Course Introduction

Instructor: Steven Huddart  
Office: 340 Business Building  
Phone: 865–3271  
e-mail: huddart@psu.edu

Staff Assistant: Lara Wilks  
Office: 354 Business Building  
Phone: 865–1809  
e-mail: ljw21@psu.edu

Office Hours: Tuesday 9:30 a.m. to 10:20 a.m.  
Wednesday 11:00 a.m. to 11:50 a.m.  
Thursday 9:30 a.m. to 10:20 a.m.

Course Objectives

This course emphasizes the use of accounting information for internal purposes as opposed to the external disclosure focus of the financial accounting course. We shall cover the vocabulary and mechanics of cost accounting and the design of management accounting systems for planning and controlling operations, and for motivating personnel. The course integrates accounting with ideas from data analysis, decision analysis, finance, microeconomics, and operations management.

There are four themes we shall stress throughout the course:

- information is costly;
- allocations arise because markets are absent;
- different costs apply for different purposes; and,
- what gets measured gets attention.

Readings

The coursepack contains questions, caselets, cases and articles. The problems referenced in the outline (e.g., P2–14 University Tuition Benefits) are from the text.

Class Organization

The course outline lists readings from the text, articles, lecture notes, questions, problems, caselets and cases to be prepared for each class. Reading the assigned text material in advance is essential for each class. The articles are included to increase your awareness of management accounting practices. The lecture notes summarize key ideas.

Your learning is enhanced by applying the underlying principles to specific situations and contexts. I expect you to prepare in advance all of the questions, problems, caselets and cases.

The questions and problems should be straightforward. You need not submit solutions to the questions and problems. They serve primarily to stimulate discussion or to illustrate the mechanics of certain accounting techniques. Unless you tell me are having difficulty with a particular problem or question, little class time will be spent on them.

The caselets and cases are tough. I do not expect you to have mastered them before coming to class. I expect you to have invested three hours tackling the issues in the case—by reading the background materials, absorbing the facts in the case, thinking about the issues, and pushing the numbers. The difficulties you encounter with this material will be the basis for our class discussions. Since they are tough (and often open-ended), few of you will have completely solved them before class. Everyone should have attempted them. I expect each of you to be willing to lead the class to the point where you got stuck and explain why you got stuck. The bulk of class time will be spent on the cases.

It is my philosophy that our time in class together should fall in the middle of the process by which you master a given topic in this course. I think it is very important that you develop a reasoned opinion on the issues before class. Independent thinking before class is a low-risk opportunity to practice your analytical skills and develop a manager’s perspective on important business issues. In class, approaches to the problem that differ from your own will emerge. You may find your view of a situation changing as class progresses. I think this is the most productive learning experience I can help create. I recommend you spend time after class reviewing and organizing in your own mind the substance of our discussion.
I suggest dividing your time outside class on a given topic as follows: 80% before class and 20% after class. Resist the temptation to neglect the last 20%. It is easy to overinvest before class and underinvest after class because you want to get a jump on the next topic. Reviewing the material from the last class is essential to mastering that topic. Also, review is often excellent preparation for the next topic.

It is normal to flounder a bit in preparing for class. Be strict with yourself about the amount of time you invest in a topic before class. Recognizing where you got stuck and why you got stuck is a big step in tackling the cases. Give yourself credit for this. Do not spend globs of time perfecting an analysis for next class if you have yet to internalize the last class.

I often start class by asking many questions. Partly, I do this to gauge your understanding of the issues, what you found easy about the day’s assignment, and what you found hard. Based on your answers, I decide (on the fly and somewhat imprecisely) the issues to emphasize in the discussion. Please recognize that your responses are critical to “steering” the class. The more you contribute, the more the class is tailored to suit your interests and needs.

Workload and Performance Evaluation

You are encouraged to work on most assignments in groups. Each of you must turn in original analyses for four case assignments (i.e., all the caselets and/or cases assigned for that day). For these assignments, you need turn in only one solution per group. Group members will receive the same grade for these assignments. To ensure that all group members contribute to the assignments, each group member will be asked to evaluate the effort of the others at the end of the term. I shall take these evaluations into account when I assign grades for the course.

Case writeups may not exceed two single-spaced 12 point font 1 inch margin typewritten pages. Appendices for calculations and exhibits are permitted.

You may choose which assignments you turn in subject to the following constraint: You must turn in an at least one assignment each week we meet. Assignments are due at the beginning of the class in which the problems and

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1 You may tell yourself that you can catch up on the last topic when there is more time. Probably, there won’t be more time.
cases are discussed. (Keep a copy of each assignment you turn in so you can refer to it during class.)

The assignments will be graded as either A, B, C, D or F. These assignments will be graded as if they were the work product of a colleague intended for use only within the firm (as opposed to materials prepared for a client). This means fancy graphics and formatting are unnecessary. To earn an A grade you must convince the grader that you are an exceptional colleague and a significant resource to the firm because your work is unusually insightful and well-reasoned. To earn a B, your analysis must be more competent than average. A C signals competent work product. A D signals a need for career counselling. An F indicates that involuntary separation from the firm is a distinct possibility. Weak logic, confusing calculations, bad grammar, or excess length will sharply reduce your grade.

