NEW YORK UNIVERSITY
Stern School of Business
Spring 2020: ACCT-GB.6331.C1 Advanced Managerial Accounting
M-W: 11 am - 12:15 pm, KMC 5-140
This course meets as per the undergraduate calendar

Professor Ajay Maindiratta   **Office Hrs**: MW 12:30-3:00 pm and M 5-5:45 pm
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TA: TBA

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.

There is **no required text** for the course. Detailed handouts will be given for each class. These will also be subsequently posted on **NYU Classes** (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 in NYU Classes** by the beginning of the next class Group work on homework is encouraged, but individual submissions are required. Solutions to Practice problems will be posted promptly on NYU Classes to facilitate your learning. 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. I expect students to come on time and may deny admission five minutes after class commences. **Notebook computers or** other electronic devices **may not be used** in class unless you have a specific exemption**.**

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

	Alt 1	*Alt 2*
First mid-term exam	25%	20%
Second mid-term exam	30%	25%
Final exam	45%	55%

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

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% 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.

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 **(3/4)**	**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 **(4/13)**	**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**