AP/ADMS 3510 3.0: Managerial Cost Accounting and Analysis

Course Timetable Information is available from the Course Schedule at the York Courses Web site. Please ensure you print or note your Course Type, Day, Start Time, Duration, Location and Catalogue Number.

Fall 2012 Course Outline

<table>
<thead>
<tr>
<th>Section</th>
<th>Day</th>
<th>Time</th>
<th>Section Director</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Tuesday</td>
<td>7-10pm</td>
<td>Robert Murison</td>
<td>CLH H</td>
</tr>
<tr>
<td>B</td>
<td>Friday</td>
<td>2:30 to 5:30pm</td>
<td>Joe Nemi</td>
<td>TEL 0010</td>
</tr>
<tr>
<td>C</td>
<td>Tuesday</td>
<td>4-7pm</td>
<td>Jamie Aldcorn</td>
<td>ROSS N203</td>
</tr>
</tbody>
</table>

Contact Details

Professor Marcela Porporato (Area co-ordinator)
Room: 251A Atkinson
Tel.: 416-736-2100, Ext. 22874
Email: porpomar@yorku.ca

Professor Robert Murison : Email : rmurison@yorku.ca
Professor Joe Nemi : Email : joenemi@yorku.ca
Professor Jamie Aldcorn : Email : aldcornj@yorku.ca

Teaching Assistant: Roberto Umana, CA ; Email : uma@yorku.ca

Important Dates during the Semester

Calendar Description: Prerequisite / Co-Requisite:

A course in theories and techniques of cost accounting and management accounting. Emphasis is placed on cost accumulation for purposes of (a) asset valuation and income measurement, along with (b) planning and control.

Prerequisites: AP/ADMS 2320 3.00, AP/ADMS 2500 3.00, AP/ADMS 2510 3.00; AP/ECON 1000 3.00, AP/ECON 1010 3.00. PRIOR TO FALL 2009: Prerequisites: AK/ADMS 2320 3.00 or AK/ADMS 3320 3.00 (prior to Summer 2005), AK/ADMS 2500 3.00, AK/ADMS 2510 3.00; AK/ECON 1000 3.00, AK/ECON 1010 3.00.

Course credit exclusion: AK/ADMS 3510 3.00.
Notes:

Students may not register or continue in this course without completion of the pre-requisites (the following grades do not represent successful completion of a course: E; F; FD; DEF; Deferred Standing.) Any student with prerequisite or course enrollment issues should contact the ADMS administration office (Room #282 Atkinson Building) to resolve his or her concerns prior to attending any classes. Phone 416-736 5210, Fax 416-736 5963 or e-mail akadms@yorku.ca Your professor is not authorized to waive prerequisite requirements or register/transfer you into a course section. AP/ADMS 2510.03: Introduction to Management Accounting is a pre-requisite to this course. It is assumed that students are familiar with the materials covered in that course. These include the following topics, and students are advised to review the materials if they are unsure of them. · cost terms, purposes and flows · cost –volume-profit model and analysis · costing systems: job costing, process costing, standard costing, activity based costing and inventory costing methods · cost behaviour, cost allocation, and relevant costs · budgeting, flexible budgets and variances · responsibility accounting, decentralized operations, transfer pricing, performance measurement and incentive systems.

Required Course Text / Readings:

Horngren, Datar, Foster, Rajan, Ittner, Gowing, Janz
Cost Accounting: A Managerial Emphasis,
ISBN: 0-13-259500-1

The official textbook for the course is the 6th Edition and all classroom activity will be conducted based on the official textbook as well as any Web Site postings of course materials. This is a very time-intensive course, so we emphasize to you to assist in your successful completion of the course that students would be most efficient in their studies by utilizing the 6th Edition. A copy of the current textbooks and related student solution’s manual has been placed on reserve in the Schulich School of Business library building. There are no resources available for previous editions.


Expanded Course Description: Organization of the Course:

A course in theories and techniques of cost accounting and management accounting. Emphasis is placed on cost accumulation for purposes of a). asset valuation and income measurement, along with b). planning and control.

