

COURSE OUTLINES: AC2105 Accounting for Decision Making & Control

Academic Year	2022-2023	Semester	2
Course Coordinator	A/P Chung Lai Hong		
Course Code	AC2105		
Course Title	ACCOUNTING RECOGNITION AND MEASUREMENT		
Pre-requisites	AC1101 or AC1104		
No. of AUs	4		

A) Course Aims/Description

Building upon the foundation established in AC1101 or AC1104, this course focuses on the application of accounting information and tools to assist management in achieving the organisation's goals.

AC2105 aims to develop an understanding of the linkages between organisational strategy and accounting information for effective planning, decision making and control. To achieve this, the course has four broad goals, which will be covered in sequence.

1. Apply the theoretical framework and tools for using cost management information strategically
2. Use costs and other information in management planning and decision making
3. Use costs and other information in operational control
4. Use costs and other information in management control

B) Intended Learning Outcomes/Objectives (ILOs)

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

- ILO1. Explain how goal incongruence leads to agency problems in organisations and design organisational architecture and management control systems to mitigate agency problems.
- ILO2. Explain the strategic role of management accounting and the analysis of competitive strategy.
- ILO3. Explain sustainability strategy and apply balanced scorecard, strategy mapping and performance measurements for strategic planning and control.
- ILO4. Apply various cost management tools for strategic planning.
- ILO5. Evaluate business decision scenarios using cost-volume-profit analysis and incremental/differential analysis.
- ILO6. Learn and apply basic data analytic techniques to provide business solutions.
- ILO7. Prepare master and flexible budgets and use flexible budgets and standard costs to compute and interpret the sales and cost variances.
- ILO8. Evaluate the type of business units and issues in the proper implementation of responsibility centres and identify the various performance measures for different responsibility centres.
- ILO9. Explain the impact of transfer pricing methods on organisations and compute the transfer prices using the various transfer pricing methods.
- ILO10. Develop oral communication skills.

C) Course Content

In the first part of the course, we will cover the fundamental concepts and framework for the strategic role that accounting information plays. We begin with agency theory and the organisational architecture framework. We will then look briefly at competitive strategy and use value chain analysis as a tool to better understand an organisation's competitive advantage through analysing activities and their linkages across the value chain. We will also analyse customers' value chain activity costs and profitability. The importance of sustainability as part of business strategy will also be explained. We then use the balanced scorecard together with strategy mapping as a tool to enable managers to develop and implement organisational strategy. This will include an explanation of how sustainability performance can be measured and controlled.

The second part of the course focuses on the strategic use of costs and other information, first for planning and then for decision making. For planning, we first look at cost planning for the full product life cycle by introducing target costing, life-cycle costing and cost of quality. Then, cost-volume-profit analysis will be used for breakeven and profit planning. For decision making, we will focus on the types of decisions that affect costs and revenues in the short term. The decision-making process and relevant cost analysis will be explained and applied to various decision contexts.

The third part of the course looks at the strategic use of costs and other information for controlling operational processes (operational control). We begin with budgetary planning and control that serve as the basis to control operations. Following this, standard costing and the associated cost variance analysis are discussed as tools that enable managers to understand the performance of operations and the causes of deviations from budget, which thus helps managers to improve operational performance. We will cover standard costing and variance analysis for direct product costs, overheads and sales performance and discuss how to apply these tools to control operations in these three areas.

Finally, last part of the course deals with management control, namely, the use of cost and other information to motivate and enable employees to work for the organisation's best interest. We begin with strategic performance measurement, that is, getting employees to work towards the organizational strategy by carefully designing performance measurement. An important concept is responsibility accounting, namely, measuring employee performance based on their responsibilities. Following this concept, we will discuss various measures used to evaluate the performance of different responsibility centres. We will also look at how incentive and compensation design can be used as a control tool to motivate employee to work towards organisational objectives. We then apply the concept of strategic performance measurement to managing inter-divisional interactions using transfer pricing. We will introduce various methods of transfer pricing and discuss how they affect the fulfilment of organizational strategy via modifying employee behaviour. We will briefly touch upon transfer pricing issues in a global context.

