Course Outline

Part 1. Fundamental Accounting Practices

Class 1.  Friday, January 15, 1:30–2:30
Conceptual Framework and Cost-Volume-Profit

Read:  Zimmerman, Chapters 1 and 2
Introduction to Management Accounting
Cost-Volume-Profit Analysis
Cost Behavior

Questions:  Goldman Sales mix, two products
Identification of Fixed and Variable Costs—Grocery store
Clay Company
Data collection issues—use regression (2 questions: 10–16
and 10–17. The data files “10-16.csv” and “10.17.csv”
may be downloaded from the course web page.)

Problems:  P2–14 University Tuition Benefits
P2–23 Australian Shipping

Note:  You should download and review the “Regression lesson”
from
http://www.personal.psu.edu/sjh11/Courses/BA521/index.shtml

Online problem:  Cell phone
Class 2. Saturday, January 16, 8:00–10:00
Costing with and without constraints

Read: Zimmerman, Chapter 9
Job Costing in Manufacturing
Robin Cooper, (Jan/Feb 1989) “You Need a New Cost System When…” HBR No. 89102

Question: The Juice Problem—Relevant costs, contribution margin, product emphasis
Peri Whiz
Avas Catering

Case: Seligram, Inc.: Electronic Testing Operations

Note: You should download and review the “Linear programming lesson” from
http://www.personal.psu.edu/sjh11/Courses/BA521/index.shtml

Online problems: Perl Whiz (again)
Two constraints

Class 3. Saturday, January 16, 10:15–12:15
Decisions and Relevant Costs

Read: Zimmerman, Chapter 3
Caledonia: Ranking of capital budgeting projects, alternative selection methods, capital rationing
NPV Schema
Decisions and Relevant Costs

Caselet: Special Electric Company

Online problem: Time value of money

Class 4. Friday, January 29, 1:30–2:30
Capital Budgeting—Leasing, Taxes, Inflation, and Equilibrium

Read: Zimmerman, Chapter 5, section A only
Capital Budgeting with Taxes and Inflation

Caselets: Diversified Electronics
Real and Financial Assets

Online problem: Sheehan Trucking
Class 5.  Saturday, January 30, 8:00–10:00
Activity Based Costing

Read:  Zimmerman, Chapter 11
        This American Life Episode 391: More is Less
Case:  Cambridge Hospital Community Health Network: The Primary Care Unit

Class 6.  Saturday, January 30, 10:15–12:15
Variance Analysis

Read:  Zimmerman, Chapters 12 and 13
        Standard Costing
        Actual, Normal, and Standard Costing
        Flexible Budgets and Standards
Caselet:  LSP Capsules
Case:  Midwest Ice Cream

Part 2. Organizational Design and Control

Class 7.  Friday, February 12, 3:45–5:45
Decentralization, Motivation, and Self-Interest

Read:  Zimmerman, Chapter 4
        Executive Compensation
        Compensation Concepts
        Incentives and Managerial Compensation
Caselet:  Gamblers’R’Us
Class 8. Saturday, February 13, 1:00–3:00  
Transfer Pricing  

Read: Zimmerman, Chapter 5  
Transfer Pricing  
M. Edgar Barrett (May/June 1975) “Case of the tangled transfer price” HBR No. 77301  

Question: Anita Corporation: Multinational transfer pricing and taxation  
Case: Del Norte Paper Company  

Class 9. Saturday, February 13, 3:15–5:15  
Risk Management  

Read: Risk Management  
Jeffrey Zaslow (October 10, 2002) “Accused but not Convicted” Wall Street Journal  
Case: Kidder, Peabody & Co.: Creating Elusive Profits  

Class 10. Friday, February 26, 1:30–3:30  
Cost Allocation  

Read: Zimmerman, Chapter 7  
Allocations for Reasons External to the Firm  
Joint Costs  

Cost allocation example  
Problem: 7–10 Encryption, Inc.  
7–26 BFR Ship Building  
Caselet: Spence and Co.  
Caselet: GSB, Inc.  

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Class 11. Saturday, February 27, 8:00–10:00
Procurement

Read: Zimmerman, Chapter 8
Procurement Issues
Atul Gawande (June 1, 2009) “The Cost Conundrum: What a Texas town can teach us about health care”
The New Yorker

Question: Allocating costs of support departments; dual rates; cost justification (Rail and road)

This American Life Episode 392: Someone Else’s Money

Case: Stanford University (A)

Class 12. Saturday, February 27, 10:15–12:15
Ethics and Earnings Management

Read: Earnings Management
James E. Copeland, Jr. Ethics as an Imperative, (March, 2005) Accounting Horizons 19, 1: 35–43
Complaint in Civil Action No. 05-MK-480 (OES) SECURITIES AND EXCHANGE COMMISSION, v. JOSEPH P. NACCHIO et al. (extracts)
Susan Pulliam and Deborah Solomon (October 30, 2002) “Uncooking the Books: How Three Unlikely Sleuths Discovered Fraud at WorldCom” Wall Street Journal

Caselet: Nil Desperandum—Earnings management

Online problem: Earnings management

Examination Friday, March 5