

**Commerce 4AA3  
Managerial Accounting II  
Winter 2025 Course Outline**

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

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*INSTRUCTOR AND CONTACT INFORMATION*

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**A.S. Merali**

[merali@mcmaster.ca](mailto:merali@mcmaster.ca)

Office: DSB 318

Office Hours (in person DSB 318): Wednesday 12pm – 1pm

Zoom link for other meetings outside office hours: <https://mcmaster.zoom.us/my/merali>

**Teaching Assistant**

TA information will be posted on avenue.

**Course Website**

<http://avenue.mcmaster.ca>

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*COURSE ELEMENTS*

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|                 |     |               |     |             |     |                   |     |
|-----------------|-----|---------------|-----|-------------|-----|-------------------|-----|
| Credit Value:   | 3   | Leadership:   | Yes | IT skills:  | Yes | Global view:      | Yes |
| A2L:            | Yes | Ethics:       | Yes | Numeracy:   | Yes | Written skills:   | Yes |
| Participation:  | Yes | Innovation:   | No  | Groupwork:  | Yes | Oral skills:      | Yes |
| Evidence-based: | Yes | Experiential: | Yes | Final Exam: | Yes | Guest speaker(s): | No  |

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## ***COURSE INFORMATION***

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**Lectures:** 3 hours per week in person. Punctuality is the sign of a true professional and shows self-discipline and respect for others.

**Tutorials:** none

**Course Delivery Mode:** In-person

**Course Description:** A consideration of advanced topics in management planning and control including cost behaviour determination, production planning, innovation in costing, cost allocations, variance analysis and performance evaluation for responsibility centres.

**Class Information (please check Mosaic for latest classroom location)**

4AA3 C01: Wednesday 2:30pm – 5:30pm in KTH B124

4AA3 C02: Wednesday 8:30am – 11:30am in ABB 271

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## ***IMPORTANT LINKS***

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### **MS Office Suite**

<https://portal.office.com/> or <https://office365.mcmaster.ca/>

All McMaster students have free access to Office 365 (including Power BI) on up to 5 devices. Login with your MacID and password to get access to Office 365.

### **Microsoft Teams**

Download MS Teams. Login with your McMaster email address and password. You will be added to the relevant team by the instructor.

### **Top Hat**

<https://app.tophat.com/login>

Create an account on Top Hat using your McMaster email address and enter your 9-digit student number in place of Student ID. Your first and last name on Top Hat should match exactly as shown in Avenue. Top Hat can only be joined via the link on Avenue. There is no cost to use this platform. **It is a breach of academic integrity to do the Top Hat from outside the classroom or to receive answers from another section. You are required to be physically present in the classroom to attempt Top Hat.**

### **Course Website**

<http://avenue.mcmaster.ca>

[McMaster University Library](#)

[Student Accessibility Services - Accommodations](#)

Zoom link for instructor meeting: <https://mcmaster.zoom.us/my/merali>

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## *COURSE LEARNING OUTCOMES*

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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 contracts.
  - Use analytical tools, such as activity-based costing, customer profitability analysis, variance analysis, etc., in assessing the performance of an organization with respect to its strategy.
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## ➤ *COURSE LEARNING GOALS*

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- The objective of this course is to develop the students' analytical abilities to deal with problems relating to financial situations within a variety of organizations. This course deals with the role of accounting in an organization's planning and control system, which includes costing, cost allocation, variance analysis, responsibility accounting, performance evaluation, and incentive compensation. The way in which management accounting information affects the strategic and operational decisions within the organization will also be discussed.
- The course looks at organizational theory and the ways in which transfer pricing, divisional performance evaluation and incentive compensation systems are integrated into the strategic planning and management control systems. It also includes topics on activity-based costing and management in greater detail. It introduces such topics as strategic profitability analysis, as well as the management of quality, constraints and time. Management control of not-for-profits will also be introduced as time permits.
- 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 the ability to apply 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.

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### *COURSE MATERIALS AND TEXTS*

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These items are an integral part of the lesson plan for the course, and not having these materials could have a negative impact on a student's learning outcomes for the course

**Optional/Recommended:**

Datar, S.M., M.V. Rajan, and L. Beaubien. Horngren's Cost Accounting: A Managerial Emphasis, Tenth Canadian Edition. Pearson Canada Inc.

