NEW YORK UNIVERSITY  
Stern School of Business  
MANAGERIAL ACCOUNTING C10.0002.05  
COURSE OUTLINE  
Spring 2005  

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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:**

- Final Exam: 55%
- Quizzes: 20%
- Homework Assignments: 5%
- Group Project: 20%
REVISED COURSE SCHEDULE

I. INTRODUCTION:
1/18 - 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

1/20 - 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, P2-9, P2-12

II. PRODUCT COSTING SYSTEMS

1/25-1/27 2/1, JOB ORDER COSTING
  Reading: Chapter 3
  Homework Assignment: E3-7, E3-16, P-3-17

2/3- ACTIVITY BASED COSTING
  Reading: Chapter 8
  Homework Assignment: E8-3, E8-10, P8-13

2/8, 2/10- PROCESS COSTING SYSTEMS
  Reading: Chapter 4
  Homework Assignment: E4-2, E4-6, P4-14
III. COST INFORMATION FOR DECISION MAKING

2/15, 2/17
- COST VOLUME PROFIT ANALYSIS & DECISION MODELS
  Reading: Chapter 6
Homework Assignment 5: E6-1, E6-3, P6-9

2/22, 2/24, 3/1
- COST VOLUME PROFIT ANALYSIS & DECISION MODELS
  Reading: Chapter 6 & Chapter 13
  Homework Assignment: P13-15, P13-16, P13-20

3/3 – Final Exam