D) Assessment (includes both continuous and summative assessment)						
	Component	ILO Tested	NBS Learning Goal	Weightage %	Team/ Individual	Assessment rubrics
1	Class participation	1 – 10	Acquisition of knowledge; Oral communication	10%	Individual	See Appendix A
2	Seminar presentation	1 – 10	Acquisition of knowledge; Oral communication	15%	Individual, Team	See Appendix B
3	Project - Written report - Presentation	6, 10	Application of knowledge; Problem-solving and decision making, Oral & written communication	25%	Individual, Team	Will be provided later
4	Final examination	1 – 9	Acquisition of knowledge; Problem-solving and decision making	50%	Individual	
Total				100%		

Class participation (10%)

The purpose of class participation is to (i) develop and enhance students' verbal communication skills and (ii) to enhance students' learning through group discussions. Class participation will also allow instructors to obtain feedback on students' thinking and learning. Class participation will be assessed on an individual basis though some discussions will be performed on a team basis. Absenteeism from seminars without a valid reason will adversely affect this assessment component. Please refer to Appendix A for the class participation grading rubric.

Seminar Presentation (15%)

The purpose of seminar presentation is to develop and enhance students' verbal communication and presentation skills. The seminar presentation is done on a team basis and every member will have to present. Assessment will include both individual and team components. Each team will make one presentation of assigned seminar materials during the semester. Please refer to Appendix B for the seminar presentation grading rubric. 50% of the seminar presentation grade will be based on your individual presentation.

Project (25%)

In this business analytics project, students will apply their data analysis skills to analyse the performance of a company with a given data set; interpret the results and offer recommendations. In addition to preparing a written report outlining their analysis and recommendations, teams will also be making a presentation. Every member of the team will have to present. Details of the project and its grading rubric will be provided separately.

Peer Evaluation

One important skill that students should acquire is the ability to work effectively in teams. All teams should attempt to resolve any conflict that may arise as soon as possible. If you are unable to resolve the conflict, please inform your instructor early, so that he/she can facilitate to resolve the conflict.

Each of you *must individually evaluate* your team members by submitting a peer evaluation form for the project via Eureka within a week after your project submission and presentation. You will be penalised if you do not submit by the deadline. Submitted evaluations are confidential and will not be revealed to other team members.

You will receive feedback on the average rating that you have received from your team members. ***If your average score is less than 5, you will be penalized and receive a percentage of the overall marks awarded to the team project.*** Your instructor reserves the right to investigate and make adjustments to your marks awarded as deemed appropriate.

If you have concerns regarding your peer evaluation rating, you must consult your instructor immediately.

Please refer to Appendix C for the peer evaluation rubric.

Final Examination (50%)

The 2.5-hour examination is open-book. The purpose of the final examination is to comprehensively assess the students' understanding and application of the conceptual and technical knowledge acquired to managerial problems and decisions.

E) Formative feedback

You will receive verbal and/or written feedback for class participation, seminar presentation and the business analytics project. You will also receive summative feedback on the final examination.

F) Learning & Teaching Approach

The teaching-learning mode is structured as a one-hour online learning and a 3-hour seminar per week.

Approach	How does this approach support students in achieving the learning outcomes
1. Class participation	Following your online learning prior to each seminar, you will be able to contribute and learn through the interactive in-class discussion of short cases and problems. In some seminars, there will be a workshop or role play exercise. Through these class discussions and activities, you will work towards ILO1-10 and help prepare you for your project and final examination. This is assessed in component 1.
2. Seminar and Project presentations (and report)	You will be learning, working and presenting your work in a team setting. Each team will be assigned to present in one seminar and work on a project which requires a written report and a presentation. This will allow you to learn to work in teams, analyse and solve problems and develop your written and verbal communication skills. The seminar presentation will work towards ILO 1-10 and the project will work towards ILO6 and ILO10. This is assessed in components 2 and 3.

G) Textbook and References

BJS Blocher E. J., Juras P. E., Smith S. D. (2022), "Cost Management: A Strategic Emphasis", 9th Edition, McGraw-Hill.

Reference Texts

JZ Zimmerman, J. (2017), "Accounting for Decision Making and Control", 9th edition, McGraw-Hill. (NTU Library Call Number: HF5657.4.Z72 2017)

GNB Garrison R. H., Noreen, E.W. Brewer, P. C. (2018), "Managerial Accounting", 16th edition, McGraw-Hill. (NTU Library Call Number: HF5657.G242 2018)

KEDL Ketchen D. J., Eisner A.B., Dess G. G., Lumpkin G. T. (2008-2009), "Strategy", 1st Edition, McGraw-Hill. (NTU Library Call Number: HD30.28.S898STR)

WKK Weygandt, J., Kimmel P. and Kieso D. (2018), "Managerial Accounting: Tools for Business Decision Making", 8th edition, Wiley.

H) Course Policies and Student Responsibilities**General**

You are to view online learning materials, complete the prescribed readings and prepare for the prescribed discussion questions before the weekly seminar. What you gain from this course depends very much on yourself - your preparations prior to attending the seminars, the effort you put in to understand the concepts and the contributions you make in the seminars.