As a second course in management accounting, students expand their knowledge and understanding of management accounting techniques that were developed in the introductory course in management accounting. This course builds on the foundations of managerial accounting that have been introduced in AP/ADMS 2510.03: Introduction to Management Accounting (or its equivalent) and expands in several ways:

• Firstly, all topics are studied through the use of integrated cases.

• Secondly, each of the topics is studied using a higher level of statistical and mathematical analysis.

• Thirdly the topics are augmented with a detailed study of activity based costing and activity-based management techniques.

• Fourthly, each of the topics is studied by the student in great depth.

With the management accounting techniques from AP/ADMS 2510.03 and those learned in this course, students will apply these techniques with cases for planning, controlling and decision-making purposes. This course requires students to challenge their knowledge and understanding of management accounting with integrated case analyses.
# Schedule: Fall 2012 (subject to change):

<table>
<thead>
<tr>
<th>Week #</th>
<th>Class Dates</th>
<th>In Class Topics</th>
<th>Reading Material (Book: Chapter)</th>
<th>Cases for In Class Discussions</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>A-Sep 11</td>
<td>Accountant’s Vital Role and the Case Approach</td>
<td>1, 2</td>
<td>Horngren: Case 2-45; Page 62. Sprakman: Section 1; Pages 3 to 36.</td>
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<tr>
<td></td>
<td>B-Sep 07</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>C-Sep 11</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>02</td>
<td>A-Sep 18</td>
<td>Activity-Based Costing &amp; Process Costing</td>
<td>5,17</td>
<td>Sprakman: Case 15; Electronic Process Equipment.</td>
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<tr>
<td></td>
<td>B-Sep 14</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>C-Sep 18</td>
<td></td>
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</table>

**September 19:** Last date to enroll without permission of the course instructor

| 03     | A-Sep 25    | Flexible Budgets, Variances, Controls | 7, 8 *(Omit Appendix 07)* | Sprakman: Case 7; Coffee Maker Supreme. |
|        | B-Sep 21    |                |                                 |                               |
|        | C-Sep 25    |                |                                 |                               |
| 04     | A-Oct 02    | Revenue, Profitability Analysis | 16 | Sprakman: Case 17; French Oven Restaurants. |
|        | B-Sep 28    |                |                                 |                               |
|        | C-Oct 02    |                |                                 |                               |
| 05     | A-Oct 09    | Inventory Valuation & Quantitative Analysis | 9, 10 *(Omit Appendix 10)* | Sprakman: Case 8; Consolidated Pump. |
|        | B-Oct 05    |                |                                 |                               |
|        | C-Oct 09    |                |                                 |                               |

**October 14 (Sunday)**
5pm-7pm

Common Mid Term Exam #1
Topics of classes 01 to 05 included
Location: Curtis Lecture Halls D, F, G.
<table>
<thead>
<tr>
<th>Week #</th>
<th>Class Dates</th>
<th>In Class Topics</th>
<th>Reading Material (Book: Chapter)</th>
<th>Cases for In Class Discussions</th>
</tr>
</thead>
<tbody>
<tr>
<td>06</td>
<td>A-Oct 16</td>
<td>Relevant Costs &amp; Revenues, Pricing Decisions</td>
<td>11, 12</td>
<td>Horngren: Case 12-37; Page 515.</td>
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<td></td>
<td>B-Oct 12</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>C-Oct 16</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>07</td>
<td>A-Oct 23</td>
<td>Cost Application and Allocation</td>
<td>14, 15 (Omit Appendix 14)</td>
<td>Sprakman: Case 23; King Coal.</td>
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<tr>
<td></td>
<td>B-Oct 19</td>
<td></td>
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<tr>
<td></td>
<td>C-Oct 23</td>
<td></td>
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<tr>
<td>08</td>
<td>A-Oct 30</td>
<td>Balanced Scorecard, Theory of Constraints</td>
<td>13, 19</td>
<td>Sprakman: Case 4; Brights Lodging and Travel.</td>
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<td></td>
<td>B-Oct 26</td>
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<td>C-Oct 30</td>
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<tr>
<td>Oct 31- Nov 4</td>
<td>Co-Curricular Days 1 below</td>
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</tr>
<tr>
<td>09</td>
<td>A-Nov 06</td>
<td>Capital Budgeting</td>
<td>21, 22</td>
<td>Sprakman: Case 34; Wilcox Microwaves.</td>
</tr>
<tr>
<td></td>
<td>B-Nov 09</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>C-Nov 06</td>
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</table>

