

**Business (MBA) A721
Management Accounting Information
for Strategic Development
Winter 2019 Course Outline**

**Accounting and Financial Management Services Area
DeGroote School of Business
McMaster University**

COURSE OBJECTIVE

The objective of this course is to develop the students' analytical abilities to deal with problems relating to financial situations within the firm. This course deals with the role of accounting in an organization's planning and control system with a focus on responsibility accounting, performance evaluation and incentive compensation system. The way in which management accounting information affects the strategic and operational decisions within the organization will also be discussed.

INSTRUCTOR AND CONTACT INFORMATION

Section C01: Tues 2:30 pm – 5:30pm
Adam Prokop, CPA, CMA, MBA, MFIN, MSc,
Instructor
prokopa@mcmaster.ca
Office Hours: by appointment
Class Location: RJC 249

Course website: Available on Avenue (avenue.mcmaster.ca)

COURSE ELEMENTS

Credit Value:	3	Leadership:	Yes	IT skills:	Yes	Global view:	Yes
Avenue:	Yes	Ethics:	Yes	Numeracy:	Yes	Written skills:	Yes
Participation:	Yes	Innovation:	Yes	Group work:	Yes	Oral skills:	Yes
Evidence-based:	Yes	Experiential:	Yes	Final Exam:	Yes	Guest speaker(s):	No

COURSE DESCRIPTION

This course looks at organizational theory and the ways in which responsibility accounting, transfer pricing, divisional performance evaluation and incentive compensation systems are integrated into the strategic planning and management control systems. It includes a detailed study on activity-based costing and management. It also introduces such topics as strategic profitability analysis, management of quality and time, and the theory of constraints.

The course considers these topics using readings, problems, and cases to provide students with an in-depth appreciation of the field. Throughout the course, the objective is to develop student's ability to use his/her knowledge of accounting and analytical methods to solve problems in the areas of planning and control and the way in which they contribute to developing and implementing strategy in organizations.

LEARNING OUTCOMES

Upon completion of this course, students will be able to complete the following key tasks:

- Understand the application of balanced scorecard as a strategic management and performance management system.
 - Apply the principal of responsibility accounting to planning and control, with a focus on how organizational strategy affects the design of management control system.
 - Apply management accounting concepts to the design of specific components of the management control system, including organizational structure, performance management system, and compensation contract.
 - Use analytical tools, such as strategic profitability analysis, productivity measurement, activity-based costing/management, customer profitability analysis, total quality management, theory of constraints and capacity management etc., to assess the performance of an organization with respect to its strategy.
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REQUIRED COURSE MATERIALS AND READINGS

- Horngren, C.T., S.M. Datar, M. Rajan, L. Beauben, and C. Graham. *Cost Accounting: A Managerial Emphasis*, Seventh Canadian Edition, Prentice Hall Canada, Inc., ON: Scarborough, 2016;
 - Custom Courseware – Cases (purchase a copy at the bookstore)
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OPTIONAL COURSE MATERIALS AND READINGS

- Reading List is available on avenue.mcmaster.ca and Selected Readings for Business A721 and can be accessed from the library's website.

EVALUATION

Learning in this course results primarily from readings, in-class discussion, case analysis as well as report and presentation of term project. Students will be evaluated on an individual basis for their participation in in-class discussion and group work is required for the term project. In these cases group members will share the same grade. If the majority of the group feels that a member does not deserve 100% of the mark assigned, it is the group's responsibility to inform the instructor and the member involved, in writing, specifying the reasons and the percentage of the mark that should be assigned. Your final grade will be calculated as follows:

Components and Weights

Term Project	30%
Case Reports & Presentation	30%
Final Exam	30%
In-class Participation (individual)	10%
	100%

NOTE: The use of a McMaster standard calculator is allowed during examinations in this course. See McMaster calculator policy at the following URL:

www.mcmaster.ca/policy/Students-AcademicStudies/UndergraduateExaminationsPolicy.pdf

Participation

Class participation is an essential part of the course. Students are expected to study the assigned materials in advance, attempted the assigned problems and cases, and be prepared to discuss them during class. Marks assigned for class participation will be based mostly on discussions of cases and problems. There are **NO MARKS** assigned for class attendance.

Case Study

Students will be required to either (a) hand in two case reports, or (b) present one case and hand in one case report. Students may wish to work on these cases individually or in small groups of three or at most four. Whether the case presentation and report is done individually or in small groups will depend on the total enrolment in the course. The case report must be of professional quality, typed, double-spaced, Arial 11-point font with 1" margin. It should include (i) a brief introduction identifying the relevant organizational/accounting problems and issues; (ii) a detailed analysis of the issues with recommendations; and (iii) a conclusion. It is expected that the written case report will be presented as a logical argument based on sound analysis of the case facts and not on opinion or speculation. Point-form analysis is not acceptable. The report must be short, that is, fewer than five double-spaced typed pages plus at most three one-page tables/figures/appendices, concise and to the point. Excessive length, excessive verbosity, lack of precision or otherwise poor writing skill will affect your grade.