**Option 1: Loose Leaf Version with MyAccountingLab and e-book access code.           \$95.00**

**Option 2: MyAccountingLab and e-book access code only.                               \$74.95**

**It is a requirement that you attempt an academic integrity quiz to continue in this course.**

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### *CLASS FORMAT*

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This is an in-person 3-hour course. The three hours will consist of lecturing, problem solving, and in-class Top Hat questions. **It is a breach of academic integrity to do the Top Hat from outside the classroom or to receive answers from another section. You are required to be physically present in the classroom to attempt Top Hat.** There will be a short break part way through at a convenient time based on what we are working on.

**COURSE EVALUATION**

| GRADE COMPONENT                | WEIGHT | DESCRIPTION  |
|--------------------------------|--------|--|
| Class Participation (I)        | 20%    | Participation through Top Hat. <b>It is a breach of academic integrity to do the Top Hat from outside the classroom or to receive answers from another section. You are required to be physically present in the classroom to attempt Top Hat.</b> |
| Business Analytics Project (G) | 15%    | Completed in groups  |
| Midterm Exam (I)               | 25%    | Date and time on Avenue 2 Learn  |
| Online Quizzes (I)             | 10%    | Best 2 of 3, 5% each. <b>It is a breach of academic integrity to do the quizzes with a tutor or tutoring service or other students. The quizzes must be done individually by the student.</b>  |
| Final Exam (I)                 | 30%    | Scheduled by Registrar. Check Mosaic for info.   |

**It is a requirement that you attempt an academic integrity quiz to continue in this course.**

**COURSE DELIVERABLES**

***Class Participation - 20%***

Participation marks will be assigned during the lectures. Students will be asked questions in person during the lectures and will respond using the Top Hat platform. There is no cost to students for using the Top Hat platform. Marks will be assigned based on both participation and accuracy of responses. Students must be present in person for the entire class time. **All questions must be answered throughout the class to be eligible for credit.** Half the marks will count for participating on the question and the other half for getting the answer to the question correct. Students must be **physically present** for the entire class time to attempt Top Hat. **It is a breach of academic integrity to do the Top Hat from outside the classroom or to receive answers from another section. You are required to be physically present in the classroom to attempt Top Hat.**

***Business Analytics Report (using Power BI) - 15%***

Students should work on the report in groups. Details on the business analytics report will be posted on Avenue. The deadline for the report is included in the course schedule below.

### **Midterm Exam - 25%**

The in-person midterm exam will be marked individually and will be for 2 hours. The exams will cover material from the textbook, readings, lectures, online material, tutorials, online assignments, Top Hat questions, and class discussion. **Students will be required to bring their laptops to write the midterm exam in person.** The format of the exam is 20 multiple choice questions and 20 fill in the blank numerical or arithmetic problems.

Since the midterm weight is more than 24%, students cannot self-MSAF the midterm and will have to apply for the MSAF from their faculty office if they cannot write the midterm on the scheduled time or if they miss the midterm.

**Students are allowed to bring in a double-sided letter size crib sheet to the midterm exam. The crib sheet must be on letter size 8 ½ x 11-inch paper, and it must be handwritten. It is not allowed to handwrite the crib sheet on a tablet and then print it.**

The exam will cover **all material taught prior to the midterm date.**

**The final exam will be non-cumulative for those who write the midterm and cumulative for those who miss the midterm. Missing the midterm is possible through a faculty approved MSAF only, else a zero will be assigned to the midterm weight.**

One Crib sheet is permitted for the midterm exam:

- Students may bring with them a letter size (8.5 x 11 inches) sheet with their notes **written** on both sides. There are no restrictions on the content on the crib sheet. Highlights and colored pen are permitted on the sheet. Students may not add any additional paper to the crib sheet, such as flaps or stick-it notes. We do not permit the notes to be written on an iPad or smart device and then printed. **Printing of any sort is not allowed. It must be directly handwritten on the paper by the student.**
- Student name and student number must be clearly visible at the top right corner of the crib sheet.
- Students must turn in their crib sheet along with any scrap papers before they leave the room.