**November 09** | Last date to drop without academic penalty

**November 11** Submit group case study by e-mail to your teaching assistant by 11:59pm. Case will be posted/announced on the course websites.

**November 18** (Sunday) 5pm- 7pm Common Mid Term Exam #2 Topics of classes 06 to 09 included Location: Curtis Lecture Halls D, F, G.
<table>
<thead>
<tr>
<th>Week #</th>
<th>Class Dates</th>
<th>In Class Topics</th>
<th>Reading Material (Book: Chapter)</th>
<th>Cases for In Class Discussions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B-Nov 16</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>C-Nov 13</td>
<td></td>
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</tr>
<tr>
<td>11</td>
<td>A-Nov 20</td>
<td>Spoilage Rework and Scrap &amp; Inventory Cost Management</td>
<td>18, 20</td>
<td>Horngren: Case 18-47; Page 751.</td>
</tr>
<tr>
<td></td>
<td>B-Nov 23</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>C-Nov 20</td>
<td></td>
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</tr>
<tr>
<td>12</td>
<td>A-Nov 27</td>
<td>Course Review</td>
<td>Final Exam Overview</td>
<td>Case Approach</td>
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<tr>
<td></td>
<td>B-Nov 30</td>
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<tr>
<td></td>
<td>C-Nov 27</td>
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</table>

1 There are five (5) days designated as Co-curricular days in the Fall 2012 term during which classes, examinations and tests will not be held. The University itself will be open and administrative services available.

There are two (2) common mid-term examinations; each will count for 25% towards the overall grade and a group case submission that will count for 15%:

The common final examination will be a three-hour exam for 35% and will cover all topics studied in the course. It will include analytical problems and a case and will be scheduled by the registrar.

**FINAL EXAMINATION:**

DATE: Between the 3rd and 21th of December 2012
LOCATION: TBA (see Announcements section of your website).
Before Classes Start:

Please review all material from your Introductory Management Accounting course (AP/ADMS 2510 or equivalent).

Comprehensive Study Syllabus

In addition to the materials covered in the classroom, students are offered the following list of materials they could take up individually to consolidate their knowledge and prepare for the mid-term and final examinations.

Weekly Self Study Problems:

Week 1:
Problem 1-25, page 23: Professional Ethics and End of Year Actions
Problem 1-26, page 24: Professional Ethics and Earnings Management
Problem 2-37, page 59: Statement Preparation
Problem 2-38, page 59: Statement Interpretation

Week 2:
Problem 5-36, page 184: ABC-Department and Activity Cost Rates
Problem 5-38, page 185: ABC-Product Cross-Subsidization

Week 3:
Problem 7-38, page 290: Comprehensive Cost Variances
Problem 7-40, page 291: Product Input Mix and Yield Variances
Problem 8-33, page 332: Flexible Budgets
Problem 8-40, page 336: Comprehensive Cost Variances

Week 4:
Problem 16-24, page 665: Customer Profitability
Problem 16-29, page 667: Variance Analysis – Multiple Products
Problem 16-30, page 668: Market-Share and Market-Size Variances
Problem 16-40, page 673: Revenue Allocation for Bundled Products

Week 5:
Problem 9-28, page 375: Throughput
Problem 9-34, page 378: Variable Costing versus Absorption Costing
Problem 9-40, page 381: Variable Costing versus Absorption Costing
Problem 10-23, page 421: High-Low Method versus Regression Analysis
**Weekly Self Study Problems:**

