
MANAGERIAL ACCOUNTING

PROFESSOR **GOVIND S. IYER**

E-mail: iyer.govind@gmail.com

- Ph.D. in Business Administration (Acctg) - Georgia State University, Atlanta, GA, USA
- Masters in Taxation - Georgia State University, Atlanta, GA, USA.
- Passed Uniform CPA Examination, Arizona, USA.
- Associate of Institute of Chartered Accountants of India
- Bachelor of Science (Statistics) - University of Bombay, India
- Assistant Professor - Louisiana State University, Baton Rouge, LA, USA
- Associate Professor - Arizona State University, Tempe, AZ, USA
- Hershel Anderson Endowed Professor of Taxation – University of North Texas, Denton, TX, USA (present)
- Visiting Professor – IE Business School, Madrid, Spain (present)

COURSE INTRODUCTION

Management accounting is essential for making effective and economically sound business decisions. This course focuses on cost accounting and management control systems with specific emphasis on producing and applying such information for day-to-day decision making.

COURSE OBJECTIVES

At the end of this course, students will

- (1) Be familiar with the goals, features and design of cost accounting systems
- (2) Understand classification of costs, flow of costs and control of costs.
- (3) Understand the significance of planning and budgeting and know how to create budgets and profit plans.
- (4) Be familiar with measuring and managing costs in different types of organizations in different industries.
- (5) Understand how to collect, aggregate, parse and understand internally produced management information that is critical for decision making.

COURSE SCHEDULE

SESSION 1 (July 28)

Chapters 1 and 2

- Course overview, policies, and grading.
- The need for managerial accounting;
- Elements of management control;
- Costs, benefits and context;
- New management themes around the globe
- General cost classifications;
- Direct vs. indirect costs;
- Cost drivers and cost management;
- Cost classification for cost behavior;
- Total costs and unit costs

SESSION 2 (July 29)

Chapters 2 and 4

- Manufacturing costs
- The building block concept of costing systems;
- Job costing and process costing;
- Job-order costing in manufacturing;
- Job-order costing- normal costing;
- Budgeted indirect costs.

Required: (2-22), (2-26) (2-40), (4-18), (4-22), (4-31), (4-40).

Cases: Colorscope, Inc. (HBS 197040-PDF-ENG) Daniel Dobbins Distillery, Inc. (HBS 9-189-065)

SESSION 3 (July 30)

Chapters 3 and 9 (Appendix pp. 349-350)

- Revenue and cost drivers: general case and specific case;
- Cost-Volume-Profit (CVP) assumptions;
- The breakeven point (BEP);
- The PV graph;
- Sensitivity analysis and uncertainty;
- Cost planning and CVP;
- Effects of sales mix on profit;
- Role of income taxes
- Contribution margin and gross margin;
- Breakeven point and NPV.

Required (3-38), (3-39), (3-46)

Cases: Prestige Telephone Company (HBS 197097-PDF-ENG) Mueller-Lehmkuhl GmbH (HBS 187048-PDF-ENG)

SESSION 4 (July 31)

Chapter 14 (pp. 524-532) and Chapter 9 (336-346)

- Purpose of cost allocations;
- Cost-benefit issues and other contextual factors;
- Allocating costs from one department to another;
- Denominator level capacity concepts;
- Fixed capacity analyses;
- Downward demand spiral.

Cases: Headquarters Overhead Cost Allocation at Korea Auto Insurance Co. Inc. (HBS 909B14-PDF-ENG) Micro Devices Division (HBS 191073-PDF-ENG)

SESSION 5 (August 1)

Chapter 5

- Under-costing and over-costing;
- Product cost cross-subsidization
- Refining a cost system;
- Activity-Based-Costing (ABC);
- Cost hierarchies;
- Traditional vs. ABC approach to designing a cost system.

