

NEW YORK UNIVERSITY
Stern School of Business

Fall 2012: ACCT-GB.6331.01 Advanced Managerial Accounting, MW 3:30-4:45 pm, T-UC21

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Office hours: MW 12:30-3:15 pm and by appointment
10-78 KMC

TA: TBA

This course is a follow-up to the Principles of Managerial Accounting course.

Recall that the managerial accounting function is generally conceived of as (i) providing decision support to managers and (ii) facilitating operational and management control.

The “Principles” course focused on decision making using accounting information in relatively simple settings.

The **objective** of this course is to:

- Further your ability to critically understand a firm's reporting systems, in particular the strengths and weaknesses of its cost accounting systems, as well as further your ability to analyze business decisions systematically and logically.

Going beyond the Principles course, we examine:

1. single person decision making under uncertainty and the value of information,
 2. short-term capacity management and the maximization of contribution margin “throughput” versus long-term product planning using Activity Based analysis
 3. the limitations of conventional/Activity Based profitability statements in the presence of scope economies, and some common sources of scope economies
 4. long-horizon decisions (capital budgeting)
- Introduce you to the Operational Control contributions of management accounting, including frameworks such Standard Costing, Quality Reporting and The Balance Scorecard.
 - Introduce you to topics in Management Control including the strengths and weaknesses of common divisional performance measures and cost allocation schemes for co-ordination and control.

There is **no required text** for the course. Detailed handouts will be given for each class. These will also be subsequently posted on **Blackboard** (which we will use as the online course management system). **It is important to keep up with the materials.** Please make good use of my office hours for help if you are having difficulties.

HOMEWORK problems are intended for you to test your comprehension of the material covered in class and as such are assigned after class. Two sets of problems will generally be assigned – “Practice” and “Submission”. Solutions to the latter have to be turned in **electronically** by the beginning of the next class (using the assignment feature in BB). Do not put off submission till the very last minute – BB does not sometimes cooperate. Group work on homework is encouraged, but individual submissions are required. Solutions to Practice problems will be posted promptly on Blackboard to facilitate your learning, while solutions to Submission problems will be posted once they have been turned in. You must keep a copy of your homework and check it yourself against the posted solutions. Homework will not be graded or be a formal part of your evaluation. However, if you do poorly in the exams, then, before determining your final grade, I will review the quality and frequency of your homework submissions.

Attendance is mandatory and will be randomly taken. If too many students come late too often, I may deny admission into the classroom five minutes after the class commences.

Notebook computers may not be opened in class.

EVALUATION: *Balanced Scorecard group assignment* 10% (Form groups of 5)

Exams: The better of your grade from two alternative weightings (the latter to encourage improvement if you get off to a slow start). *The exams are cumulative in coverage.*

	<i>Alt 1</i>	<i>Alt 2</i>
First mid-term exam	30%	20%
Second mid-term exam	30%	30%
Final exam	30%	40%

Exams may not be rescheduled except in case of a documented family or medical emergency.

Session Outline (Subject to minor changes)

Session 1	Introduction
Session 2	Product Costing and Product Line Profitability Reporting in Multi-Departmental Multi-Product Settings: Conventional Methods
Session 3	Activity Based Costing
Sessions 4 & 5	Short-term Capacity Management vs. Long-term Product Planning: Maximizing Contribution Margin throughput vs. Activity Based Cost Analysis
Sessions 6 to 8	Single Person Decision Making under Uncertainty Value of Information in Single Person Decision Making under Uncertainty Mid-term Review
Session 9 (10/3)	1st Mid-term
Session 10 to 12	Resource Planning under Uncertainty and Economies of Scope: Limitations of Conventional/Activity Based Profitability Statements
Session 13	Management Control: Responsibility Centers & Accounting Issues in measuring performance of Investment Centers
Sessions 14 & 15	The Control of Engineered Cost Centers: Flexible Budgets and Variance Analysis
Session 16	Issues in Cost Allocation for Shared Resources
Session 17	Mid-term Review
Session 18 (11/7)	2nd Mid-term
Session 19	The Balanced Scorecard
Sessions 20 to 22	Performance Measures and Management Control: The Agency (or Contract) Theory perspective
Session 23	Topics in Operational Control: Quality Costs; Environmental costs; Value Chain Costing; Life Cycle Costing
Session 24	Capital Budgeting
Session 25	Capital Budgeting with Income Taxes
Session 26	Capital Budgeting with Income Taxes
Session 27	Final Review
Session 28	The Balanced Scorecard Presentation (Group Presentation: Presentation groups picked at random)

FINAL EXAM **TBA**