NEW YORK UNIVERSITY  
Stern School of Business  
C10.0010: ADVANCED MANAGERIAL ACCOUNTING:  
COST ANALYSIS AND DECISION MODELS  
Spring 2007

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Room 10-72 KMEC, x 80064  
Off. Hrs: TR: 5:00-6:00 and by appointment.  
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COURSE SYLLABUS

COURSE OBJECTIVES  
Cost information and management initiatives provide accurate cost and other relevant information for business decision making. In particular, cost management plays a key supporting role in efficient running of businesses in highly competitive environments. The course is designed to give students insight into the use and limitations of cost accounting information in business decision making. The objective is to teach the tools and techniques for successfully implementing cost management strategies and techniques including the design and use of cost measurement and evaluation systems in manufacturing and service businesses. The skills learned in this course should be highly relevant for accountants and managers including consultants and managers of financial services.

PEDAGOGICAL OBJECTIVES  
The material emphasizes the design and structure of cost and performance measurement systems affect the information managers receive about their organizational, and the effects of cost information on managerial decisions. Students will be given ample opportunity to apply cost concepts to analyzing real world business problems through a series of problems and case studies. Students will be required to define, analyze, solve and communicate their solutions to unstructured problems. The course focuses on using accounting information as a decision maker, rather than on preparing the information. 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 will be stressed.

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 is integral part of your learning experience and also your evaluation.


EVALUATION:  
Final Exam 45 %  
Midterm Exam 30 %  
Homework Assignments 15 %  
Term Project 10 %
TOPICAL OUTLINE AND COURSE SCHEDULE

1/16 - PRELIMINARIES

I. COST ALLOCATION
1/18 - Review of Concepts of Cost and Cost Behavior

1/23; 1/25 - Review of Activity Based Costing
Reading: Chapter 7 of M&H
Discussion Problem: Parkes Manufacturing

1/30; 2/1 - Review of Cost Analysis for Short Term Decision Making
Reading: Course Notes
Discussion Problem: Hospital Supply Inc.
Case: Ajax Manufacturing

2/1 - Submit Homework Assignment 1

II. MEASURING BUSINESS AND FINANCIAL PERFORMANCE
2/6; 2/8 - Standard Costing, Kaizen and Target Costing
Reading: Chapter 9 and Appendix 9B of M&H
Discussion Problem: Ex. 9, Ex 9-14, Problem 9-2
Case: Problem 9-14 of M&H.

2/13; 2/15 - Budgets and Profit Planning For Future Operations
The role of budgets in planning, control, and decision making is discussed. The importance of the master budget, its major components, and interrelationships of the various components is examined.
Reading: Chapter 8 of M&H
Discussion Problem: Ex 8-10, Problem 8-11, 8-12
Case: Problem 8-6 of M&H.

2/15 - Submit Homework Assignment 2

2/20; 2/22 - Flexible Budgets and Overhead Variance Analysis
Reading: Chapter 10 of M&H
Discussion Problem: Ex 10-2, Ex. 10-9, Problem 10-1
Case: Problem 10-11 of M&H.

2/27; 3/1 - Performance Evaluation of Decentralized Business Units
Measuring performance within centrally managed and decentralized organizations using standard performance measures such as analysis of variances, return on Invested Capital and Balanced Scorecard.
Reading: Chapter 11 of M&H
Discussion Problem: Ex 11-2, Ex. 11-9, Problem 11-1
Case: Problem 11-11 of M&H.
3/1 - Submit Homework Assignment 3
3/6 – Review
3/8 – Midterm Exam

III. COST ANALYSIS FOR DECISION MAKING UNDER UNCERTAINTY
   – THE VALUE OF INFORMATION

3/20; 3/22 Introduction to Decision Models
   Reading: Ch. 1 and Appendix 1.2 of ASW
   Discussion Problem: Problem 1-10, 1-12, 1-14

3/27; 3/29 Assessing Uncertain Events
   - Review of Probability Theory and Bayes Theorem
   Reading: Ch. 2,3 of ASW
   Discussion Problem: Problem 2-8, 2-21, 3-14, 3-26

3/29 - Submit Homework Assignment 4

4/3; 4/5 Decision Analysis under Uncertainty
   Reading: Ch. 4 of ASW
   Discussion Problem: Problem 4-9, 4-19
   Case: Problem: 4-12

4/10 ; 4/12 Decision Analysis under Uncertainty cont.
   Reading: Ch. 4 of ASW
   Discussion Problem: Problem 4-9, 4-19
   Case: Problem: Edgerton Fisheries

4/17 ; 4/19 Utility Maximization in Decision Making
   Reading: Ch. 5 pp/ 154-164. of ASW
   Discussion Problem: Problem 5-2, 5-4
   Case: Problem: Alberson

4/19 – Submit Homework Assignment 5

4/24 ;4/26 Group Presentations and Review