Case reports are due on the day of the case presentation. Late submission will not be accepted for marking, i.e., a grade of ZERO will be assigned accordingly. Case presentation must be of professional quality and all group members have to participate in the presentation. Each case presentation is limited to 30 minutes and the instructor reserves the right to terminate a presentation, if necessary.

Term Project

Students must undertake a project on a management accounting topic related to the course. The objective of the project is to provide students an opportunity to gain an in-depth knowledge of the theoretical underpinnings of one of the management accounting topics and to look at a case example of the topic applied within a company. The company can be a Canadian company or a foreign company which students have access to. The project should not be limited to a description of the problems/issues concerning management of the company. Students should **attempt to make recommendations to solve the problem**. For projects that examine the adoption of management accounting tools in a company, the report should not be limited to description of the tool. Students should **develop a critical assessment of the implementation process and evaluate its value to the organization**.

Projects may be done in groups of four to at most six students. The project should consist of:

1. Research and bibliography of the management accounting topic (at least ten references and none of which may be textbooks from any field).
2. Interview with company personnel concerning the topic.
3. Write-up of a report (15 to 20 pages) on the topic, including:
 - literature review of the research question (integrated);
 - company description;
 - write-up of interview and case analysis;
 - recommendation and conclusion.

References must be included at the end of the report and should contain only those works cited in your report. If you have done research on the Internet, proper references and/or bibliography should also be included either at the end of the report or as footnotes/endnotes.

The term project is due before class on **March 26, 2019**. Late submission of the term project will not be accepted, i.e., a grade of **ZERO** will be assigned.

Students should refer to <http://www.pre.ethics.gc.ca> regarding Ethics for Human Research.

Final Exam

There will be one comprehensive final examination. The rules customarily followed by the DeGroote School of Business will govern absence from the examinations.

Grade Conversion

At the end of the course your overall percentage grade will be converted to your letter grade in accordance with the following conversion scheme:

LETTER GRADE	PERCENT	POINTS
A+	90-100	12
A	85-89	11
A-	80-84	10
B+	75-79	9
B	70-74	8
B-	60-69	7
F	00-59	0

Communication and Feedback

Students that are uncomfortable in directly approaching an instructor regarding a course concern may send a confidential and anonymous email to the respective Area Chair or Associate Dean:

<http://mbastudent.degroote.mcmaster.ca/contact/anonymous/>

Students who wish to correspond with instructors or TAs directly via email must send messages that originate from their official McMaster University email account. This protects the confidentiality and sensitivity of information as well as confirms the identity of the student. Emails regarding course issues should NOT be sent to the Administrative Assistant.

Instructors are encouraged to conduct an informal course review with students by Week #4 to allow time for modifications in curriculum delivery. Instructors should provide evaluation feedback for at least 10% of the final grade to students prior to Week #8 in the term.

ACADEMIC DISHONESTY

You are expected to exhibit honesty and use ethical behaviour in all aspects of the learning process. Academic credentials you earn are rooted in principles of honesty and academic integrity.

Academic dishonesty is to knowingly act or fail to act in a way that results or could result in unearned academic credit or advantage. This behaviour can result in serious consequences, e.g. the grade of zero on an assignment, loss of credit with a notation on the transcript (notation reads: "Grade of F assigned for academic dishonesty"), and/or suspension or expulsion from the university.

It is your responsibility to understand what constitutes academic dishonesty. For information on the various types of academic dishonesty please refer to the Academic Integrity Policy, located at:

www.mcmaster.ca/academicintegrity

The following illustrates only three forms of academic dishonesty:

1. Plagiarism, e.g. the submission of work that is not one's own or for which other credit has been obtained.
2. Improper collaboration in group work.
3. Copying or using unauthorized aids in tests and examinations

MISSED ACADEMIC WORK

Missed Mid-Term Examinations / Tests / Class Participation

Where students miss a regularly scheduled mid-term or class participation for legitimate reasons as determined by the Student Experience – Academic (MBA) office, the weight for that test/participation will be distributed across other evaluative components of the course at the discretion of the instructor. Documentation explaining such an absence must be provided to the Student Experience – Academic (MBA) office within five (5) working days upon returning to school.

