This course is a follow-up to the Principles of Managerial Accounting course. Recall that the managerial accounting function is generally 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.

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. single decision making under uncertainty and the value of information,
2. short-term capacity management and the maximization of contribution margin “throughput” versus long-term product planning using Activity Based analysis
3. the limitations of conventional/Activity Based profitability statements in the presence of scope economies, and some common sources of scope economies
4. long-horizon decisions (capital budgeting)

- Introduce you to the Operational Control contributions of management accounting, including frameworks such as Standard Costing, Quality Reporting and The Balance Scorecard.
- Introduce you to topics in Management Control including the strengths and weaknesses of common divisional performance measures and cost allocation schemes for co-ordination and control.

There is no required text for the course. Detailed handouts will be given for each class. These will also be subsequently posted on Blackboard (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.

**IMPORTANT POLICIES & PROCEDURES:**

**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 by the beginning of the next class (using the assignment feature in BB). Do not put off submission till the very last minute – BB does not sometimes co-operate. Group work on homework is encouraged, but individual submissions are required. Solutions to Practice problems will be posted promptly on Blackboard to facilitate your learning, while 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.

**Notebook computers** may not be opened in class.

**Attendance is mandatory** and will be randomly taken. If too many students come late too often, I may deny admission into the classroom five minutes after the class commences.
EVALUATION:  

**Balanced Scorecard group assignment**  10% (Form groups of 5)

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

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<td>First mid-term exam</td>
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<td>Second mid-term exam</td>
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<td>Final exam</td>
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**Exams may not be rescheduled** except in case of a documented family or medical emergency.

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**Session Outline (Subject to minor changes)**

**Session 1**  Introduction

**Session 2**  Product Costing and Product Line Profitability Reporting in Multi-Departmental Multi-Product Settings: Conventional Methods

**Session 3**  Activity Based Costing

**Sessions 4 & 5**  Short-term Capacity Management vs. Long-term Product Planning: Maximizing Contribution Margin throughput vs. Activity Based Cost Analysis

**Sessions 6 to 8**  Single Person Decision Making under Uncertainty

**Session 9 (Oct 5)**  **First mid-term exam**

**Session 10 to 12**  Resource Planning under Uncertainty and Economies of Scope: Limitations of Conventional/Activity Based Profitability Statements

**Session 13**  Management Control: Responsibility Centers & Accounting Issues in measuring performance of Investment Centers

**Sessions 14 & 15**  The Control of Engineered Cost Centers: Flexible Budgets and Variance Analysis

**Session 16**  Issues in Cost Allocation for Shared Resources

**Session 17**  Mid-term Review

**Session 18 (Nov 4)**  **Second mid-term exam**

**Session 19**  The Balanced Scorecard

**Sessions 20 to 22**  Performance Measures and Management Control: The Agency (or Contract) Theory perspective

**Session 23**  Topics in Operational Control: Quality Costs; Environmental costs; Value Chain Costing; Life Cycle Costing

**Session 24**  Capital Budgeting

**Session 25**  Capital Budgeting with Income Taxes

**Session 26**  Capital Budgeting with Income Taxes

**Session 27**  The Balanced Scorecard Presentation

(Group Presentation: Presentation group picked at random)

**Session 28**  Final Review

**FINAL EXAM**  Date and Time will be announced by the Registrar’s office