

Cost Accounting

Code: 102374
ECTS Credits: 6

Degree	Type	Year	Semester
2501572 Business Administration and Management	OB	2	1
2501573 Economics	OT	3	2
2501573 Economics	OT	4	0

Contact

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Use of languages

Principal working language: catalan (cat)
Some groups entirely in English: Yes
Some groups entirely in Catalan: Yes
Some groups entirely in Spanish: No

Teachers

Immaculada Vilardell Riera
Eduardo Alejandro Rivera Vicencio
John Slof
Marc Costa Carcereny

Prerequisites

Before taking this course, it is recommended to have followed the courses "102366 - Introduction to Accounting" and "102376 - Financial Statement Analysis".

Objectives and Contextualisation

- Provide basic understanding of the economic and financial context of cost accounting and management accounting, and to introduce students to its basic terminology and purposes.
- Help students discover and learn to use the relationship between costs, activity level and profit of a business.
- Describe the logic of cost accumulation for inventory valuation and profit measurement.
- Introduce students to the absorption and contribution approaches to income statement preparation.
- Make students aware of the conceptual intricacy of indirect costs and familiarize them with the main methods used in practice to allocate these costs to cost objects.

Skills

Business Administration and Management

- Capacity for oral and written communication in Catalan, Spanish and English, which enables synthesis and oral and written presentation of the work carried out.

- Organise the work in terms of good time management, organisation and planning.
- Select and generate the information necessary for each problem, analyse it and take decisions based on that information.
- Use of the available information technology and adaptation to new technological environments.

Economics

- Apply theoretical knowledge of finances to improve relations with sources of financing, identifying the different forms of financing and the advantages and disadvantages for the company and the providers.
- Generate and transmit the information necessary for taking decisions at company headquarters level.
- Organise the work in terms of good time management, organisation and planning.
- Select and generate the information necessary for each problem, analyse it and take decisions based on that information.
- Use of the available information technology and adaptation to new technological environments.

Learning outcomes

1. A capacity of oral and written communication in Catalan, Spanish and English, which allows them to summarise and present the work conducted both orally and in writing.
2. Assess the usefulness of compatibility for potential users.
3. Identify the decisions that can be made on the basis of accounting information.
4. Interpret the profitability indicators of a company and prepare decision-making.
5. Organise work, in terms of good time management and organisation and planning.
6. Select and generate the information needed for each problem, analyse it and make decisions based on this information.
7. Use available information technology and be able to adapt to new technological settings.

Content

Topic 1. ORGANIZATIONS, MANAGEMENT AND ACCOUNTING

- 1.1. Organizations, managers and accounting
- 1.2. The role of accounting and accountants in organizations
- 1.3. Differences between financial accounting and management accounting

Topic 2. COSTS: CONCEPTS, TERMINOLOGY AND CLASSIFICATIONS

- 2.1. The concept of cost in accounting and economics
- 2.2. Difference between costs and expenses
- 2.3. Costs in service, merchandising and manufacturing companies
- 2.4. Costs for valuation purposes
- 2.5. Costs for decision making purposes
- 2.6. Costs for planning, control and evaluation purposes
- 2.7. Implications for the accounting information system

Topic 3. COST BEHAVIOR AND COST-VOLUME-PROFIT ANALYSIS

- 3.1. Costs of an organization's inputs and output
- 3.2. Cost and revenue drivers; causality; cost hierarchies
- 3.3. Break-even point and safety margin

3.4. Analysis of multiproduct settings

3.5. Cost structures and operating leverage

Topic 4. INCOME EFFECTS OF ALTERNATIVE COSTING METHODS

4.1. Variable Costing

4.2. Absorption Costing

4.3. Alternative denominator concepts; the costs of unused capacity

4.4. Reconciliation of results obtained with variable and absorption costing

4.5. Implications for the accounting information system

Topic 5. COSTING OF PRODUCTS AND SERVICES

5.1. Average costs vs. individualized costs

5.2. Job costing systems

5.3. Indirect cost pools and cost allocation

5.4. Cost accumulation; actual costs and budgeted costs

5.5. Activity Based Costing (ABC)

5.6. Process costing systems; equivalent units

5.7. Hybrid costing systems

5.8. Implications for the accounting information system

Topic 6. COST ALLOCATION I

6.1. Operating and support departments

6.2. Worksheets for allocating costs between departments

6.3. Mutual services between support departments

6.4. Implications for the accounting information system

Topic 7. COST ALLOCATION II

7.1. Allocation of common cost

7.2. Joint-cost situations

Methodology

In this course theoretical presentations by the instructor will be combined with the discussion of cases and readings and the solution of practical exercises. On a regular basis students will be assigned readings and problems, and they are expected to prepare these in advance of or during class sessions, as instructed.

Activities

Title	Hours	ECTS	Learning outcomes
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Type: Directed

Class sessions (practice)	25	1	1, 3, 4, 5, 6, 7, 2
Class sessions (theory)	25	1	1, 3, 4, 5, 6, 7, 2

Type: Supervised

Tutoring	2.5	0.1	3, 4, 5, 2
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Type: Autonomous

Self study	90	3.6	1, 3, 4, 5, 6, 7, 2
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Evaluation**Assessment criteria**

Evaluation of this course will be carried out on a continuous basis. In particular, there will be three partial exams (weighing each 25% in the final grade) and every week exercises will be collected (25% weight).