Your final grade will be based on the following weights:

(i) Assignments 30%
(ii) Class Participation 30%
(iii) Final Examination 40%

100%

Your participation grade is based on my subjective assessment of your contributions to class.

The final examination will be open book. During the exam, you are permitted to use a calculator.

Smeal has established grade distributions for its courses. I will use these as a guideline in setting grades, but will make adjustments as necessary to reflect clear distinctions in performance.

Note to students whose mother tongue is not English. I think you deserve recognition for succeeding in a rigorous academic program in what, for you, is a foreign language. In order for this distinction to be real and meaningful to you and your eventual employers, I do not make accommodations for the added difficulties you may face in class participation, written assignments, and examinations except as follows: while I expect your written assignments to be free of misspellings and grammatical errors, I do not penalize you for mistakes of idiom (i.e., I expect your written English to be clear and correct, but this does not mean that you must use the same turns of phrase and expressions as a native speaker of American English). I encourage the formation of student groups composed of native and non-native English
speakers.

**Academic Integrity**

The learning process requires that you (as enrolled students, collectively) work through the course material independently of others who have studied or are studying this same material. The learning process also requires that you complete individual assignments independently of others, and group assignments independently of people not in your group. In preparing for class and in reviewing after class, I encourage you to discuss the course material with classmates currently enrolled in this course subject to certain limitations. I consider:

- cribbing answers to course assignments prepared by other students, presented in another section, or gathered from any other unattributed source,
- receiving lecture notes, case approaches, case analyses, solutions and the like from persons not currently enrolled in my sections of this course,
- distributing answers to course assignments where such distribution facilitates academic dishonesty by another student,
- distributing lecture notes, case approaches, case analyses, solutions and the like to persons not currently enrolled in my sections of this course,
- submitting for course credit an assignment containing analysis, discussion or calculations that are the product of someone whose name does not appear on the assignment, or
- submitting for course credit in this class work done for credit in another class

to be violations of the the University Faculty Senate Policies for Students. **It is also a violation of these policies to know of a violation and not report it.** This means you have a positive obligation to report cheating.

If you are in doubt whether a particular act or omission would violate these policies, ask me.

You may read the University Faculty Senate Policies for Students §49–20 “Academic Integrity” on line at:

http://www.psu.edu/ufs/policies/47-00.html#49-20.
More on Academic Integrity from the Dean’s Office

According to the Penn State Principles and University Code of Conduct:

Academic integrity is a basic guiding principle for all academic activity at Penn State University, allowing the pursuit of scholarly activity in an open, honest, and responsible manner. According to the University’s Code of Conduct, you must neither engage in nor tolerate academic dishonesty. This includes, but is not limited to cheating, plagiarism, fabrication of information or citations, facilitating acts of academic dishonesty by others, unauthorized possession of examinations, submitting work of another person, or work previously used in another course without informing the instructor, or tampering with the academic work of other students.

Any violation of academic integrity will be investigated and, where warranted, corrective academic and/or disciplinary action will be taken. For every incident where a penalty is assessed, an Academic Integrity Incident Report form must be filed. The form can be found on the Smeal College Intranet at this URL: https://intranet.smeal.psu.edu/students/integrity/index.html. This form is to be used for undergraduate courses. The report must be signed and dated by both the instructor and the student, and then submitted to Gus Colangelo, Interim Associate Dean for Undergraduate Programs, 202 Business Building.

In addition, the Smeal College has adopted the following Honor Code:

We, the Smeal College of Business Community, aspire to the highest ethical standards and will hold each other accountable to them. We will not engage in any action that is improper or that creates the appearance of impropriety in our academic lives, and we intend to hold to this standard in our future careers.

Affirmative Action & Sexual Harassment

The Pennsylvania State University is committed to a policy where all persons shall have equal access to programs, facilities, admission, and employment without regard to personal characteristics not related to ability, performance, or qualifications as determined by University policy or by Commonwealth or Federal authorities. Penn State does not discriminate
against any person because of age, ancestry, color, disability or handicap, national origin, race, religious creed, gender, sexual orientation, or veteran status. Related inquiries should be directed to the Affirmative Action Office, 328 Boucke Building.

**Americans with Disabilities Act**

The Smeal College of Business welcomes persons with disabilities to all of its classes, programs, and events. If you need accommodations, or have questions about access to buildings where Smeal College activities are held, please contact us in advance of your participation or visit. If you need assistance during a class, program, or event, please contact the member of our staff or faculty in charge. Access to accounting courses should be arranged by contacting the Accounting Department Office: (814) 865-1809.

**An Invitation to Students with Learning Disabilities**

It is Penn State’s policy to not discriminate against qualified students with documented disabilities in its educational programs. If you have a disability-related need for modifications in your testing or learning situation, your instructor should be notified during the first week of classes so that your needs can be accommodated. You will be asked to present to the Office of Disability Services (located in 116 Boucke Building (814) 863-1807) documentation that describes the nature of your disability and the recommended remedy. You may refer to the Nondiscrimination Policy in the Student Guide to University Policies and Rules.