You are also expected to be punctual for the weekly seminars. All assignments must be submitted by the due dates.

Absenteeism

Absence from class without a valid reason will affect your class participation and seminar presentation grades. Valid reasons include being unwell (supported by a valid medical certificate) and participation in NTU's approved student activities (supported by a letter from the relevant body). If you miss a seminar, you must inform the course instructor prior to the start of the seminar and arrange for a make-up seminar if possible. You are expected to take responsibility to follow up with the course notes, in-class discussions and any other course requirements.

Penalties

Penalties are imposed for:

- Teams who make submissions after the deadlines.
- Teams who do not adhere to the stipulated format and other guidelines for submissions.
- Students who are free riders and do not put in the expected contributions in team assignments (seminar presentation and project).
- Students who are absent for the seminar or project presentation.

I) Academic Integrity

Good academic work depends on honesty and ethical behaviour. Your academic work must adhere to the principles of academic integrity and to the NTU Honour Code, a set of values shared by the whole university community. Truth, Trust and Justice are at the core of NTU's shared values.

You are responsible for understanding and applying the principles of academic integrity in all the work you do at NTU. Not knowing what is involved in maintaining academic integrity does not excuse academic dishonesty. You need to avoid all forms of academic dishonesty, including plagiarism, academic fraud, collusion and cheating. If you are uncertain of the definitions of any of these terms, you should go to the [academic integrity website](#) for more information. Consult your instructor if you need any clarifications.

J) Course Instructor

Instructor	Office Location	Phone	Email	Consultation Hours
A/P Chung Lai Hong	S3-B1A-15	6790 4655	alhchung@ntu.edu.sg	By appointment via email

K) Weekly Schedule			
Week #	Topics	Learning Objectives	Readings
Framework for Decision-Making and Control			
1 Week of Jan 9	1. Agency theory 2. Organisational architecture (OA) framework 3. Management control framework (Simons' control framework)	Lesson ILOs: 1. Explain how goal incongruence lead to agency problems in organisations. 2. Explain how OA is implemented to minimise agency problems in organisations. 3. Identify agency problems and weaknesses in a business scenario and to suggest solutions to minimise the agency problems and overcome the weaknesses. 4. Explain the objectives of management control and types of management control systems. 5. Apply the management control systems to minimise agency problems.	JZ Ch 4 JZ Ch 14 pp. 609-615 Simons, R. "Control in an Age of Empowerment", <i>Harvard Business Review Onpoint</i> , 2000
2 Week of Jan 16	1. Strategy – Porter's generic strategies 2. Value chain analysis 3. SWOT Analysis 4. Porter's five forces Customer Profitability Analysis	Lesson ILOs: 1. Explain the strategic role of management accounting. 2. Apply Porter's generic strategies and SWOT analysis to implement a competitive strategy. 3. Apply value chain analysis and Porter's five forces model to analyse a firm's competitiveness. 4. Apply an activity-based approach to analyse customer profitability (activity-based management). Course ILO: ILO2	KEDL Ch 3 pp. 58-67 KEDL Ch 4 KEDL Ch 6 pp. 136-144 BJS Ch 1 BJS Ch 2 pp. 41-49 BJS Ch 5 pp. 158-162
3	1. Management and control of quality	Lesson ILOs: 1. Explain the strategic importance of quality	BJS Ch 17

AC2105 Accounting for Decision Making & Control

<p>Week of Jan 23 (CNY: Jan 22-24) E-learning</p>	<p>2. Data analytics</p>	<p>initiatives and framework for managing quality. 2. Prepare and analyse the cost of quality reporting. 3. Explain the basic concepts and approaches of data analytics.</p> <p>Course ILO: ILO4, ILO6</p>	
<p>4 Week of Jan 30</p>	<p>1. Sustainability strategy 2. Strategy mapping and balanced scorecard (BSC) 3. Sustainability and performance measurement</p>	<p>Lesson ILOs: 1. Explain what business sustainability means and why it is important as part of business strategy. 2. Apply strategy mapping process for strategic planning. 3. Identify balanced scorecard (BSC) measures for control. 4. Explain how sustainability performance can be measured and controlled.</p> <p>Course ILOs: ILO3</p>	<p>BJS Ch 2 pp. 49-58 BJS Cases & Readings Supplement: -Reading 18-2: <i>StrategyMap</i> -Reading 2-6: <i>Sustainability and the Balanced Scorecard: Integrating Green Measures into BusinessReporting</i></p>
<p>5 Week of Feb 6</p>	<p>1. Life-cycle costing 2. Target costing Cost-volume-profit (CVP) analysis</p>	<p>Lesson ILOs: 1. Apply life-cycle costing to facilitate strategic management. 2. Apply target costing to facilitate strategic management. 3. Compute breakeven and targeted sales units and sales dollars for single and multiple products. 4. Evaluate business decision scenarios using the CVP analysis. 5. Apply sensitivity analysis and financial modelling to CVP analysis.</p> <p>Course ILO: ILO4, ILO5</p>	<p>BJS Ch 13 (exclude LO 13-2 & 13-4) BJS Ch 9 (exclude LO 9-4 and 9-7)</p>

