

NEW YORK UNIVERSITY
Fall 2020: ACCT-GB.6331.C1 Advanced Managerial Accounting
T-Th 3:30 – 4:45 pm This course meets as per the undergraduate calendar
Classes will be held via Zoom (You must login to Zoom through NYU Classes)

Professor Ajay Maindiratta

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Off. Hrs: On Zoom T-Th 1:15 – 3 pm & 5:45 – 6:45 pm

[Zoom Link \(for office hours only\)](#)

Meeting ID: 611 050 7603 Password: Off Hrs

Teaching Fellow: TBA

E-mail:

Off. Hrs: Via Zoom by appointment

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

Recall that the managerial accounting function is 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 and also introduced management control systems.

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. Long-term product planning using Activity Based analysis versus short-term capacity management and the maximization of contribution margin throughput.
 2. Single person decision making under uncertainty and the value of information – in particular accounting information.
 3. Scope economies arising from resource sharing under uncertainty and the limitations of Activity Based profitability statements in the presence of scope economies.
 4. Long-horizon decisions (capital budgeting).
- Extend your understanding of Management Control with a discussion of the strengths and weaknesses of common divisional performance measures and cost allocation schemes for co-ordination and control, and some formal modeling that yields insights into the trade-offs between risk sharing and incentives in the control process.

PEDAGOGICAL PROCEDURES

There is no required text for the course. Class Notes and (partially filled out) templates for exercises we will do together in class, will be posted in advance of each session (in the Handouts link in the **NYU Classes** course menu). Once we fill the templates through our class discussion, completed documents will be posted on the **NYU Classes** course site for your review.

Attendance is mandatory. I expect students to join the Zoom session on time, turn on the video and mute the microphone.

Since we will unfortunately not be physically together in a classroom, I am going to ask each of you to drop by my Zoom office hours at least a couple of times through the semester so that we have a chance to chat one-on-one. To organize this, when the course starts, I will circulate a sign-up sheet for each of you to pick a date slot.

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”. When assigned, the Submission set has to be turned in online in NYU Classes by the beginning of the next class.

Solutions to Submission problems will be adaptively released immediately after you submit your work online to facilitate your learning. You should bring a copy of your work and the solution to the following class for any related discussion.

Submitted homework will not be checked and returned on an ongoing basis. It will also not formally count towards your grade for the course. However, if you do poorly on the exams, or are at the borderline between grade categories, I will review your homework submissions in making a final grade determination.

It is important to keep up with the materials. Please make good use of my office hours and the TA's availability for help if you have difficulties.

EVALUATION: The better of your grade from two alternative weightings (the latter to encourage improvement if you get off to a slow start).

	<i>Alt 1</i>	<i>Alt 2</i>
First mid-term exam	25%	20%
Second mid-term exam	30%	25%
Final exam	45%	55%

See the attached session outline for the exam dates. The online exam logistics will be as follows.

You may login to NYU Classes to take the exam anytime within the 24-hour window that begins at 11 am on the exam date. Once you log in, you will have a specified time limit (likely 1 hr 15 mins for the first two exams and 1 hr 50 mins for the final) to complete the exam and upload your submission. You cannot log out and then back in again. When the 24-hour window closes, the system will stop accepting submissions. So, you must login with enough time on hand to complete the exams.

Grading Policy: At NYU Stern, we strive to create courses that challenge students intellectually and that meet the Stern standards of academic excellence. To ensure fairness and clarity of grading, the Stern faculty have agreed that for elective courses the individual instructor or department is responsible for determining reasonable grading guidelines.

In this course, I do not follow any strict “% guidelines” for awarding A’s and B’s. Instead, at the end of the semester I award a letter grade that reflects and certifies the extent of your skills in carrying out the sort of advanced managerial accounting analysis that is the subject of the course. My experience over the past several semesters has been that about 40% to 45% of students demonstrate proficiency deserving of an A or A- in the course. To give you an idea of where you stand going into the final exam, I will give you letter grade feedback after the second exam.

ACADEMIC ACCOMMODATIONS: To request a **disability accommodation** please reach out to the **Henry and Lucy Moses Center for Students with Disabilities** as early as possible (well before the first exam) for assistance.

Telephone: 212-998-4980

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Email: mosescsd@nyu.edu

Session Outline (Subject to minor changes)

Session 1	Introduction Product Costing and Product Line Profitability Reporting in Multi-Departmental Multi-Product Settings: Conventional Methods
Session 2	Activity Based Costing and Good-form Activity Based Profitability Statements
Sessions 3 & 4	Review of decision making under certainty
Sessions 5 & 6	Long-term Product Planning using Activity Based Profitability Analysis vs. Short-term Capacity Management to maximize Contribution Margin
Sessions 7 to 9	Single Person Decision Making under Uncertainty Value of Information in Single Person Decision Making under Uncertainty
Session 10	Mid-term Review
Session 11 (10/8)	1st Mid-term
Session 12, 13 & 14	Resource Planning under Uncertainty and Economies of Scope: Limitations of Conventional/Activity Based Profitability Statements
Session 15	Management Control: Responsibility Centers & Accounting
Session 16	Issues in measuring performance of Investment Centers
Session 17 & 18	The Control of Engineered Cost and Profit Centers: Flexible Budgets and Variance Analysis
Session 19	Mid-term Review
Session 20 (11/10)	2nd Mid-term
Sessions 21 to 23	Performance Measures and Management Control: The Agency (or Contract) Theory perspective
Session 24	Cost allocation for resource sharing
Sessions 25 & 26	Capital Budgeting
Session 27	Operational Control: The Balanced Scorecard
Session 28	Final Review
Final Exam:	TBA