

SCHOOL OF ACCOUNTING AND COMMERCIAL LAW

ACCY 302
ADVANCED MANAGEMENT ACCOUNTING

Trimester Two 2007

COURSE OUTLINE

Contact Details

Course Co-ordinators

Administrative: Chloe Thompson. RH 708 463-5383 Chloe.Thompson@vuw.ac.nz

Academic: Carolyn Fowler RH 603 463-6506 Carolyn.Fowler@vuw.ac.nz

Lecturers

Weeks 1-6: Dr Chris Hunt RH 623 463-6921 Chris.Hunt@vuw.ac.nz

Weeks 7-12: Carolyn Fowler RH 603 463-6506 Carolyn.Fowler@vuw.ac.nz

Duty Tutoring

Binh Bui RH 619 463-6679 Binh.Bui@vuw.ac.nz

Class Times and Room Numbers

- Tuesday 10.30 to 11.20 a.m. in RH LT1
- Wednesday 10.30 to 11.20 a.m. in RH LT1
- Thursday 12.40 to 1.30 p.m. in RH LT1

There are eight weekly tutorials in this course. Please refer to pages 5 and 6 for details on dates and tutorial sign-up and notification procedures.

Course Objectives

Upon successful completion of this course, you should be able to:

1. Discuss and evaluate overhead issues and allocate common and service department costs.
2. Understand process costing and be able to apply the weighted average method.
3. Describe and apply methods for allocating joint and by-product costs and consider cost behavioural and allocation issues.
4. Explain and examine environmental cost management.
5. Discuss capital budgeting and associated issues and apply a variety of capital budgeting techniques.
6. Analyse the costs and revenues to be used in traditional and strategic decision making.
7. Consider the utilisation of constrained resources and discuss the Theory of Constraints (TOC).
8. Explain and apply traditional and contemporary inventory management concepts and practices.
9. Discuss strategic cost management, value chains and lifecycle reporting.
10. Discuss and evaluate customer profitability analysis, quality management and activity-based management.
11. Examine and apply target and kaizen costing.
12. Consider the development of management accounting and its future.

The comprehensive course objectives are given in a more detail on pages 7 and 8 of this outline.

Course Content

The Weekly Topic Timetable of this lecture outline is a guideline only and variations may occur.

	Dates		Weekly Topic Timetable	Chapter* ¹	Tutorial Sessions	All Assignments* ² due by 10.30 am Wednesday
1	10 11 12	Jul	Introduction Review of Overhead Allocation Common & Service Department Costs	Apdx 3A CMB 15		
2	17 18 19	Jul	Common & Service Department Costs Process Costing Process Costing	15 4 4		
3	24 25 26	Jul	Process Costing Joint and By-Product Costing Joint and By-Product Costing	CMB 13 CMB	Common and Service Costs Process Costing	
4	31 1 2	Jul Aug	Environmental Cost Management Environmental Cost Management Environmental Cost Management	CMB CMB CMB	Case Study Overview Joint and By- Products	<i>Assignment 1 Process Costing (C4.26, Callow Ltd)</i>
5	7 8 9	Aug	Capital Budgeting Test 1 Capital Budgeting	14 14	Unitron Case Study	
6	14 15 16	Aug	Traditional Inventory Management Relevant Costing and Decision Making Constraint Management	CMB 13 1/CMB	Environmental Cost Management Capital Budgeting	<i>Assignment 2 Joint and By-Products (Unitron Corp.)</i>
7	4 5 6	Sept	Strategic Management Accounting Strategic Management Accounting Contemporary Inventory Management	CMB CMB CMB	Decision Making Skyview Manor Case Study	
8	11 12 13	Sept	Review of Activity Based Costing Customer Profitability Analysis (CPA) Customer Profitability Analysis (CPA)	8 CMB CMB	Value Chains Levi's Case Study	<i>Assignment 3 Decision Making (Skyview Manor)</i>
9	18 19 20	Sept	Quality Management Test 2 Quality Management	Apdx 2B CMB		
10	25 26 27	Sept	Non-Financial Performance Measurement Balanced Scorecard Balanced Scorecard	CMB 10 CMB	CPA Quality Management	<i>Assignment 4 SMA (Levi's Personal Pair Jeans)</i>
11	2 3 4	Oct	Activity Based Management Activity Based Management Target and Kaizen Costing	CMB CMB Apdx A		
12	9 10 11	Oct	Target and Kaizen Costing History of Management Accounting Future of Management Accounting	CMB CMB CMB	Balanced Scorecard ABM	

Apdx = appendix and CMB = Course Materials Book

*¹ Please see the Topic Learning Objectives on pages 7 and 8 for details of the actual page numbers.