**Week 6:**
Problem 11-31, page 464: Optimal Production Mix/Relevant Costs  
Problem 11-34, page 466: Relevant Costs  
Problem 12-29, page 511: Target Prices/Costs/ABC  
Problem 12-35, page 514: Governance/Pricing Considerations

**Week 7:**
Problem 14-30, page 592: Support Cost Allocation  
Problem 15-34, page 628: Joint Cost Allocation  
Problem 15-35, page 628: Further-Processing Decision  
Problem 15-39, page 629: Net Realizable Value

**Week 8:**
Problem 13-29, page 551: Governance/Balanced Scorecard  
Problem 13-30, page 551: Balanced Scorecard and Strategy  
Problem 19-37, page 794: Theory of Constraints/Sensitivity Analysis  
Problem 19-42, page 797: Analysis of Quality

**Week 9:**
Problem 21-28, page 878: NPV Analysis  
Problem 21-30, page 878: NPV and IRR Analysis  
Problem 22-27, page 915: Equipment Replacement  
Problem 22-28, page 915: Equipment Replacement/Tax Impact

**Week 10:**
Problem 23-30, page 956: Governance/Transfer Pricing  
Problem 23-32, page 957: Transfer Pricing/Excess Capacity  
Problem 24-32, page 998: ROI, RI, DuPont Method, Investment Decisions  
Problem 24-34, page 999: Executive Compensation, Balanced Scorecard

**Week 11:**
Problem 18-30, page 745: Spoilage/Weighted Average  
Problem 18-44, page 749: Governance/Spoilage  
Problem 20-27, page 838: EOQ and Reorder Point  
Problem 20-40, page 842: Supply-Chain Analysis

**Week 12:**
Final Exam Overview/Format Expectations
Concerns with Marking:

If you have concerns with the marking of your semester evaluations, write your concerns on a separate cover page and re-submit it to the teaching assistant, who will deal with the concerns. Note, as there is a certain amount of judgment in marking, the entire exam or assignment will be re-marked, and the overall mark could go up, stay the same, or fall.

Grading Scheme and Feedback Policy:

The grading scheme (i.e. kinds and weights of assignments, essays, exams, etc.) shall be announced, and be available in writing, within the first two weeks of class, and, under normal circumstances, graded feedback worth at least 15% of the final grade for Fall, Winter or Summer Term Semesters, and 30% for ‘full year’ courses offered in the Fall/Winter Term Semester will be received by students in all courses prior to the final withdrawal date from a course without receiving a grade, with the following exceptions:

Note: Under unusual and/or unforeseeable circumstances which disrupt the academic norm, instructors are expected to provide grading schemes and academic feedback in the spirit of these regulations, as soon as possible. For more information on the Grading Scheme and Feedback Policy, please visit:


Academic Honesty:

The School of Administrative Studies considers breaches of the Senate Policy on Academic Honesty to be serious matters. The Policy on Academic Honesty is an affirmation and clarification for members of the University of the general obligation to maintain the highest standards of academic honesty. As a clear sense of academic honesty and responsibility is fundamental to good scholarship, the policy recognizes the general responsibility of all faculty members to foster acceptable standards of academic conduct and of the student to be mindful of and abide by such standards. Suspected breaches of academic honesty will be investigated and charges shall be laid if reasonable and probable grounds exist.

Students should review the York Academic Honesty policy for themselves at:


Students might also wish to review the interactive on-line Tutorial for students on academic integrity, at:

http://www.yorku.ca/tutorial/academic_integrity/

Students must be aware of their rights and responsibilities, for more detail please visit:

http://www.yorku.ca/laps/students/rights.html
Course Learning Objectives:

Having successfully completed this course students are expected to have attained the following learning objectives:

1: A comprehensive knowledge of cost accounting terminology and techniques;
2: An ability to apply cost accounting techniques to business cases;
3: An ability to present a case analysis in good form.