### **Online Quizzes - best 2 of 3 x 5% each**

These Online Quizzes are set up on *Avenue*. Students must complete and submit the quizzes online through Avenue. Late submission will not be accepted for marking. There will be three online quizzes. The objective of these quizzes is to ensure that students have completed the assigned readings and attempted self-study problems. Students will be given **one attempt** of a **120-minute session** within the assigned **two-day window** to complete each of these quizzes. The Policy of Missed Midterm Examinations/Tests will govern absence from the quizzes assigned.

Tentative dates for completing these Online Quizzes are listed in the course schedule below.

If you attempt all three quizzes, then the two best quizzes will make up 10%.

If you MSAF one quiz, then the remaining two quizzes will make up 10%.

If you MSAF two quizzes, then the remaining one quiz will make up 5% and the remaining 5% weight will go to the final exam.

If you MSAF all three quizzes, then the 10% weight will go to the final exam.

### **Final Exam - 30%**

There will be one **non-cumulative** final examination for those who wrote the midterm and one **cumulative** final exam for those who missed the midterm. The exam will be 2 ½ hours, worth 30% of your final grade and will be marked individually. The exam will cover material from the textbook, readings, lectures, online material, tutorials, online assignments, Top Hat, and class discussion. The

format of the exam is 20 multiple choice questions and 20 fill in the blank numerical or arithmetic problems.

If a student receives approval for a “faculty approved MSAF” accommodation to miss the midterm (see below “Requesting Relief for Missed Academic Work”), the final exam weight will include the weight of the missed midterm exam.

One Crib sheet is permitted for the final exam:

- Students may bring with them a letter size (8.5 x 11 inches) sheet with their notes **written** on both sides. There are no restrictions on the content on the crib sheet. Highlights and colored pen are permitted on the sheet. Students may not add any additional paper to the crib sheet, such as flaps or stick-it notes. We do not permit the notes to be written on an iPad or smart device and then printed. **Printing of any sort is not allowed. It must be directly handwritten on the paper by the student.**
- Student name and student number must be clearly visible at the top right corner of the crib sheet.
- Students must turn in their crib sheet along with any scrap papers before they leave the room.
- Those who did not write the midterm and instead are writing a cumulative final exam may bring in TWO crib sheets instead of one. One with the final exam content and the other with the midterm exam content.

NOTE: The use of a McMaster standard calculator (Casio FX-991MS or MS Plus) is allowed during examinations in this course. [See McMaster calculator policy.](#)

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### *COMMUNICATION AND FEEDBACK*

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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.

All students must receive feedback regarding their progress prior to the final date by which a student may cancel the course without failure by default.

- For Level 1 and Level 2 courses, this feedback must equal a minimum of 20% of the final grade.
- For Level 3 courses and above, this feedback must equal a minimum of 10% of the final grade.

Instructors may solicit feedback via an informal course review with students by Week #4 to allow time for modifications in curriculum delivery.

Students who have concerns about the course content, evaluation methods, or delivery should first reach out to the course instructor. If your concern remains unresolved after speaking with the instructor, you may then reach out to the relevant Area Chair for further consideration.

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## ***REQUESTING RELIEF FOR MISSED ACADEMIC WORK***

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In the event of an absence for medical or other reasons, students should review and follow the Academic Regulation in the Undergraduate Calendar [“Requests for Relief for Missed Academic Term Work”](#) and the link below\*;

<http://ug.degroote.mcmaster.ca/forms-and-resources/missed-course-work-policy/>

\* Non-Commerce students must follow the Missed Course Work protocols outlined by their home faculty and Program Office.

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## ***COURSE MODIFICATION***

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From time to time there may be a need to remove/add topics or to change the schedule or the delivery format. If these are necessary, you will be given as much advance notice as possible.

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## ***GENERATIVE AI***

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**USE STRICTLY PROHIBITED – No exceptions. Not even for email to professor or TA’s.**

Students are not permitted to use generative AI in this course. In alignment with [McMaster academic integrity policy](#), it “shall be an offence knowingly to ... submit academic work for assessment that was purchased or acquired from another source”. This includes work created by generative AI tools. Also state in the policy is the following, “Contract Cheating is the act of “outsourcing of student work to third parties” (Lancaster & Clarke, 2016, p. 639) with or without payment.” Using Generative AI tools is a form of contract cheating. Charges of academic dishonesty will be brought forward to the Office of Academic Integrity.