Required: (5-26), (5-28), (5-40)

Case: Insteel Wire Products: ABM at Andrews (HBS 198087-PDF-ENG)

SESSION 6 (August 4)

Chapters 6

- Strategic and Operating Plans
- Master Budget and its components
- Budget Cycle
- Behavioral Considerations
- Profit Plans

Required: (6-31) & (6-32)

Case: Café Monte Bianco (HBS 9-198-088)

SESSION 7 (August 5)

Chapters 7 and 8

- Flexible budgets;
- Standard Costing;
- Variance Analysis

Required (7-20), (8-29), (8-31)

In class: (7-42), (8-32)

SESSION 8 (August 6)

Chapters 11 and 12

- Information and the decision process;
- The meaning of relevance;
- Illustration of relevance;
- Insourcing vs. outsourcing and make-vs.-buy;
- Sunk costs, outsourcing and capacity constraints;
- Relocation decisions.
- Target costing and target pricing;
- Value engineering.

Required: (11-26)

Case: Nissan Motor Company Ltd. Target Costing System (HBS 194040-PDF-ENG)

SESSION 9 (August 7)

Chapter 9 (pp. 322-336) and Chapter 14 (pp. 461-465)

- Overview of variable and absorption costing;
- Capsule comparison of stock costing methods;
- Performance measures and absorption costing;
- Effect on financial statements;
- Customer profitability analysis.
- Benchmarking.

Case: Owens & Minor Inc. (A) (HBS 100055-PDF-ENG)

SESSION 10 (August 8)

- Exam

EVALUATION CRITERIA

Item	Percent
Group Report	20
Group Presentation	20
Class Participation	20
Final Exam	40
<i>Total</i>	<i>100</i>

COURSE DOCUMENTATION

REQUIRED TEXT: *Cost Accounting: A Managerial Emphasis, Fourteenth Edition, 2012*, by Charles T. Horngren, Srikant M. Datar, and Madhav V. Rajan.

CASES:

- Daniel Dobbins Distillery, Inc. (HBS 189065-PDF-ENG)
- Colorscope, Inc. (HBS 197040-PDF-ENG)
- Prestige Telephone Company (HBS 197097-PDF-ENG)
- Mueller-Lehmkuhl GmbH (HBS 187048-PDF-ENG)
- Headquarters Overhead Cost Allocation at Korea Auto Insurance Co. Inc. (HBS 909B14PDF-ENG)
- Micro Devices Division (HBS 191073-PDF-ENG)
- Insteel Wire Products: ABM at Andrews (HBS 198087-PDF-ENG)
- Café Monte Bianco (HBS 198088-PDF-ENG)
- Nissan Motor Company Ltd. Target Costing System (HBS 194040-PDF-ENG)
- Owens & Minor Inc. (A) (HBS 100055-PDF-ENG)

BIOGRAPHY

Govind S. Iyer is a Professor in the Department of Accounting at University of North Texas. He earned his Bachelor of Science (Statistics) from Bombay University (India), Master of Taxation from Georgia State University, and Ph. D. in Accounting from Georgia State University. He is an Associate of the Institute of Chartered Accountants of India and has also passed the CPA exam from Arizona. Before joining the University of North Texas, he was a faculty member at Arizona State University and Louisiana State University. He has a varied teaching background. At Georgia State, Louisiana State, Arizona State and North Texas, he has taught courses in Financial Accounting, Management Accounting, Management Control, Strategy Implementation, Auditing, Accounting Information Systems, Individual and Corporate Taxation, Tax Research, Enterprise Process Analysis, Strategic Innovation, Decision Support Systems and Cyber law. He has also published an SAP supplement for an Intermediate Accounting textbook (Harper, Hartman, Knoblett and Reckers), and two interactive managerial accounting with SAP R/3 elearning solution. His primary research interests include the areas of auditing, managerial accounting, information systems, and taxation. He has published numerous articles in a variety of journals such as the *National Tax Journal*, *Journal of Accounting and Public Policy*, *Journal of the American Taxation Association*, *Journal of the Association of Information Systems*, *Auditing: A Journal of Practice and Theory*, *Journal of Business Ethics* and *Advances in Accounting* among others. He has also presented numerous papers at leading accounting and information systems conferences.