To document absences for health related reasons, please provide to Student Experience – Academic (MBA) office the Petition for Relief for MBA Missed Term Work and the McMaster University Student Health Certificate which can be found on the DeGroote website at <http://mbastudent.degroote.mcmaster.ca/forms-and-applications/>. Please do not use the online McMaster Student Absence Form as this is for Undergraduate students only. University policy states that a student may submit a maximum of three (3) medical certificates per year after which the student must meet with the Director of the program.

To document absences for reasons other than health related, please provide Student Experience – Academic (MBA) office the Petition for Relief for MBA Missed Term Work and documentation supporting the reason for the absence.

Students unable to write a mid-term at the posted exam time due to the following reasons: religious; work-related (for part-time students only); representing university at an academic or varsity athletic event; conflicts between two overlapping scheduled mid-term exams; or other extenuating circumstances, have the option of applying for special exam arrangements. Such requests must be made to the Student Experience – Academic (MBA) office at least ten (10) working days before the scheduled exam along with acceptable documentation. Instructors cannot themselves allow students to unofficially write make-up exams/tests. Adjudication of the request must be handled by Student Experience – Academic (MBA).

If a mid-term exam is missed without a valid reason, students will receive a grade of zero (0) for that component.

Missed Final Examinations

A student who misses a final examination without good reason will receive a mark of 0 on the examination.

All applications for deferred and special examination arrangements must be made to the Student Experience – Academic (MBA) office. Failure to meet the stated deadlines may result in the denial of these arrangements. Deferred examination privileges, if granted, must be satisfied during the examination period at the end of the following term. There will be one common sitting for all deferred exams.

Failure to write an approved deferred examination at the pre-scheduled time will result in a failure for that examination, except in the case of exceptional circumstances where documentation has been provided and approved. Upon approval, no credit will be given for the course, and the notation N.C. (no credit) will be placed on the student's transcript. Students receiving no credit for a required course must repeat the course. Optional or elective courses for which no credit is given may be repeated or replaced with another course of equal credit value.

Requests for a second deferral or rescheduling of a deferred examination will not be considered.

Any student who is unable to write a final examination because of illness is required to submit the Application for Deferred MBA Final Examination and a statement from a doctor certifying illness on the date of the examination. The Application for Deferred MBA Final Examination and the McMaster University Student Health Certificate can be found on the DeGroot website at <http://mbastudent.degroot.mcmaster.ca/forms-and-applications/>. Please do not use the online McMaster Student Absence Form as this is for Undergraduate students only. Students who write examinations while ill will not be given special consideration after the fact.

In such cases, the request for a deferred examination privilege must be made in writing to the Student Experience – Academic (MBA) office within five business days of the missed examination.

Special examination arrangements may be made for students unable to write at the posted exam time due to compelling reasons (for example religious, or for part-time students only, work-related reasons):

- Students who have religious obligations which make it impossible to write examinations at the times posted are required to produce a letter from their religious leader stating that they are unable to be present owing to a religious obligation.
- Part-time students who have business commitments which make it impossible to write examinations at the times posted are required to produce a letter on company letterhead from the student's immediate supervisor stating that they are unable to be present owing to a specific job commitment.

In such cases, applications must be made in writing to the Student Experience – Academic (MBA) office at least ten business days before the scheduled examination date and acceptable documentation must be supplied.

If a student is representing the University at an academic or athletic event and is available at an overlapping scheduled time of the test/examination, the student may write the test/examination at an approved location with an approved invigilator, as determined by the Student Experience – Academic (MBA) office.

In such cases, the request for a deferred examination privilege must be made in writing to the Student Experience – Academic (MBA) office within ten business days of the end of the examination period.

Note: A fee of \$50 will be charged for a deferred exam written on campus and a fee of \$100 for deferred exams written elsewhere. In cases where the student's standing is in doubt, the Graduate

Admissions and Study Committee may require that the student with one or more deferred examination privileges refrain from re-registering until the examination(s) have been cleared.

STUDENT ACCESSIBILITY SERVICES

Student Accessibility Services (SAS) offers various support services for students with disabilities. Students are required to inform SAS of accommodation needs for course work at the outset of term. Students must forward a copy of such SAS accommodation to the instructor normally, within the first three (3) weeks of classes by setting up an appointment with the instructor. If a student with a disability chooses NOT to take advantage of an SAS accommodation and chooses to sit for a regular exam, a petition for relief may not be filed after the examination is complete. The SAS website is:

<http://sas.mcmaster.ca>

POTENTIAL MODIFICATION TO THE COURSE

The instructor and university reserve the right to modify elements of the course during the term. The university may change the dates and deadlines for any or all courses in extreme circumstances. If either type of modification becomes necessary, reasonable notice and communication with the students will be given with explanation and the opportunity to comment on changes. It is the responsibility of the student to check their McMaster email and course websites weekly during the term and to note any changes.

