

SYLLABUS¹
Leonard N. Stern School of Business
New York University

PRINCIPLES OF MANAGERIAL ACCOUNTING ACCT-UB.0004
Fall 2013 - Sections 01, 02, and 03

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Office Hours: Tuesday 5:00 - 6:15pm and by appointment
Class Time: Section 01: Tue, Thu 11:00am – 12:15pm
Section 02: Tue, Thu 2:00pm – 3:15pm
Section 03: Tue, Thu 3:30pm – 4:45pm
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COURSE MATERIALS

Managerial Accounting, 14th ed. by Garrison, Noreen, and Brewer – **Required**

Two copyrighted cases: *Seligram ETO* and *Infinity Bank (A)*.

Note: We will use these cases for class discussion and homework. These cases are available for purchase in an electronic coursepack from the NYU bookstore.

I will also post reading materials not requiring copyrights and lecture notes on NYU Class. Please be sure to check NYU Class course site regularly, and make sure your email address on NYU Class is correct.

COURSE OVERVIEW & OBJECTIVES

This course introduces you to the principles of managerial accounting – the *internal* use of accounting information to manage modern firms, including planning, analysis, and decision-making. The primary objective of this course is to equip you with the knowledge and ability to prepare, understand, evaluate, and execute financial and non-financial reports used in modern businesses. The purpose of this course is to help you become a better manager, not to merely have you read problems and solutions.

Managers face numerous business decisions every day that require the use of financial and non-financial information about their firms' products, processes, employees, suppliers, customers, competitors, resources, and constraints. These decisions range from evaluating profitability of investment projects (finance) to managing product-line portfolios and pricing (marketing), from supply chain and customer management (operations) to evaluating and motivating employees

¹ Depending on class needs and other requirements, some parts of this syllabus are subject to change.

(human resources), and from making merger and acquisition decisions (strategy) to tax planning and management (regulation). Therefore, utilizing relevant information (financial and non-financial) to make informed decisions is vital to modern firms and is an important skill for a career in corporate management, business consulting, financial services, and so on.

Unlike financial accounting, this course focuses on information generated by *internal* accounting information systems. These systems provide managers with *reports* that describe the *reality* – the business processes and environment at their firms. However, these reports may not fully reflect or reflect inaccurately the reality, leading managers to make incorrect *decisions*. In class, we will discuss a number of pitfalls that these inaccurate reports can induce and the incorrect decisions these reports can lead to. We will also discuss how companies can create *value* through making informed decisions based on reliable reports that truthfully and accurately reflect reality.

Although you will need to be familiar with the mechanics of the many techniques used to prepare management reports, the emphasis in this course is on interpretation, evaluation, and decision-making.

CLASS MEETINGS

The class meetings will be a combination lectures, cases, and discussions, which provides an interactive learning environment and allows for a deeper understanding of the managerial implications of information-system design and use. To prepare for classes, you should go through the readings and prepare the case questions (for classes where we discuss cases).

Students are expected to actively participate in case discussions, providing summaries of key facts of the case, analysis, and recommendations to management. The case discussions involve the preparation of the case and reading assignments before class and the active sharing of your insights during class.

Each student should carefully prepare the assigned case for the class and be ready to present their analysis or to comment on others' analyses. You are encouraged to prepare the cases in groups.

Note that many managerial problems do not have unique or clear-cut correct answers or solutions. Therefore, you are encouraged to think creatively and critically.

FEEDBACK

I welcome and appreciate your feedback on class topics, contents, and cases. You can help me improve this course by sharing your concerns, questions, or opinions regarding the course. Your feedback is crucial to the development of this course.

GRADING

Your grade for this course will consist of four components: class participation, written case preparation, one closed-book midterm, and one closed-book final examination:

- In-class quizzes 10%;
- Written case preparation 10%;
- Midterm examination 35%;
- Final examination 45%.
- Total 100%**

IN-CLASS QUIZZES (10%)

Usually when we start new lecture notes, I will give out a short quiz along with the new lecture notes at the beginning of the class. The quizzes will contain questions similar to the self-study problems assigned from the class before, and will be graded as pass/fail. As long as you have read the assigned course materials before class and make your best effort, you can expect to pass the quizzes. The purpose of the quizzes is to familiarize you with exam questions, and to prepare your mind for the class. The quizzes also motivate you to study regularly rather than just before the exams. Perhaps more so than other subjects, learning accounting requires hands-on practice and is difficult to learn by jamming. If you cannot attend a quiz, you must email me with convincing reasons before the start of the class.

