NEW YORK UNIVERSITY

Stern School of Business

MANAGERIAL ACCOUNTING  C10.0002.01

Course Outline

Summer 2005 Session I

Instructor: Francois Brochet

Room 10-99 KMEC, x 80024

Off. Hrs: TR: 5:00-6:00pm and by appointment.

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COURSE OBJECTIVES

An understanding of the evolving role that managerial accounting has played and is expected to play in servicing the informational needs of managers in their planning, organizing, and controlling functions. Planning encompasses short- and long-term operating, tactical, and strategic decision making. The managerial accounting function can be conceived of as serving three somewhat distinct but related purposes:

Two key themes through the course are the following: While "cost accounting" systems were first introduced to serve managerial needs, they were soon also used for computing product costs for inventory valuation for external reporting. The latter purpose then came to dominate the orientation of the single system one commonly found in most organizations. A single reporting system cannot perfectly serve all four needs. However, reflecting organizational inertia and the high information processing costs of an earlier era, one often still finds a single system in place, primarily oriented towards the GAAP requirements for external reporting. With advances in information technology, this is changing and the ability to analyze, aggregate, and report along many dimensions can be expected to improve. The appropriate dimensions will vary with the setting at hand and universal prescriptions are not appropriate. We shall further explore this theme in the context of the new competitive and technological environment.
The cost of alternative in a decision setting is the sacrifice involved in adopting it -- which is context dependent. However detailed the reporting system, not every context can be anticipated and reported upon. Periodic reporting systems can, at best, direct attention and support a preliminary conclusion. Managers will generally need to access more raw data to conduct a sound and definitive analysis.

The key notions here are those of sunk costs, out-of-pocket costs, incremental costs, relevant costs (and benefits), and opportunity costs. These notions will be introduced and examined against the backdrop of the processes of cost accumulation, assignment, allocation, and absorption that underlie traditional cost accounting systems so as to impart a thorough appreciation of the contributions and limitations of historical product costs for decision making.

An ability to think systematically about how the existing reporting systems in any given setting can be improved upon so as to better serve managerial informational needs for planning and control.


**PEDAGOGY & CLASSROOM PROCEDURES:**

A mix of Lectures, Problems and Cases will be employed. You should read the assigned readings before class and bring the text to class. Our discussions will supplement the text and often not go over everything in the text. You are nevertheless responsible for all the material assigned from the text. Questions are encouraged at all times. Class participation is essential. You will be invited by name to respond to questions or make comments. Regularly scheduled homework and quizzes are an integral part of your learning experience and also your evaluation.

**EVALUATION:**
Revised COURSE SCHEDULE

I. INTRODUCTION:

5/16 - ROLE OF MANAGERIAL ACCOUNTING

Overview of managerial functions, managerial informational needs, and management accounting's role in servicing these needs. Differences between the informational needs of managers and outsiders, and between managerial accounting and financial accounting.

Read Chapter 1

5/18 - COST TERMS, CONCEPTS & TERMINOLOGY

Costing objects; Fixed vs. Variable Costs; Direct vs. Indirect Costs Product vs. Period Costs.

Reading: Chapter 2

Homework Assignment: E2-4, P2-11, P2-12

II. PRODUCT COSTING SYSTEMS

Product costing systems as attention directing systems, and product costs as estimates of the long run demands placed on the resources of the firm by individual products. Cost

5/23, 5/25 - JOB ORDER COSTING

Reading: Chapter 3

Homework Assignment: E3-7, E3-16, P-3-17

6/01 - PROCESS COSTING SYSTEMS

Reading: Chapter 4

Homework Assignment: E4-2, E4-6, P4-14

6/06 - ACTIVITY BASED COSTING

Reading: Chapter 8

Homework Assignment: E8-3, E8-10, P8-13

III. COST INFORMATION FOR DECISION MAKING

6/08 - COST VOLUME PROFIT ANALYSIS & DECISION MODELS

Reading: Chapter 6

Homework Assignment 5: E6-1, E6-3, P6-9

6/13 - COST VOLUME PROFIT ANALYSIS & DECISION MODELS
Reading : Chapter 13

Homework Assignment:  P13-15, P13-16, P13-20

6/15 - CAPITAL BUDGETING

Reading : Chapter 14

Homework Assignment: E14-5, E14-9, E14-11

6/20 – Review

6/22   Final Exam 6:00-8:00pm

   Location: Tisch LC10