*² Assignment 1 questions are from the 10th edition of the textbook, while the case studies are from Shank, J.K., (2001), Cases in Cost Management: A Strategic Emphasis, 2nd Edition, Western College Publishing: Cincinnati.

Course Prerequisites

The prerequisites for this course are ACCY001 and ACCY223. If you have not passed **both** of these courses please see the Course Coordinator.

Expected Workload

There will be 4 hours per week of scheduled class contact time consisting of lectures and a 1 hour tutorial. In addition to this contact time students are expected to spend at least an additional 10 hours per week on private study

Textbook and Required Readings

Students are required to purchase a copy of:

- Garrison, R.H., and Noreen, E.W., (2006), *Managerial Accounting*, **11th Edition**, McGraw-Hill.
- Reeve J.M., (2003), 2nd edition, *Readings and Issues in Cost Management*, South Western.
- Course Materials Book for Weeks 1 to 6
- Course Materials Book for Weeks 7 to 12.

A copy of the *Course Outline, Assignment and Tutorial Book* will be given to each student at the first lecture.

Additional readings will be used by your lecturers for some lecture topics. These will be provided to you, placed on Blackboard, or placed in the VUW Commerce Library on closed reserve.

Materials and Equipment

Materials permitted in the two tests and final examination are:

- Non-programmable silent calculators.
- Non-electronic foreign language dictionaries.

Assessment Requirements

Test 1 is on Wednesday 8 August 2007 at 5.45 - 7.00 pm (Date and time to be confirmed)

Weighting: 20% of final course mark.

This test is on all material covered during the first four weeks of the trimester including lectures, tutorials, assignments and any extra work given by the lecturer(s) and covers these topic areas: Overhead Allocation, Common and Service Department Costs, Process Costing, Joint and By-Product Costing and Environmental Cost Management.

Test 2 is on Wednesday 19 September 2007 at 5.45 - 7.00 pm (Date and time to be confirmed)

Weighting: 20% of final course mark.

This test is on all material covered during the middle four weeks of the trimester, including lectures, assignments, tutorials and any extra work given by the lecturer(s) and covers these topic areas: Capital Budgeting, Relevant Costing and Decision Making, Constraint Management, Strategic Management Accounting, Traditional and Contemporary Inventory Management and Customer Profitability Analysis.

Final 3-hour examination, held during the examination period (15 October to 11 November 2007).

Weighting: 60% of final course mark.

The final examination is on all material covered during the 12-week trimester and includes:

- All material covered during the last four weeks of the trimester, including lectures, assignments, tutorials, and any extra work given by the lecturer(s) and covers these topic areas: Quality Management, Non-Financial Performance Measurement, Balanced Scorecard, Activity Based Management, Target and Kaizen Costing, and the History and Future of Management Accounting (Weighting: 20% of final course mark).
- All material covered during the entire course/trimester (Weighting: 40% of final course mark).

These assessments meet the course objectives by:

- Covering all topics taught in the course.
- Integrating the use of case studies, as completed in the mandatory assignments, into the exam.
- Assessing the understanding and application of management accounting techniques and the evaluation of management accounting concepts.

Note: It is a good idea to retain all test scripts and assignments in case it is necessary to seek an aegrotat or clarify a recording issue.

Mandatory Course Requirement

In addition to obtaining an overall course mark of 50% or more, students must:

- Complete and submit the **FOUR assignments**

So that you are able to meet the mandatory course requirement, completed assignments will be accepted as a **late submission**, if presented to the course co-ordinator, in person, up to 2.00 p.m. on **Wednesday 17 October 2007**.

A list of those students who have not met the mandatory assignment requirement will be posted on the “Accounting” notice board and Blackboard by 2.00 p.m. on **Thursday 18 October 2007**. Students who have not met the mandatory assignment requirement will receive a K, D or E grade for the course.