WRITTEN CASE PREPARATION (10%)

The course syllabus lists eight (8) cases to prepare for the classes. Each student must submit at least five (5) of the eight (8) case preparations during the course to receive the written homework credits (10%).² Although you may discuss the cases in small groups, the submitted case preparation must be your own individual work. No extra credit will be awarded for submitting additional case preparations. You are free to choose which five of the eight cases to hand in. I do not expect any “correct” answer in preparing for a case, only that you have made an intelligent and determined effort to address the issues emerging from the case. The written submissions will be graded as either an “S” or “S-”. An S- will be awarded if the case preparation is incomplete or if a “Best Effort” was not made on the case preparation. I expect that all students will come to class prepared to discuss the case listed on the course syllabus. Written case preparations are due at the beginning of class on the day the case is listed on the syllabus. Submissions received after class starts will be graded an S-. All case preparations must be submitted in hard copy form. Electronic and fax submissions will NOT be accepted.

EXAMS (MIDTERM – 35%, FINAL – 45%)

Both exams are based on all material in the text, class, and problem assignments up to the date of the exam. The best way to prepare for the exam is to prepare carefully for each of the classes that precede it.

The midterm and final exams are both closed book and closed notes. You will need a small calculator for each exam. For the final exam (ONLY), you are allowed to bring one (double sided) page (8.5 x 11) of hand-written notes (not printed), to be handed in with the final exam.

CLASS PARTICIPATION & ADDITIONAL EXERCISES (BORDER-LINE GRADES)

The quality (rather than quantity) of your interaction and participation in class discussions will determine border-line grades. High quality comments are concise but to the point. You can contribute to the in-class case analysis by making comments to move the discussion toward a deeper understanding of the company and its issues. You can access additional exercises to enhance your learning by visiting the course Connect Plus site: <http://connect.mcgraw-hill.com/class/m tang fall 2013 tr 11am>.

² In case the class schedule changes and we cannot cover all eight cases. This requirement will change accordingly. For example, if we can only cover 7 cases, then you would only need to submit 4 preparations to get the 10% credits.

GRADING POLICY

At NYU Stern we seek to teach challenging courses that allow students to demonstrate differential mastery of the subject matter. Assigning grades that reward excellence and reflect differences in performance is important to ensuring the integrity of our curriculum.

In core courses, our faculty have adopted a standard of rigor for teaching where:

- 25-35% of students can expect to receive A's for excellent work;
- 50-70% of students can expect to receive B's for good or very good work;
- 5-15% of students can expect to receive C's or less for adequate or below work.

Note that while we use these ranges as a guide, the actual distribution for this course and your own grade will depend upon how well each of you actually performs in this course.

Please see "Teaching and Grading at the NYU Stern Undergraduate College" for more information:

http://www.stern.nyu.edu/UC/CurrentStudents/Academics/PoliciesAndProcedures/CON_021884.

Please note the following grading-related policies:

- There will be *no make-up midterm examinations* under any circumstances. If you miss the midterm because of a medical or family emergency, you will need to provide me with documentation; in this case, the weight of the midterm will be added to the weight of the final (i.e., the course grade will be based 10% on class participation, 10% on case preparation, and 80% on the final exam).
- The weights, in "Grading" above, are identical for everyone. *It is not possible to make up for poor performance by doing extra work.*
- *Re-Grading.* In line with Grading Guidelines for the NYU Stern Undergraduate College, the process of assigning of grades is intended to be one of unbiased evaluation. This means that students are encouraged to respect the integrity and authority of the professor's grading system and discouraged from pursuing arbitrary challenges to it.
- If a student feels that an inadvertent error has been made in the grading of an individual assignment or in assessing an overall course grade, a request to have that the grade be reevaluated may be submitted. Students should submit such requests in writing to the professor within 7 days of receiving the grade, including a brief written statement of why he or she believes that an error in grading has been made.

ACADEMIC INTEGRITY

Integrity is critical to the learning process and to all that we do here at NYU Stern. All students are expected to abide by the **NYU Stern Student Code of Conduct**. A student's responsibilities include, but are not limited to:

- A duty to acknowledge the work and efforts of others when submitting work as one's own. Ideas, data, direct quotations, paraphrasing, creative expression, or any other incorporation of the work of others must be clearly referenced.
- A duty to exercise the utmost integrity when preparing for and completing examinations, including an obligation to report any observed violations.

For more information, please see:

<http://www.stern.nyu.edu/UC/CurrentStudents/Academics/PoliciesAndProcedures/index.htm>

STUDENTS WITH DISABILITIES

Students whose class performance may be affected due to a disability should notify the professor early in the semester so that arrangements can be made, in consultation with the Henry and Lucy Moses Center for Students with Disabilities, to accommodate their needs.

Please see www.nyu.edu/csd for more information.

HOW TO DO WELL IN THIS COURSE

Be Prepared! This will be a challenging course. I strongly advise you to read each assigned text before each class.

Not Just Reading! Like most acquired skills, you can only read so much about how to do it. You must also do it. Take any sport, say, swimming. Reading textbooks can help to some extent, but the only way to learn to swim is to practice it.

Practice! Practice! Practice! Perhaps more so than other subjects, accounting is difficult to learn by cramming. To learn accounting well, you must spend time each day working problems. While the self-study problems are a minimum, I strongly recommend that you work through as many of the exercises and problems at the end of each chapter as possible.

