



Course Descriptions and Syllabus

Your instructor

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Consultation hours: KMC 10-81: **Monday 1.15pm – 1.45pm**
Weds 1.15pm – 1.45pm
Teaching Assistant: **see NYU Classes**

Course Descriptions

This course explores the use of accounting information for *internal* planning, analysis, and decision-making. The *main objective* of the course is to equip you with the knowledge to prepare, understand, evaluate, and act upon the many financial and non-financial reports used in managing modern firms.

Managing and evaluating the modern firm requires financial and non-financial information about the firm's products, processes, assets, and customers. This information is a key input into a wide range of analytical tools to support decisions: analyzing profitability of various products, managing product-line portfolios, setting prices, measuring and managing profitability of customers, making operational and strategic decisions, evaluating investments, investigating efficiency, and so on.

The focus of this course is on information generated by internal accounting systems. Along the way, we will discover that many companies have not provided their managers with useful information. These managers have to rely on information systems designed years ago for very different business processes and with very different technologies. We will take a look at a number of pitfalls that these systems can induce and at the dangers in using these systems to make business decisions. We will also investigate some modern ideas in how an organization's information system should be designed.

To attain the right level of understanding, you will need to be familiar with the mechanics of the many techniques used to prepare management reports. But the emphasis in this course is very much on interpretation, evaluation, and decision-making.

Teaching Materials

The optional textbook is *Managerial Accounting for Undergraduates*, 1st edition, by Christensen, Hobson and Wallace, Cambridge Business Publishers.

There are three copyrighted cases we will use. These are available for purchase in an electronic coursepack from the bookstore. I will post reading materials not requiring copyrights and lecture slides on NYU Classes.

Feedback

I encourage you to provide feedback on class topics, content, and cases. I appreciate any concerns, questions, or opinions regarding the course. I would like to continue to improve this course; participants' feedback is critical.

Class Meetings

In each class, we focus on the management aspects of the topic. To prepare for class, you should go through the readings and prepare the case questions (for classes where we discuss cases).

Case discussion will take up approximately half of the course. I have found that a mix of lectures, cases, and discussions provides an interactive learning environment allowing for greater understanding of the managerial implications of information-system design and use.

Students will be active participants in case discussions, providing summaries of issues, analyses, and recommendations. This involves the preparation of the case and reading assignments before class and the active sharing of your insights during class.

Note that many of the managerial problems I will address through cases will not have clear-cut or "correct" solutions; do not let this discourage you.

Each student should carefully prepare the assigned case and be ready to be called on to present their analysis or to comment on others' analyses. You are encouraged to prepare for cases in teams. I will randomly call on students when discussing cases.

Grading

The course grade will be based the following components:

- On line Mini Tests 15%;
- Pop Quizzes 5%;
- In-Class Closed book Midterm I 15%;
- In-Class Closed book Midterm II 15%;
- Final Exam 30%;
- Final Group Project/Presentation 20%

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 members 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/C>

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Please note the following grading-related policies:

- There will be *no make-up midterm examinations* under any circumstances.
- 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 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 re-evaluated 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>

How to Do Well in this Course

- This will be a challenging course. I strongly advise you to read each assigned text chapter before each lecture.
- Although the solutions to the self-study homework problems will be made available, you should work diligently through each problem before consulting its solution. Do not be misled into thinking that because you understand the solution you have mastered the material.