AC2105 Accounting for Decision Making & Control

<p>6 Week of Feb 13</p>	<ol style="list-style-type: none"> 1. Relevant information, incremental and differential analysis 2. Evaluation of business decision scenarios and segment profitability 3. Common heuristics and biases in decision making 	<p>Lesson ILOs:</p> <ol style="list-style-type: none"> 1. Describe the business decision making process. 2. Identify the relevant costs and benefits in a business decision. 3. Evaluate the following business decision scenarios using incremental / differential analysis: <ol style="list-style-type: none"> a. Whether or not to accept a special order; b. Whether to make or buy the products/parts; c. Using limited resources to maximize profits; d. Whether to add a new product line or drop an unprofitable product line; 4. Explain some common heuristics and biases in decision making. <p>Course ILO: ILO5</p>	<p>BJS Ch 11 (exclude LO11- 4, 11-6 and 11-9)</p>
<p>7 Week of Feb 20</p>	<ol style="list-style-type: none"> 1. Budgetary planning and control 2. Master/static budgets 3. Flexible budgets 4. Standard costing 5. Direct materials and direct labour costs variances analysis <p>Behavioural issues in budgeting and standard costing</p>	<p>Lesson ILOs:</p> <ol style="list-style-type: none"> 1. Explain the purpose and process of budgeting. 2. Prepare the master/static budget. 3. Prepare the flexible budget and analyse the variances. 4. Compute the standard costs for product costing, performance evaluation and control. 5. Use flexible budget to calculate and interpret standard cost variances for direct materials and direct labour costs. <p>Identify and explain the ethical and behavioural issues in budgeting and standard costing.</p> <p>Course ILO: ILO7</p>	<p>BJS Ch 10 BJS Ch 14 (exclude LO 14-5 and 14-6)</p>

Recess: Feb 27-Mar 5			
8 Week of Mar 6	1. Manufacturing overheads variances analysis Sales variances analysis	Lesson ILOs: 1. Distinguish between product-costing and cost control purposes of standard costs for manufacturing overheads. 2. Use flexible budget to calculate and interpret standard cost variances for manufacturing overheads. 3. Explain the strategic role of the flexible budget in analysing sales. Use the flexible budget to calculate and interpret the sales quantity, sales mix, market share and market size variances. Course ILO: ILO7	BJS Ch 15 pp.628-643 BJS Ch 16 (exclude LO 16-2)
Management Control			
9 Week of Mar 13	1. Organisational design and responsibility accounting 2. Strategic performance measurements for investment centres: <ol style="list-style-type: none"> a. Return on investment (ROI) b. Residual income (RI) c. Economic value added (EVA) 3. Incentive systems and management compensation	Lesson ILOs: 1. Evaluate decentralised organisation structure and explain the use of responsibility accounting in measuring performance in decentralised organisations. 2. Evaluate the types of business units and issues in the proper implementation of cost centres, revenue centres, profit centres and investment centres. 3. Identify the various performance measurements for the different responsibility centres. 4. Compute ROI, RI and EVA to evaluate the performance of the investment centres.	BJS Ch 18 pp. 779-793 and 798-800 BJS Ch 19 pp. 826-841 BJS Ch 20 pp. 871-878

