentation

Preparations for an oral presentation in class

If a student misses a class, he/she is expected to look at the recorded zoom lecture.

Active involvement in the course will give points.

Homework should be sent to me via email before the class. Handwritten homework are accepted (where it is suitable).

The short final exam will be a closed book exam.

**Academic Honesty:**

Learning is enhanced through cooperation and as such you are encouraged to work in groups, ask for and give help freely in all appropriate settings. At the same time, as a matter of personal integrity, you should only represent your own work as yours. Any work that is submitted to be evaluated in this class should be an original piece of writing, presenting your ideas in your own words. Everything you borrow from books, articles, or web sites (including those in the syllabus) should be properly cited. Although you are encouraged to discuss your ideas with others (including your friends in the class), it is important that you do not share your writing (slides, MS Excel files, reports, etc.) with anyone. Using ideas, text and other intellectual property developed by someone else while claiming it is your original work is *plagiarism*. Copying from others or providing answers or information, written or oral, to others is *cheating*. Unauthorized help from another person or having someone else write one’s paper or assignment is *collusion*. Cheating, plagiarism, and collusion are serious offenses that could result in an F grade and disciplinary action. Please pay utmost attention to avoid such accusations.

**Course Schedule:**

|  |
| --- |
| **COURSE OUTLINE** |
| 1 | Introduction and costing systems 9th of June |
| 2 | Activity Based Costing ABC16th of June  |
| 3 | Control systems (financial and non-financial) and Transfer pricing 23rd of June  |
| 4 | Budgeting and variances and very short about cost volume profit 30th of June |
| 5 | Customer profitability analysis and Activity Based Management (if time permits) 7th of JulyFinal exam |

|  |
| --- |
| **Lecture 1 Introduction and costing systems 9th of June**Atkinson Chapter 4Bhimani Chapter 3, 4 (and some of 5) |
| Topics:Course overviewJob order costingProcess costingAllocation between service depts |
| **Assignments and homework due next week (16th of June)** |
| Group assignment 1. Skim through the Harvard case Classic Pen Company briefly so that you are familiar with the problem. Nothing written is required.Individual Homework 1. Atkinson 4-52 (p 188)Answer the following questions (and disregard the ones in the question)1. Determine the full cost per hour with the current system.
2. Determine the full cost of Class A and Class B repairs.
3. Determine the full cost (apart from material) for Job 101 and Job 102 (under point C in the question) using both the current system and the proposed accounting system.
4. Provide reasons why the company might want to retain the current system and reasons for changing to the proposed system.

Handwritten is fine. |

|  |
| --- |
| **Lecture 2 Activity Based Costing ABC 16th of June**Atkinson Chapter 5Bhimani Chapter 11  |
| Topics:ABC Activity Based CostingClassic Pen Company solved and discussed in class. (Read it in advance, see class 1 above). |
| **Assignments and homework due next week (23rd of June)** |
| Group assignment 2. Solve the Harvard case Destin Brass. Required: A written report and the PowerPoint presentation.Individual Homework 2. You have three choices:1. Bhimani 11.18 (p 346). Handwritten is fine.
2. Read the article by McKinsey about Calculating complexity and write a short reflection paper (maximum 1 page) on how/if this applies to your own organization and position.
3. Read the article by McKinsey about Price B2B negotiations in inflationary markets and write a short reflection paper (maximum 1 page) on how/if this applies to your own organization and position.
 |

|  |
| --- |
| **Lecture 3 Control systems (financial and non-financial) and Transfer pricing 23rd of June**Atkinson Chapter 2 and 11Bhimani Chapter 18 and 19  |
| Topics:BSC The Balanced Scorecard Transfer pricingFinancial performance measurementsDiscussion/presentation of Destin Brass  |
| **Assignments and homework due next week (30th of June)** |
| Group assignment 3. Solve the Harvard case Domestic Autoparts (DAP). Required: A written report and the PowerPoint presentation.Your task. Develop a Strategy map of objectives as well as BSC measures for Domestic Autoparts (DAP). (Atkinson p 43-46 can be helpful).The following questions can serve as a guide:Financial1. Who are the shareholders and what do they want?
2. What are the shareholders’ expectations in the following areas: Revenue growth, Asset utilization and Cash improvement?

Customer1. What do the customers want? How does DAP create value for them?
2. Who are the customers?

Process1. What are the most important internal processes for creating value for DAP’s shareholders and Customers?

Learning and Growth1. What specific skills and capabilities do DAP’s people need in order to excel at the critical internal processes (identified above)
2. What objectives can you identify to improve the human, information and organizational capital of DAP it is wants to succeed with it’s strategy?

Individual homework 3. You have six choices:1. Read the short article about Performance measurements by Ittner and Larcker and write a short reflection paper (maximum 1 page) on how/if this applies to your own organization and position.
2. Read the article by McKinsey about McDonalds CFO explaining how they started growing again and write a short reflection paper (maximum 1 page) on how/if this applies to your own organization and position.
3. Read the article by McKinsey about how the CFO can enable the board’s success and write a short reflection paper (maximum 1 page) on how/if this applies to your own organization and position.
4. Bhimani 18.13 and 18.14 (p 579). Handwritten is fine.
5. Read the article by McKinsey “If we’re all so busy, why isn’t anything getting done?” and reflect on how the three categories of collaborative interactions apply on the use of accounting information.
6. Read the article by McKinsey about how the CFOs role in capability building and write a short reflection paper (maximum 1 page) on how how/if this applies on your organisation and position.
 |

|  |
| --- |
| **Lecture 4 Budgeting and variances and very short about cost volume profit 30th of June**Atkinson Chapter 10Bhimani Chapter 14, 15 and 16 (and some of 5) |
| Topics:BudgetingVariances Break even (very brief) |
| **Assignments and homework due next week (7th of July)** |
| Group assignment 4. Solve the Harvard case Waltham. Required: A written report and the PowerPoint presentation.Individual homework 4. You have four choices: 1. Read the chapter by Jack Welch (legendary former CEO of General Electric) on budgeting and write a short paper (maximum 1 page) on how/if this applies on your own organization and position.
2. Read the two short articles about Zero Based Budgeting by McKinsey and BCG and write a short reflection paper (maximum 1 page) on how/if this applies to your own organization and position.
3. Read the article by McKinsey about the CFO’s role in helping companies’ navigate the coronavirus crisis and write a short reflection paper (maximum 1 page) on how/if this applies to your own organization and position.
4. Atkinson 10-59 (a master budget) OR Bhimani 15.16 (Price and efficiency variance). You can pick the one you prefer of the two alternatives. Handwritten is fine.
 |

|  |
| --- |
| **Lecture 5 Customer profitability analysis and Activity Based Management (if time permits) 7th of July**Atkinson Chapter 6Bhimani Chapter 12 |
| Topics:Customer profitability analysisThe Harvard case Dakota Office Products will be solved in class. Final exam |
| **Assignments and homework due next week** |
| N/A |