Other

I expect you to come to every class, to arrive on time, and to stay through the entire class. If you miss a class, it is your responsibility to find out what you may have missed from a fellow student. You should turn off your cell phones during class time. Laptops are only allowed for taking or viewing class notes.

| | Date | Topic | Optional Background Reading | Class Exercises | Review Questions |
|---|-------------|---|-----------------------------|---|------------------|
| 1 | 1/28 | Introduction to the course | Chp 1 | CE1.1 Campbell's | |
| 2 | 1/30 | Managerial information system: theory and practice - Cost concepts - Manufacturing cost flows | Chp 2 | CE2.1 Classifying Costs CE2.2 Overhead Allocations and unit cost CE2.3 Manufacturing Cost Flows | RQ2 |
| 3 | 2/4 | Traditional costing system - Job costing - Process costing - Normal absorption costing | Chp 3 Chp 4 | CE3.1 Job Costing, Process Costing CE3.2 Challenges with Normal Absorption costing | RQ3 |
| On-Line Mini Test I due before class on 2/6 | | | | | |
| 4 | 2/6 | Cost estimation and process complexity | | CE4.1* Seligram ETO | RQ4 |
| 5 | 2/11 | Measuring and managing the costs of capacity | | CE5.1 Autobest CE5.2 Microgene | RQ5 |
| 6 | 2/13 | Measuring and managing the costs of capacity (cont.) | | CE6.1 New Machine Seligram ETO | RQ6 |
| On-Line Mini Test II due before class on 2/20 | | | | | |
| | 2/18 | Presidents' day – no class | | | |
| 7 | 2/20 | Review of Midterm I | | | |
| 8 | 2/25 | Mid-Term Exam I | | | |
| 9 | 2/27 | Activity-based costing | Chp 5 | CE7.1* ABC Wilkerson | RQ7 |
| 10 | 3/4 | Activity-based costing | Chp 5 | CE8.1 Intro to CPA | |
| 11 | 3/6 | Customer profitability Analysis | Chp 5 | CE9.1 Stocked vs non-stocked, Small vs large CE9.2 Ethical Drugs | |
| 12 | 3/11 | Estimating and managing customer profitability | Chp 5 | CE10.1 Customer Service Department | RQ10 |
| 13 | 3/13 | Estimating and managing customer profitability (cont.) | Chp 5 | CE11.1* Infinity Bank | |
| On-Line Mini Test III due before class on 3/25 | | | | | |
| | 3/18 | Spring break – no class | | | |
| | 3/20 | Spring break – no class | | | |
| 14 | 3/25 | Review of Midterm II | | | |
| 15 | 3/27 | Mid-term Exam II | | | |
| 16 | 4/1 | Budgeting & working capital management | Chp 9 | CE15.1 Budgeting CE15.2 Working Capital Management | RQ15 |
| 17 | 4/3 | Variance Analysis | Chp 10 Chp 11 | CE16.1 Thanksgiving | |

| | Date | Topic | Optional Background Reading | Class Exercises | Review Questions |
|--|-----------------------------|---|-----------------------------|---|------------------|
| 18 | 4/8 | Variance Analysis (cont.) | Chp 10 Chp 11 | CE17.1 Webb | RQ17 |
| 19 | 4/10 | Performance Evaluation: Incentive Effects of Variance Analysis | Chp 10 Chp 11 | CE18.1 Dummy Jeans | |
| 20 | 4/15 | Performance Evaluation: Incentive Effects of Absorption Costing More on Variable Costing | Chp 7 | CE19.1* Western Chipsets | |
| On-Line Mini Test IV due before class on 4/17 | | | | | |
| 21 | 4/17 | Business Decisions: CVP analysis | Chp 6 | CE20.1 Surf Gear | RQ20 |
| 22 | 4/22 | Business Decisions: Relevant Costs/Revenues | Chp 8 | CE21.1* Falco Scooters (A) | RQ21 |
| 23 | 4/24 | Business Decisions: Asset-related costs and Strategic Issues | Chp 12 | CE22.1 Residual Income CE22.2 Capital Budgeting | RQ22 |
| 24 - 26 | 4/29 5/1 5/6 | Group project/presentation | | | |
| On-Line Mini Test V due before class on 5/8 | | | | | |
| 27 | 5/8 | Review of Final | | | |
| 28 | 5/13 | Final Exam | | | |

* It is important that you read Class Exercises prior to class