Communication of Additional Information

Additional information concerning this course will be provided in lectures, posted on the “Accounting” notice board on the mezzanine floor of Rutherford House, and/or on Blackboard.

Assignments

You have **FOUR assignments** due by **10.30 a.m.** on the following days:

Assignment No 1: Wednesday 1 August 2007

Questions: C4.26 and Callow Limited

Assignment No 2: Wednesday 15 August 2007

Case 34 - UNITRON CORPORATION

Questions 1 to 5 only.

Assignment No 3: Wednesday 12 September 2007

Case 29 - SKYVIEW MANOR

Questions 1 to 6 only.

Assignment No 4: Wednesday 26 September 2007

Case 19 – LEVI’S PERSONAL PAIR JEANS

All questions.

The questions for the assignments have been provided for you in this Assignment and Tutorial Book,

Please use the labels provided on page 10 of this course outline. For each assignment, complete, cut out and staple the correct label to your assignment. Place your assignment in the **ACCY 302 Box** on the mezzanine floor of Rutherford House no later than 10.30 a.m. on the due date.

Your assignments must be recorded as submitted in order to comply with the mandatory course requirements. However, unexplainable recording errors and the loss of assignments do occur. For this reason, you may be required to re-submit some of your completed assignments. You should therefore retain a copy of each assignment you submit. Assignments submitted by 10.30 a.m. on the due date, should be returned to you during the following tutorial session. The suggested solutions will be posted on Blackboard.

Note: Lecturers may assign other examples as extra “homework”. The answers to these will, where available in electronic form, be provided on Blackboard.

Tutorials

You have **eight tutorial sessions** that are held during the following weeks:

Tutorial Session 1: Week beginning Monday 23 July 2007

Questions: Common and Service Department Costs and Process Costing.

Tutorial Session 2: Week beginning Monday 30 July 2007

Questions: Case Study Overview and Joint and By-Product Costing.

Tutorial Session 3: Week beginning Monday 6 August 2007

Question: Unitron Corporation Case Study.

Tutorial Session 4: Week beginning Monday 13 August 2007

Questions: Environmental Cost Management and Capital Budgeting.

Tutorial Session 5: Week beginning Monday 3 September 2007

Questions: Decision Making and Skyview Manor Case Study.

Tutorial Session 6: Week beginning Monday 10 September 2007

Questions: Value Chains and Levi's Personal Pair Jeans Case Study.

Tutorial Session 7: Week beginning Monday 24 September 2007

Questions: Customer Profitability Analysis and Quality Management.

Tutorial Session 8: Week beginning Monday 8 October 2007

Questions: Activity Based Management and Balanced Scorecard

Please ensure you have worked through the assigned tutorial question(s) prior to your tutorial. These questions are in this assignment book. Solutions will be provided on Blackboard after the tutorials.

Tutorial Group Sign-up

You will be given the opportunity to sign up for one tutorial group on a first-come-first-served basis. Detailed tutorial sign-up instructions are given on page 6.

The completed tutorial group lists will be posted on the "Accounting" notice board and Blackboard by 10 a.m. on Thursday 19 July 2007. Subsequent changes to that list can only be made if the course co-ordinator agrees to the change.

Your tutorial group number should be noted on all assignments.

Purpose of Tutorials and Assignments

The purpose of tutorials and assignments is to prepare you for the tests and final examination, and for your future career, by giving you the opportunity to develop your knowledge, skill, and application ability levels. Consequently, completion of the assignments and attendance at tutorials is strongly advised.

The assignments are mandatory but do not contribute to your final grade. They are partially marked and these marks are recorded. This is done to provide you with feedback on your progress and to provide supporting evidence in case of an aegrotat application.

The case studies are designed to allow you to use the skills and understanding learnt in ACCY 223 and ACCY 302 and apply them to a more realistic 'real world' situation. They allow you to see how management accounting operates in its organisational context and to see how it fits strategically within a business. To reflect this philosophy there will be a case study in the final exam. A copy of the case, but not the questions, will be provided in the last lecture.