Weighting of Course:

<table>
<thead>
<tr>
<th>Allocation of Marks: All Sections:</th>
</tr>
</thead>
<tbody>
<tr>
<td>25% - Mid term Exam #1 (2 hours) – October 14; 5pm- 7pm</td>
</tr>
<tr>
<td>25% - Mid term Exam #2 (2 hours) – November 18; 5pm- 7pm</td>
</tr>
<tr>
<td>15% - Group Case Study to be submitted by e-mail (10 pages)</td>
</tr>
<tr>
<td>35% - Final Examination – All topics covered and described in the course outline (3 hours)</td>
</tr>
</tbody>
</table>

Note: During the semester participants are required to write “at least one” of the mid-terms and also be part of a group case submission since the weight of the final examination shall not exceed 60% of the final grade. No Exceptions.

Additional Information / Notes Mid-Term Exams:

**Mid-Term Exams:** The first and second mid term exams will consist of problem situations comparable to those discussed in class and recommended for this course plus problems about any of the in-class case discussions. Students must write midterm examinations in the section in which they are enrolled. Rooms cannot accommodate additional writers from other sections. If you miss a mid-term exam, no make-up exam is available. Instead the weight of “one” of the missed exams (25 marks) will be automatically transferred to the final examination weighting. With an attempt at a mid-term exam, the weight of that mid-term exam (25 marks), will no longer be eligible for transfer to the final examination weighting. No Exceptions.
Additional Information / Notes Final Exam:

Accommodation Procedures:

LA&PS students who have experienced a misfortune or who are too ill to attend the final examination in an AP/ADMS course should not attempt to do so; they must pursue deferred standing. Other non AP/ADMS students should contact their home Faculty for information. For further information, please visit: http://www.registrar.yorku.ca/exams/deferred/index.htm

Final Exam: Deferred standing may be granted to students who are unable to write their final examination at the scheduled time or to submit their outstanding course work on the last day of classes. In order to apply for deferred standing, students must register at http://apps.eso.yorku.ca/apps/adms/deferredexams.nsf. Followed by handing in a completed Deferred Standing Agreement (DSA) Form and supporting documentation directly to the main office of the School of Administrative Studies (282 Atkinson), NOT your Course Director, and also add your ticket number to the (DSA) Form. The (DSA) Form and supporting documentation must be submitted no later than five (5) business days from the date of the exam. These requests will be considered on their merit and decisions will be made available by logging into the following link http://apps.eso.yorku.ca/apps/adms/deferredexams.nsf. No individualized communication will be sent by the School to the students (no letter or e-mails).

Students with an approved (DSA) Form will be able to write their deferred examination during the School’s deferred examination period. No further extensions of deferred exams shall be granted. The format and covered content of the deferred examination may be different from that of the originally scheduled examination. The deferred exam may be closed book, cumulative and comprehensive and may include all subjects/topics of the textbook whether they have been covered in class or not. Any request for deferred standing on medical grounds must include an Attending Physician’s Statement Form; a “Doctor’s Note” will not be accepted.

DSA Form: http://www.registrar.yorku.ca/pdf/deferred_standing_agreement.pdf

Attending Physician’s Statement Form: http://www.yorku.ca/laps/council/students/documents/APS.pdf

The deferred examinations for the Fall 2012 term shall be held in the period January 25 – 27, 2013.
**Group Case Study:**

The case study will be completed in groups of maximum 5 students from your class section only. Group formation and involvement is the **sole responsibility of each student**. Each group will e-mail their written report/solution for the case study to your teaching assistant by the latest **11:59 pm, on Sunday November 11, 2012**. Late or individual non group submissions will not be graded.