AC2105 Accounting for Decision Making & Control

		<p>5. Describe the different types of management compensation.</p> <p>6. Explain the characteristics of a bonus plan and employee stock option.</p> <p>Course ILOs: ILO8</p>	
<p>10 Week of Mar 20</p>	<p>1. Objectives of transfer pricing policies</p> <p>2. Transfer pricing techniques</p> <p>3. International transfer pricing issues</p> <p>4. Behavioural implications</p>	<p>Lesson ILOs:</p> <p>1. Explain the impact of transfer pricing on organisations.</p> <p>2. Compute transfer prices using the various transfer pricing methods.</p> <p>3. Explain the issues in global transfer pricing.</p> <p>4. Explain the behavioural implications of transfer pricing.</p> <p>Course ILO: ILO9</p>	<p>BJS Ch 19 pp. 841-852</p>
<p>11 Week of Mar 27</p>	<p>Project presentation</p>	<p>Course ILOs: ILO6, IL10</p>	
<p>12 Week of Apr 3</p>	<p>Project presentation</p>	<p>Course ILOs: ILO6, IL10</p>	
<p>13 Week of Apr 10</p>	<p>1. Project Debrief</p> <p>2. Course Review</p>	<p>1. Identify and discuss the key issues of the project.</p> <p>2. Identify and discuss the learning from the project.</p> <p>3. Provide feedback on team performance.</p> <p>4. Provide a review of the course topics.</p>	

Appendix A: Class Participation Grading Rubric		
Traits	Performance	
<p>Attitude (50%) Ability to voluntarily contribute in a group setting and actively engage with the group.</p>	<p>Scant Does not voluntarily contribute in a group setting and distracted while others are speaking.</p>	<p>Substantially Developed Contributes voluntarily in a group setting and actively engaged while others are speaking.</p>
	<p>Evaluation: Scant 1 2 3 4 5 6 7 8 9 10 Substantially Developed</p>	
<p>Contribution and content (30%) Ability to contribute informative, insightful and constructive comments</p>	<p>Scant Comments are uninformative, heavy reliance on personal opinion and rarely substantiates personal opinions with evidence; comments are rarely relevant to the discussion.</p>	<p>Substantially Developed Comments are well-balanced between general impressions, opinions and thoughtful criticisms or contributions; substantiates personal opinions with sound evidence; comments are insightful and constructive.</p>
	<p>Evaluation: Scant 1 2 3 4 5 6 7 8 9 10 Substantially Developed</p>	
<p>Clarity (20%) Ability to speak with clarity and confidence</p>	<p>Scant Unable to speak with clarity and confidence. Grammar, pronunciation and word choice are deficient. Vocal delivery is too soft or too fast to understand.</p>	<p>Substantially Developed Able to speak with clarity and confidence. Largely free of errors in grammar and pronunciation and good choice of words. Vocal delivery is varied, dynamic and good pace to understand.</p>
	<p>Evaluation: Scant 1 2 3 4 5 6 7 8 9 10 Substantially Developed</p>	

Appendix B: Seminar Presentation Grading Rubric		
Traits	Performance	
<u>Roles and Responsibility</u> Behaves professionally by upholding responsibility and assuming accountability for self and others in progressing towards the team's goal.	Scant Unclear about his/her own role; refuses to take a role in the team; insists to work individually and has limited coordination or communication with others.	Substantially Developed Always fulfills responsibilities; performs his/her role within the team with enthusiasm and demonstrates willingness to work collaboratively.
	Evaluation: Scant 1 2 3 4 5 6 7 8 9 10 Substantially Developed	
<u>Communication</u> Identifies appropriate mechanisms to coordinate and correspond with team members.	Scant Modes of communication are not appropriate, causing confusion and miscommunication among team members.	Substantially Developed Modes of communication are appropriate, and maintaining timely communication and correspondence with team members.
	Evaluation: Scant 1 2 3 4 5 6 7 8 9 10 Substantially Developed	
<u>Conflict Resolution</u> Resolves conflicts using a variety of approaches.	Scant Does not recognize conflicts or is unwilling to resolve conflicts.	Substantially Developed Consistently resolves conflicts through facilitating open discussion and compromise.
	Evaluation: Scant 1 2 3 4 5 6 7 8 9 10 Substantially Developed	
<u>Contributions</u> Contributes positive input for the team; effectively utilizes one's knowledge and expertise.	Scant Largely disinterested in working in a team and refuse to participate; observes passively or is unwilling to share information with other team members.	Substantially Developed Actively attends and participates in all activities and provides meaningful contribution in articulating ideas and opinions.
	Evaluation: Scant 1 2 3 4 5 6 7 8 9 10 Substantially Developed	
<u>Relationship</u> Maintains cooperative interaction with other team members regardless of individual /cultural differences and respects diverse perspectives.	Scant Rarely listens to others and does not acknowledge the opinions that differ from his/her own.	Substantially Developed Engages in respectful relationships with all other members in the team. Embraces and accepts diverse points of view without prejudice.
	Evaluation: Scant 1 2 3 4 5 6 7 8 9 10 Substantially Developed	
References: <i>Teamwork Value Rubric - Association of American Colleges and Universities.</i> Retrieved from http://www.aacu.org/value/rubrics/pdf/teamwork.pdf		