Detailed Tutorial Signup Instructions

1. Go to the signup website at: <https://signups.vuw.ac.nz>
2. Enter your SCS username and password to login the system.
3. The “Signup Home” page opens. It displays all courses you are enrolled for and that use the S-Cubed Tutorial & Workshop Signup system. Click on the course you wish to sign up for.
4. The selected course page opens. It will show the course contact and brief details of the signup instructions. A “key” is provided at the bottom that explains all buttons and what they do.
5. The schedule of tutorials includes the day/time, location, maximum group size, and spaces left in the tutorial sessions.
6. If there are spaces left in a particular session, you will see the “ENROL” button next to it. You can click this button to enrol yourself into that tutorial session.
7. If there are NO more spaces left in a particular session, you will see the “JOIN WAITLIST” button, if available. You can click this button to join the waitlist for that tutorial session. Please note that you will be removed from any other waitlist you may have joined earlier. If somebody withdraws from this session, you will automatically be moved up the waitlist or enrolled into the session. In this case you are enrolled in the session; an email will be sent to you if you are enrolled into the session from a waitlist.
8. You can only “JOIN WAITLIST” if you have already enrolled in one of the other available sessions. In other words, “ENROL” in one session and then you can choose to join the waitlist for another preferred session.
9. You can choose to “WITHDRAW” from a session you have already enrolled for. You can also choose to “CANCEL WAITLIST” to remove yourself from a particular waitlist.
10. A “FULL” button indicates all seats and waitlist are full for that tutorial session. You must choose another session.
11. More details on the various buttons are available in the “Key” section at the bottom of the signup page.
12. You should “ENROL” in only ONE tutorial session and may “JOIN WAITLIST” for only ONE other tutorial session.
13. You can login and signup (or change your signup) anytime before the **closing date of the tutorial signup. You will NOT be able to sign up or change your choice after the tutorial signups have closed.**
14. You can view/confirm details of the sessions you are enrolled and waitlisted for, such as day/time and location by clicking on “My Signups” on the left hand menu.
15. Click on “Support” on the left hand menu if you are having problems.

This online signup system is available around the clock over the internet. Any requests after this date will need to be manually handled by the course administrator. You will need to submit a written application stating the reason why you were not able to sign up on time using the online system, along with other relevant documentation such as medical certificate etc.

Finally, **you must always attend the tutorial sessions that you have signed up for.** If you attend a different session, your attendance may not be recorded.

Topic Learning Objectives

Note: These are only a guideline and may change.

Reference

Topic 1. Common and Service Department Costs

- Review and expand overhead allocation.
- Allocate service department costs to other departments using the direct, step, and reciprocal method.
- Consider relevant behavioural and allocation issues.
- Consider the separation of variable and fixed departmental costs and then allocate them.
- Discuss areas of caution when allocating budgeted and actual service department costs.

Chapter 3
pp.104-111
Appendix 3A

Course Book 1
Chapter 15

Topic 2. Process Costing

- Identify the situations in which process costing systems are used.
- Explain the concept of equivalent units.
- Use the weighted average method of process costing and discuss the FIFO method.
- Prepare the journal entries required for process costing.
- Examine the impact of spoilage and consider other extensions to the process costing.

Chapter 4

Course Book 1

Appendix 4A

Topic 3. Joint and By-Product Costing

- Describe joint products and discuss allocation issues.
- Prepare an analysis showing whether joint products should be sold at split-off or processed further.
- Account for by-products using alternative methods.
- Consider relevant cost behavioural and allocation issues.

Chapter 13
pp.622-625

Course Book 1

Topic 4. Environmental Cost Management

- Discuss the importance of measuring environmental costs.
- Explain how environmental costs are assigned.
- Discuss relevant research.

Course Book 1

Topic 5. Capital Budgeting

- Discuss capital budgeting and associated issues including criticisms of the methods used.
- Determine the acceptability of an investment project using net present value (NPV) and internal rate of return (IRR) methods.
- Consider the impact of automated equipment on capital budgeting.
- Prepare an NPV analysis of competing investment projects using the incremental and total cost approaches.
- Consider other methods such as payback period and simple rate of return.

Chapter 14

Topic 6. Relevant Costing, Decision Making and Constraint Management

- Distinguish between and explain relevant and irrelevant costs.
- Prepare an analysis for various decisions including: keeping or replacing equipment, retaining or dropping a product line or segment, making or buying materials or parts and accepting or rejecting a special order.
- Examine the concept of strategic decision making.
- Determine the most profitable use of a constrained resource.
- Discuss the Theory of Constraints & how it can be used to focus improvement efforts.