**ADMS 3510 Case Study Focus**

1. The cover page of the case report must indicate the title of the case, date of preparation/submission, names and student numbers of the group members and the AP/ADMS 3510 course section in which the members are enrolled in.
2. The file name of the case study e-mail submission attachment will need to include the course code and section.
3. The written report will have a length of maximum 10 pages including the cover page, titles, charts and tables (text: 2.54 cm margins, 12 point Times New Roman font, and 1.5 line spacing) and can follow the guidelines set up by your professor and, if possible given the nature of the case, also have to:
   - Review relevant facts, identify the symptoms and the underlying management control issues.
   - Identify the problem faced by the company or its management team (could be a trade off, a 'how' type question, a design or implementation issue, etc.)
   - Review the history of the company or the division under analysis (only include those events that are relevant to the problem of the case)
   - Perform an industry analysis to identify the position of the company or its divisions (strategic business units).
   - Whenever possible try to identify the strategy of the company or mention that it lacks any strategic orientation or intent.
   - Perform a SWOT analysis in order to identify the distinctive capabilities (and align them with the strategy and industry competitive position).
   - Review the management planning and control systems of the company. Do they help to implement and achieve the strategy? Are they related with the strategy and critical resources (distinctive capabilities)? Is there any way that they can be improved (to come up with ideas regarding this last issue you can try a SWOT analysis of the control and planning systems)?
   - Answer any/all specific questions indicated in the case. All answers and recommendations have to be supported by a clear reasoning.
OTHER IMPORTANT COURSE INFORMATION

In-Class Tests and Exams - the 20% Rule: For all Undergraduate courses, except those which regularly meet on Friday evening, on a weekend or are on-line, tests or exams worth more than 20% will not be held in the two weeks prior to the beginning of the official examination period. For further information on the 20% Rule, please visit: http://www.yorku.ca/secretariat/policies/document.php?document=141
For further information on examination scheduling please refer to the following: http://www.registrar.yorku.ca/enrol/dates/index.htm
When midterms will be held outside of regularly scheduled class time, included is an announcement of day, date and time here and in the weekly course schedule;
(Sunday, October 14, 2012, 5 pm to 7 pm, Curtis Lecture Halls D, F, G.).
(Sunday, November 18, 2012, 5 pm to 7 pm, Curtis Lecture Halls D, F, G.).

Reappraisals: Students may, with sufficient academic grounds, request that a final grade in a course be reappraised (which may mean the review of specific pieces of tangible work). Non-academic grounds are not relevant for grade reappraisals; in such cases, students are advised to petition to their home Faculty. Students are normally expected to first contact the course director to discuss the grade received and to request that their tangible work be reviewed. Tangible work may include written, graphic, digitized, modeled, video recording or audio recording formats, but not oral work. Students need to be aware that a request for a grade reappraisal may result in the original grade being raised, lowered or confirmed. For reappraisal procedures and information, please visit the Office of the Registrar site at: http://www.registrar.yorku.ca/grades/reappraisal/index.htm
Final course grades may be adjusted to conform to Program or Faculty grades distribution profiles.”

Academic Accommodation for Students with Disabilities: The nature and extent of accommodations shall be consistent with and supportive of the integrity of the curriculum and of the academic standards of programs or courses. Provided that students have given sufficient notice about their accommodation needs, instructors shall take reasonable steps to accommodate these needs in a manner consistent with the guidelines established hereunder. For more information please visit the Disabilities Services website at http://www.yorku.ca/dshub/
York’s disabilities offices and the Registrar’s Office work in partnership to support alternate exam and test accommodation services for students with disabilities at the Keele campus. For more information on alternate exams and tests please visit http://www.yorku.ca/altexams/
Please alert the Course Director as soon as possible should you require special accommodation.
**Religious Accommodation:** York University is committed to respecting the religious beliefs and practices of all members of the community, and making accommodations for observances of special significance to adherents. For more information on religious accommodation, please visit the referenced site below.
https://w2prod.sis.yorku.ca/Apps/WebObjects/cdm.woa/wa/regobs

**Services for Mature and Part-time Students**
The Atkinson Centre for Mature and Part-time Students (ACMAPS) maintains and strengthens York University’s ongoing commitment to welcome and to serve the needs of mature and part-time students. For further information and assistance visit:
http://www.yorku.ca/acmaps