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## *ACADEMIC INTEGRITY*

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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. **It is your responsibility to understand what constitutes academic dishonesty.**

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. For information on the various types of academic dishonesty please refer to the [Academic Integrity Policy](#).

The following illustrates only three forms of academic dishonesty:

- plagiarism, e.g. the submission of work that is not one’s own or for which other credit has been obtained.
- improper collaboration in group work.
- copying or using unauthorized aids in tests and examinations.

**It is a requirement that you attempt an academic integrity quiz to continue in this course.**

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## *AUTHENTICITY/PLAGIARISM DETECTION*

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**Some courses may** use a web-based service (Turnitin.com) to reveal authenticity and ownership of student submitted work. For courses using such software, students will be expected to submit their work electronically either directly to Turnitin.com or via an online learning platform (e.g. Avenue to Learn, etc.) using plagiarism detection (a service supported by Turnitin.com) so it can be checked for academic dishonesty.

Students who do not wish their work to be submitted through the plagiarism detection software must inform the Instructor before the assignment is due. No penalty will be assigned to a student who does not submit work to the plagiarism detection software. **All submitted work is subject to normal verification that standards of academic integrity have been upheld** (e.g., on-line search, other software, etc.). For more details about McMaster’s use of Turnitin.com please go to [www.mcmaster.ca/academicintegrity](http://www.mcmaster.ca/academicintegrity).

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### *COURSES WITH AN ON-LINE ELEMENT*

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*Some courses may* use on-line elements (e.g. e-mail, Avenue to Learn, Top Hat, Pearson MyAccountingLab, LearnLink, web pages, capa, Lockdown Respondus, Moodle, ThinkingCap, etc.). Students should be aware that, when they access the electronic components of a course using these elements, private information such as first and last names, usernames for the McMaster e-mail accounts, and program affiliation may become apparent to all other students in the same course. The available information is dependent on the technology used. Continuation in a course that uses on-line elements will be deemed consent to this disclosure. If you have any questions or concerns about such disclosure please discuss this with the course instructor.

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### *ONLINE PROCTORING*

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*Some courses may* use online proctoring software for tests and exams. This software may require students to turn on their video camera, present identification, monitor and record their computer activities, and/or lock/restrict their browser or other applications/software during tests or exams. This software may be required to be installed before the test/exam begins.

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### *CONDUCT EXPECTATIONS*

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As a McMaster student, you have the right to experience, and the responsibility to demonstrate, respectful and dignified interactions within all of our living, learning and working communities. These expectations are described in the [Code of Student Rights & Responsibilities](#) (the “Code”). All students share the responsibility of maintaining a positive environment for the academic and personal growth of all McMaster community members, **whether in person or online.**

It is essential that students be mindful of their interactions online, as the Code remains in effect in virtual learning environments. The Code applies to any interactions that adversely affect, disrupt, or interfere with reasonable participation in University activities. Student disruptions or behaviours that interfere with university functions on online platforms (e.g. use of Avenue 2 Learn, WebEx or Zoom for delivery), will be taken very seriously and will be investigated. Outcomes may include restriction or removal of the involved students’ access to these platforms.

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## *ACADEMIC ACCOMMODATION OF STUDENTS WITH DISABILITIES*

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Students with disabilities who require academic accommodation must contact [Student Accessibility Services](#) (SAS) at 905-525-9140 ext. 28652 or [sas@mcmaster.ca](mailto:sas@mcmaster.ca) to make arrangements with a Program Coordinator. For further information, consult McMaster University's [Academic Accommodation of Students with Disabilities](#) policy.

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## *ACADEMIC ACCOMMODATION FOR RELIGIOUS, INDIGENOUS OR SPIRITUAL OBSERVANCES (RISO)*

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Students requiring academic accommodation based on religious, indigenous or spiritual observances should follow the procedures set out in the [RISO](#) policy. Students should submit their request to their Faculty Office *normally within 10 working days* of the beginning of term in which they anticipate a need for accommodation or to the Registrar's Office prior to their examinations. Students should also contact their instructors as soon as possible to make alternative arrangements for classes, assignments, and tests.

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## *COPYRIGHT AND RECORDING*

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Students are advised that lectures, demonstrations, performances, and any other course material provided by an instructor include copyright protected works. The Copyright Act and copyright law protect every original literary, dramatic, musical and artistic work, **including lectures** by University instructors.