Chapter 13
pp.601-621, &
625.

Course Book 1

Chapter 1
pp.17-18

Faculty of Commerce and Administration Offices

Railway West Wing (RWW) - FCA Student and Academic Services Office

The Faculty's Student and Academic Services Office is located on the ground and first floors of the Railway West Wing. The ground floor counter is the first point of contact for general enquiries and FCA forms. Student Administration Advisers are available to discuss course status and give further advice about FCA qualifications. To check for opening hours call the Student and Academic Services Office on (04) 463 5376.

Easterfield (EA) - FCA/Education/Law Kelburn Office

The Kelburn Campus Office for the Faculties of Commerce and Administration, Education and Law is situated in the Easterfield Building - it includes the ground floor reception desk (EA005) and offices 125a to 131 (Level 1). The office is available for the following:

- Duty tutors for student contact and advice.
- Information concerning administrative and academic matters.
- Forms for FCA Student and Academic Services (e.g. application for academic transcripts, requests for degree audit, COP requests).
- Examinations-related information during the examination period.

To check for opening hours call the Student and Academic Services Office on (04) 463 5376.

General University Policies and Statutes

Students should familiarise themselves with the University's policies and statutes, particularly the Assessment Statute, the Personal Courses of Study Statute, the Statute on Student Conduct and any statutes relating to the particular qualifications being studied; see the Victoria University Calendar or go to www.vuw.ac.nz/policy.

For information on the following topics, go to the Faculty's website www.vuw.ac.nz/fca under Important Information for Students:

- Academic Grievances
- Academic Integrity and Plagiarism
- Student and Staff Conduct
- Meeting the Needs of Students with Impairments
- Student Support

Manaaki Pihipihinga Programme

Manaaki Pihipihinga is an academic mentoring programme for undergraduate Māori and Pacific students in the Faculties of Commerce and Administration, and Humanities and Social Sciences. Sessions are held at the Kelburn and Pipitea Campuses in the Mentoring Rooms, 14 Kelburn Parade (back courtyard), Room 109D, and Room 210, Level 2, Railway West Wing. There is also a Pacific Support Coordinator who assists Pacific students by linking them to the services and support they need while studying at Victoria. Another feature of the programme is a support network for Postgraduate students with links to Postgraduate workshops and activities around Campus.

For further information, or to register with the programme, email manaaki-pihipihinga-programme@vuw.ac.nz or phone (04) 463 5233 ext. 8977. To contact the Pacific Support Coordinator, email pacific-support-coord@vuw.ac.nz or phone (04) 463 5842.

Please use the labels provided on this page when submitting your assignments. For each assignment, cut-out and complete the correct assignment label then staple it to your assignment.

Place your assignment in the **ACCY 302 box** on the Mezzanine Floor – Rutherford House

<p><u>SURNAME:</u>.....</p> <p>FIRST NAME:.....</p> <p>STUDENT ID:.....</p> <p>TUTORIAL GROUP NUMBER:.....</p> <p style="text-align: center;">ACCY 302 Assignment No 4 Due on Wednesday 26 September 2007, 10.30 a.m.</p>	<p><u>SURNAME:</u>.....</p> <p>FIRST NAME:.....</p> <p>STUDENT ID:.....</p> <p>TUTORIAL GROUP NUMBER:.....</p> <p style="text-align: center;">ACCY 302 Assignment No 2 Due on Wednesday 15 August 2007, 10.30 a.m.</p>
<p><u>SURNAME:</u>.....</p> <p>FIRST NAME:.....</p> <p>STUDENT ID:.....</p> <p>TUTORIAL GROUP NUMBER:.....</p> <p style="text-align: center;">ACCY 302 Assignment No 3 Due on Wednesday 12 September 2007, 10.30 a.m.</p>	<p><u>SURNAME:</u>.....</p> <p>FIRST NAME:.....</p> <p>STUDENT ID:.....</p> <p>TUTORIAL GROUP NUMBER:.....</p> <p style="text-align: center;">ACCY 302 Assignment No 1 Due on Wednesday 1 August 2007, 10.30 a.m.</p>