- The questions of the partial exams can be theoretically orientated (conceptual questions) or have a more practical nature (calculation problems). Some of the exam questions will provide multi-choice answers and others will be open ended.
- The exercises will be collected by the instructors during the course, typically during the practical class sessions. If an exercise is assigned to be solved in class, it will only be collected during that particular class session; therefore these exercises cannot be handed in before or after the session, nor can they be handed in on behalf of the student by a third person.

The overall grade for the course is obtained by averaging the grades obtained in the partial exams and the exercises collected. This average will only be calculated for students who

- have obtained a score of 4 or higher on each of the three partial exams, AND
- have handed in at least 75% of the assigned exercises.

Students who after averaging the four grade components obtain a final grade between 3.5 and 5, will be offered a reevaluation, consisting of the repetition of one of the three partial exams. The result of this reevaluation will be qualitative: *Pass* or *Fail*. If the result is *Pass*, the overall numerical grade for the course will be a 5; if the result is *Fail*, the overall numerical grade for the course will be the score that had been obtained before the reevaluation.

Also if a student has missed, or has obtained a score lower than 4 on, at most, one of the three partial exams, he or she will be allowed to repeat that particular test.

In case a student does not fulfill the two criteria for averaging specified above, he or she does not pass the course, and will be given as overall numerical grade the lower of 3.4 or the average of the available scores for the different grade components.

A student, who has taken any of the partial exams, will be considered as taking the course, and therefore will be given a numerical grade as described above. However, students taking part in none of these tests will be considered as "not evaluated".

General rules established by the Faculty of Economics and Business:**Calendar of evaluation activities**

The dates of the evaluation activities (midterm exams, exercises in the classroom, assignments, ...) will be announced well in advance during the semester.

The date of the final exam is scheduled in the assessment calendar of the Faculty.

"The dates of evaluation activities cannot be modified, unless there is an exceptional and duly justified reason why an evaluation activity cannot be carried out. In this case, the degree coordinator will contact both the teaching staff and the affected student, and a new date will be scheduled within the same academic period to make up for the missed evaluation activity." **Section 1 of Article 115. Calendar of evaluation activities (Academic Regulations UAB).** Students of the Faculty of Economics and Business, who in accordance with the previous paragraph need to change an evaluation activity date must process the request by filling out an **Application for exams' reschedule** https://eformularis.uab.cat/group/deganat_feie/application-for-exams-reschedule

Grade revision process

After all grading activities have ended, students will be informed of the date and way in which the course grades will be published. Students will be also be informed of the procedure, place, date and time of grade revision following University regulations.

Retake Process

"To be eligible to participate in the retake process, it is required for students to have been previously been evaluated for at least two thirds of the total evaluation activities of the subject." **Section 3 of Article 112 ter. The recovery (UAB Academic Regulations).** Additionally, it is required that the student to have achieved **an average grade of the subject between 3.5 and 4.9.**

The date of the retake exam will be posted in the calendar of evaluation activities of the Faculty. Students who take this exam and pass, will get a grade of 5 for the subject. If the student does not pass the retake, the grade will remain unchanged, and hence, student will fail the course.

Irregularities in evaluation activities

In spite of other disciplinary measures deemed appropriate, and in accordance with current academic regulations, *"in the case that the student makes any irregularity that could lead to a significant variation in the grade of an evaluation activity, it will be graded with a 0, regardless of the disciplinary process that can be instructed. In case of various irregularities occur in the evaluation of the same subject, the final grade of this subject will be 0".* **Section 10 of Article 116. Results of the evaluation. (UAB Academic Regulations).**

Evaluation activities

Title	Weighting	Hours	ECTS	Learning outcomes
Exercises	25%	0	0	1, 3, 4, 5, 6, 7, 2
Partial exam	25%	2.5	0.1	1, 3, 4, 5, 6, 7, 2
Partial exam 1	25%	2.5	0.1	1, 3, 4, 5, 6, 7, 2
Partial exam 2	25%	2.5	0.1	1, 3, 4, 5, 6, 7, 2

Bibliography

Required textbook

- Bhimani A, Horngren CT, Datar SM and Rajan M. Management and Cost Accounting, 5/E. Financial Times Press 2012. ISBN-13: 978-0-273-75745-0

Also available as CourseSmart eTextbook: (<http://www.coursesmart.co.uk/9781447916604>).

Optional additional readings

In English:

- Atkinson AA, Banker RD, Kaplan RS and Young, SM. Management Accounting. Prentice-Hall.
- Anthony RN, Hawkins DF and Merchant KA. Accounting: Text and cases. McGraw-Hill.
- Drury, C. Management and Cost Accounting. Thomson Learning.
- Drury, C. Management Accounting for Business Decisions. Thomson Learning.
- Hilton, RW. Managerial Accounting. McGraw Hill.

In Spanish:

- Asociación española de contabilidad y administración de empresas. La contabilidad de gestión. Serie de principios de contabilidad de gestión. AECA.
- Mallo C, Jiménez MA. Contabilidad de Costes. Pirámide.
- Nicolàs P. Costes para la dirección de empresas. Servei de publicacions UAB.
- Rosanas JM. Contabilidad de costes para la toma de decisiones. Desclée de Brouwer Editorial.