The recording of lectures, tutorials, or other methods of instruction may occur during a course. Recording may be done by either the instructor for the purpose of authorized distribution, or by a student for the purpose of personal study. Students should be aware that their voice and/or image may be recorded by others during the class. Please speak with the instructor if this is a concern for you.

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## *EXTREME CIRCUMSTANCES*

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The University reserves the right to change the dates and deadlines for any or all courses in extreme circumstances (e.g., severe weather, labour disruptions, etc.). Changes will be communicated through regular McMaster communication channels, such as McMaster Daily News, Avenue to Learn and/or McMaster email.

***ACKNOWLEDGEMENT OF COURSE POLICIES***

Your enrolment in Commerce 4AA3 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***

**Commerce 4AA3  
Managerial Accounting II  
Course Schedule**

| Class   | Date           | Topic  | Reading              | Problems                   |
|---|----------------|--|----------------------|----------------------------|
| 1   | Week of Jan 8  | Introduction, Code of Ethics<br>Strategic Management System<br>Case Writing Intro<br><i>Case: Foster Fridges</i> |                      |                            |
| 2   | Week of Jan 15 | Strategy and Balanced Scorecard<br><i>Case: Mountain City Transit</i>  | pp. 555-567          | P14-22, 34, 35, 36         |
| 3   | Week of Jan 22 | Management Control and Decentralization<br>Budgeting, Responsibility Accounting & Responsibility Centres         | pp. 886-890<br>Ch. 6 | E6-16, P6-36               |
|   |                | <b>Quiz #1: Classes 2,3 (Window to complete from 12:01 a.m., Jan 24 to 11:59 p.m., Jan 26)</b>                   |                      |                            |
| 4   | Week of Jan 29 | Profit and Investment Centres:<br>Return on Investment & Economic Value Added                                    | pp. 920-941          | P23-21, 24, 29, 37, 39     |
| 5   | Week of Feb 5  | Transfer Pricing – Expense Centres<br>(Common Cost Allocation)   | Ch. 15               | P15-26, 28, 34             |
|   |                | <b>Business Analytics Project using Power BI; Due at 11:59 p.m., Feb 9</b>                                       |                      |                            |
| 6   | Week of Feb 12 | Transfer Pricing – Profit Centres  | pp. 890-901          | P22-20, 24, 28, 29, 32, 34 |
|   |                | <b>Quiz: #2: Classes 4,6 (Window to complete from 6 p.m., Feb 12 to 11:59 p.m., Feb 14)</b>                      |                      |                            |
| <b>Midterm Exam: SATURDAY FEBRUARY 15, 2025, at 12:00pm for 2.5 hours in KTH B135</b> |                |  |                      |                            |
| <b>Reading Week: Monday February 17 to Sunday February 23</b>                         |                |  |                      |                            |

|    |                |   |  |   |
|----|----------------|---|--|---|
| 7  | Week of Feb 26 | Performance Measurement and Incentive System<br><i>In Class Case: Birch Paper Company</i>   | pp. 941-947                              | P23-26, 34                              |
| 8  | Week of Mar 5  | Operating Income Variance Analysis – Review<br>Extended Variance Analysis   | Chs. 7 & 8<br>pp. 682-692<br>pp. 258-263 | P7-33, 35<br>P8-25, 34, 36<br>17-24, 25 |
| 9  | Week of Mar 12 | Strategic Profitability Analysis  | pp. 567-572                              | P14-30, 31                              |
|    |                | <b>Quiz #3: Classes 8,9</b><br>(Window to complete from <b>12:01 a.m., Mar 14 to 11:59 p.m., Mar 16</b> )                                     |  |   |
| 10 | Week of Mar 19 | Activity-Based Costing and Management<br>Customer Profitability Analysis  | Ch. 5<br>pp. 693-703                     | P5-29, 30, 38<br>P17-29, 37             |
| 11 | Week of Mar 26 | <i>In Class Case: Wilson Electronics (A) and (B)</i><br>Strategic Cost Management: Quality<br>Theory of Constraints and throughput Accounting | pp. 371-388<br>pp. 435-437<br>pp.342-344 | P10-32, 33, 35, 36<br>P9-26, 27, 40     |
| 12 | Week of Apr 2  | Management Control for Not-for-Profit Organization  | 17                                       |   |

*Tentative course outline is subject to change*