RESEARCH USING HUMAN SUBJECTS

Research involving human participants is premised on a fundamental moral commitment to advancing human welfare, knowledge, and understanding. As a research intensive institution, McMaster University shares this commitment in its promotion of responsible research. The fundamental imperative of research involving human participation is respect for human dignity and well-being. To this end, the University endorses the ethical principles cited in the Tri-Council Policy Statement: Ethical Conduct for Research Involving Humans:

<http://www.pre.ethics.gc.ca>

McMaster University has mandated its Research Ethics Boards to ensure that all research investigations involving human participants are in compliance with the Tri-Council Policy Statement. The University is committed, through its Research Ethics Boards, to assisting the research community in identifying and addressing ethical issues inherent in research, recognizing that all members of the University share a commitment to maintaining the highest possible standards in research involving humans.

If you are conducting original research, it is vital that you behave in an ethical manner. For example, everyone you speak to must be made aware of your reasons for eliciting their responses and consent to providing information. Furthermore, you must ensure everyone understands that participation is entirely voluntary. Please refer to the following website for more information about McMaster University's research ethics guidelines:

<http://reo.mcmaster.ca/>

Organizations that you are working with are likely to prefer that some information be treated as confidential. Ensure that you clarify the status of all information that you receive from your client. You **MUST** respect this request and cannot present this information in class or communicate it in any form, nor can you discuss it outside your group. Furthermore, you must continue to respect this confidentiality even after the course is over.

ACKNOWLEDGEMENT OF COURSE POLICIES

Your registration and continuous participation (e.g. on A2L, in the classroom, etc.) to the various learning activities of MBA A721 will be considered to be an implicit acknowledgement of the course policies outlined above, or of any other that may be announced during lecture and/or on A2L. **It is your responsibility to read this course outline, to familiarize yourself with the course policies and to act accordingly.**

Lack of awareness of the course policies **cannot be invoked** at any point during this course for failure to meet them. It is your responsibility to ask for clarification on any policies that you do not understand.

COURSE SCHEDULE

BUSINESS A721
Managerial Accounting Information for Strategic Development
Winter 2019
Course Outline

WEEK	DATE	TOPIC	READING	PROBLEMS
1	January 8	Introduction Course Overview Strategic Management System		
2	January 15	Strategy and Balanced Scorecard	p. 523-535 <i>Case: Mountain City Transit</i>	P13-33, 34
3	January 22	Management Control and Decentralization Budgeting, Responsibility Accounting and Responsibility Centres	p. 859-863 Ch. 6	
4	January 29	Profit and Investment Centres: Return on Investment & Economic Value Added	p. 893-914 <i>Case: Vershire Company</i>	P22, 25, 32, 42, 44
5	February 5	Transfer Pricing – Expense Centres (Common Cost Allocation) Case Presentation #1	Ch. 14 <i>Case: Vienna Industries</i>	P14-26, 28, 34
6	February 12	Transfer Pricing – Profit Centres	p. 863-879 <i>Case: Birch Paper Company</i>	P20-22, 24, 28, 29, 32, 34
7	February 19	Reading Week – No Class		
8	February 26	Performance Measurement and Incentive System	p. 914-920 <i>Case: AB Thorsten</i>	P22-29, 35, 39
9	March 5	Operating Income Variance Analysis – Review Extended Variance Analysis	Ch. 7 & Ch. 8 p. 651-661 p. 269-274	P7-37, 39, P8-28, 38, 40 P16-27, 28
10	March 12	Strategic Profitability Analysis Case Presentation #2	p. 535-541 <i>Case: Valeant Pharmaceutical Industries</i>	P13-30, 31
11	March 19	Activity-Based Costing and Management Customer Profitability Analysis	Ch. 5 Additional Materials Posted on A2L.	P5-31, 32, 41 P16-32, 33, 42

12	March 26	Joint Cost and Revenue Allocation Term Project Due	Ch. 15 <i>Case: Wilson Electronics (A) and (B)</i>	P15-21, 24
13	April 2	Costing Systems: Job Order & Process Costing Spoilages	Ch. 4, 17, 18	P17-39,40 P18-32, 33
14	April 8	Management Control for Not-for-Profit Organizations Case Presentation #3	Additional Materials Posted on A2L. <i>Case: Union Medical Centre</i>	

Note: Readings and Self-Study Problems are based on Horngren, C.T., S.M. Datar, M. Rajan, L. Beauben, and C. Graham. *Cost Accounting: A Managerial Emphasis*, Seventh Canadian Edition,).

Tentative course outline is subject to change.