

Managerial Accounting

ACCT-UB.0004

Spring 2015 Syllabus

Course Overview and Objectives

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. The topics we will cover include:

- Product costing and business decision-making
- Activity-based costing (ABC) and profitability analysis
- Budgeting and variances
- Decentralization and transfer pricing
- Performance evaluation and compensation for managers of profit centers
- Performance evaluation and compensation for managers of investment centers
- The “War of Metrics”: Cash Flow, Accounting Profit, etc.

Course Materials

I will hand out (and post online) self-contained lecture slides in class, which are the main studying materials for the course.

The recommended textbook (not required) is *Managerial Accounting*, 14th edition by Garrison, Noreen, and Brewer. Alternatively, you can use *Cost Accounting: A Managerial Emphasis*, 14th edition by Horngren, Datar, and Rajan.

Course Organization

Class time will consist of a mix of lectures, problem solving, and case discussions. The lecture will focus on the managerial aspects of the topic. For a better understanding of the material, please read the assigned textbook chapters *before* class.

Office Hours

I hold office hours on Wednesday from 11:30am - 1:30pm.

TAs will hold long office hours (typically 2-3 hours) each time before homework is due or an exam is coming. The date and place for TA sessions are TBA.

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Grading Scheme

Midterm exam	35%
Final exam	40%
Homework (5 assignments)	25%

Exams *only* cover topics and concepts taught in the class. Materials indicated as “optional” in the slides will *not* be in the exam.

The **midterm exam** will take place on **03/11**. The **final exam** date is TBA.

Missing the midterm exam results a zero grade in general. If you miss the exam because of a medical or family emergency in accordance with the university policy, you need to provide me with original documentation(s); in that case, I will give you a *new* exam to take at 3:30pm on March-15th (Sunday, the day before spring break week). Note that the new exam will be roughly 25% longer because you have more time to prepare than other students. Missing the makeup exam on March-15th results a zero grade for midterm, and no exceptions can be made.

Homework: Each homework will be clearly marked as either group or individual assignment. If it is marked as an individual assignment, then you have to work on it by yourself and submit your solutions individually. For group assignments, you are encouraged to collaborate in groups of at most 4 students, and each group only needs to submit one solution.

I will hand out (and post online) the homework a week before they are due and collect your solutions at the beginning of class on the due day. Please always retain a copy of your homework solution for the purpose of class discussion. If you cannot make it to class, the write-up can also be submitted electronically to me prior to class.

I cannot accept late submissions because we will discuss the questions in class. Therefore, late submission results a missing grade for that assignment.

Academic Integrity: The code of conduct applies.

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 adopted a grading guideline for core courses with enrollments of more than 25 students in which approximately 35% of students will receive an ‘A’ or ‘A-’ grade.”¹

The following distribution is a guideline, and your grade depends ultimately on your performance.

- 30-35% of students can expect to receive A’s for excellent work;
- 50-75% 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.

¹ Grading in Stern Undergraduate Classes. <http://www.stern.nyu.edu/portal-partners/current-students/undergraduate/resources-policies/academic-policies/index.htm>

Re-Grading

In line with Grading Guidelines for the NYU Stern policy, 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.

Calculators: You can use a calculator in midterm and final exam. However, using a smartphone, tablet, or laptop is *not allowed* in the exams.

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.

Be considerate: Please mute your cell phones during class time, and keep in mind that using a laptop can be very distracting for people sitting around you.

Course Calendar

Note: C=Chapter; Ex=Exercise; P=Problem;
Shaded Sessions are on Wednesday

Session	Date of Class	Topic	Reading before class	Self-study problems
1	01/26	Introduction to the course		
2	01/28	Basics of Managerial Accounting	C2: 24-34, 42-47	Ex: 2-1, 2-2, 2-3, 2-6; P: 2-16
3	02/02	Cost-Volume-Profitability analysis	C5: 183-203, 207-208	
4	02/04	Short-term business decisions with <i>idle</i> capacity	C6: 229-240	Ex: 5-4, 5-5, 5-9, 5-11, 5-18(a); P: 5-26, 5-29
5	02/09	Short-term business decisions with <i>constrained</i> capacity	C12: 528-534, 539-548	Ex: 12-5
6	02/11	Normal absorption costing: Introduction	C3: 83-103 131-133	Ex: 3-1, 3-3, 3-10
02/16		Presidents Day, NO CLASS;		
7	02/18	Normal absorption costing: Further discussion	C4: 142-151	P: 3-21
8	02/23	Activity-based costing (ABC)		Ex: 7-5, 7-6, 7-9, 7-12, 7-14
9	02/25	Incentive issues of absorption costing	C7: 272-298	
10	03/02	Estimating and managing product profitability using ABC	Wilkerson, Copyright case*	
11	03/04	Measuring and managing the cost of capacity	Wilkerson case	
12	03/09	Review for midterm		Will be online
13	03/11	Midterm Exam		
03/16 – 03/22		Spring Break		

14	03/23	Midterm recap. Decentralization & responsibility centers	C11: 472-483	Ex: 11-2, 11-12; P: 11-15
15	03/25	Budgeting & Variance Analysis: overview	C8: 335-359	Ex: 8-1, 8-2, 8-5, 8-6, 8-7, 8-8
16	03/30	Budgeting: Income vs Cash Flow		
17	04/01	Use variance analysis to disentangle individual contributions - I	Dummy Jeans	Ex: 10-2, 10-3, 10-4; P: 10-13
18	04/06	Use variance analysis to disentangle individual contributions - II		
19	04/08	Combining variance with ABC		
20	04/13	Transfer pricing: an introduction	C11 Appendix A: 507-520	
21	04/15	Transfer pricing: incentive issues		
22	04/20	Performance evaluation in profit centers: I	Sub-Micron, Copyright case*	
23	04/22	Performance evaluation in profit centers: II		
24	04/27	Performance evaluation in investment centers: I		
25	04/29	Performance evaluation in investment centers: II		
26	05/04	Comprehensive Operating Profit Variance Analysis		
27	05/06	Review for Final Exam		Will be online
28	05/11	Course takeaway		
05/13 – 05/19		Final Exam Week		

*: Required copyrighted cases, *Wilkerson Co.* and *Sub-Micron Devices, Inc.*, are available for purchase at NYU Bookstore as a digital coursepack.