Use Solutions Wisely! The solutions to the self-study problems will be posted on the course website. Most of the problems appear easy once you have seen the solution. You should work through each problem diligently and independently *before* consulting its solution. Reading problems and solutions *alone* cannot help you analyze the problems you will encounter in the exams and in business.

ADDITIONAL GUIDELINES

- Attendance is important, and other activities, including job interviews, should be scheduled so as not to conflict with class meetings.
- Please be considerate of your colleagues and turn off your cell phones during class time. Laptops may be used only for purpose of taking and viewing class notes.
- Unwarranted discussions and conversations in the audience are extremely distracting to the instructor and other students. Please save your conversations after the class.
- You should come to class on time and stay through the entire class. Entering classroom late or leaving classroom early is disruptive and disrespectful of your colleagues.
- If you miss a class, it is your responsibility to find out what you may have missed from a fellow student.

CLASS SCHEDULE (*Subject to Change)**Note: C=Chapter; Ex=Exercise; P=Problem**

Ses- sion	Date of Class	Topic	Required Reading	Assigned Case	Self-Study Problem
1	9/3 Tue.	Introduction to the course	C1: 1-19		
2	9/5 Thu.	Managerial information systems: theory and practice	C2: 24-34, 42-47		Ex: 2-1, 2-2, 2-3, 2-6; P: 2-16
3	9/10 Tue.	Normal absorption costing	C3: 83-103		Ex: 3-1, 3-3, 3-10
4	9/12 Thu.	Cost estimation and process complexity	C3: 103-108	Seligram ETO	Ex: 3-12, 3-15; P: 3-24
5	9/17 Tue.	Measuring and managing the costs of capacity (introduction)	C3 Appendix A: 131-133	Adapconn	P: 3-26
6	9/19 Thu.	Measuring and managing the costs of capacity (conclusion)			
7	9/24 Tue.	Activity-based costing (introduction)	C7: 272-298	Coffee Services	Ex: 7-1, 7-6, 7-12, 7-14
8	9/26 Thu.	Activity-based costing (conclusion)			Review problem on page 298-300
9	10/1 Tue.	From activity-based costing to customer profitability analysis	Will be posted on NYU Class		Ex: 7-5, 7-9
10	10/3 Thu.	Estimating and managing customer profitability	Will be posted on NYU Class	Infinity Bank	
11	10/8 Tue.	Review for midterm			
12	10/10 Thu.	Midterm Exam			
	10/15 Tue.	NO CLASS			
13	10/17 Thu.	Review Midterm Exam Intro to Budgeting			
14	10/22 Tue.	Budgeting	C8: 335-359		Ex: 8-1, 8-2, 8-3, 8-4, 8-5, 8-6, 8-7, 8-8
15	10/24 Thu.	Flexible Budgets	C9: 383-395		Ex: 9-2, 9-3, 9-4, 9-5, 9-6, 9-17, 9-18
16	10/29 Tue.	Standard costs and variance analysis	C10: 418-441		Ex: 10-2, 10-3, 10-4; P: 10-13
17	10/31 Thu.	Standard costs and variance analysis(cont'd)			Ex: 10-5; P: 10-14
18	11/5 Tue.	Decentralization and	C11: 472-		Ex: 11-2, 11-7, 11-

		performance evaluation	482		8, 11-12; P: 11-15
19	11/7 Thu.	Incentive effects of absorption costing	C6: 229-239	Western Chipsets	Ex: 6-1, 6-2, 6-12; P: 6-22
20	11/12 Tue.	Introduction to business decisions: CVP analysis	C5: 183-203, 207-208		Ex: 5-4, 5-5, 5-9, 5-11, 5-18(a); P 5-29
21	11/14 Thu.	Introduction to business decisions: CVP analysis (cont'd)			
22	11/19 Tue.	Business decisions: Relevant costs and relevant revenues	C12: 527-553 ³		Ex: 12-3, 12-4, 12-5, 12-10, 12-12, 12-14, 12-16; P 12-25
23	11/21 Thu.	Business decisions: Relevant costs and relevant revenues (cont'd)			
24	11/26 Tue.	Analyzing business decisions		Falco Scooters (A)	
	11/28 Thu.	NO CLASS			
25	12/3 Tue.	Business decisions: Asset-related costs and strategic issues		Falco Scooters (B) ⁴	
26	12/5 Thu.	Transfer pricing	C11: 507-513		Ex: 11A-1, 11A-3; P: 11A-5, 11A-6
27	12/10 Tue.	Transfer pricing and decision analysis		LTC	
28	12/12 Thu.	Course Takeaways – Final Review			
29	TBA	Final Exam			

³ You can skip the *Managing Constraints* section on pages 546-548 of the textbook.

⁴ Note: the discussion of *residual income* and *EVA* ® from Chapter 11 is useful for doing the *Falco Scooters (B)* case.