

**Management Accounting**

Code: 102373  
ECTS Credits: 6

Degree	Type	Year	Semester
2501572 Business Administration and Management	OT	3	1
2501572 Business Administration and Management	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: No  
Some groups entirely in Spanish: No

**Teachers**

Blai Felip Capdevila  
Immaculada Vilardell Riera  
John Slof  
Ahmed Sewaid

**Prerequisites**

Before taking this course, it is recommended to have followed the course "102374 - Cost Accounting"

**Objectives and Contextualisation**

This course will

- Introduce students to the concept of a master budget and help them understand its major benefits to an organization
- Describe major components of a master budget
- Show how to prepare a budgeted income statement and its supporting schedules
- Show how to elaborate standard costs
- Describe the difference between a static budget and a flexible budget
- Introduce students to variance analysis
- Show how to determine flexible-budget and sales-volume variances
- Show how to decompose flexible-budget variances into price and efficiency components
- Show how to decompose volume variances into market-size, market-share and sales-mix components
- Help students discover how the relationship between costs, activity level and profit of a business relates to budget preparation and variance analysis
- Explain presentational differences arising from Full Costing and Direct Costing
- Describe the logic of standard costing systems and enable students to apply this to simple settings
- Clarify how to differentiate relevant costs and revenues from irrelevant costs and revenues for decision making purposes

- Help students discover the importance of the time horizon of analysis in decision making

## **Skills**

### **Business Administration and Management**

- Generate and transmit the appropriate accounting information at all times to the information needs of different users.
- 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.

## **Learning outcomes**

1. Develop information relating to a system of management accounting.
2. Organise work, in terms of good time management and organisation and planning.
3. Select and generate the information needed for each problem, analyse it and make decisions based on this information.
4. Using the tools of financial planning and budgeting of an organization

## **Content**

### Topic 1. PLANNING, BUDGETS, AND BUDGETARY CONTROL

- 1.1. Definition and role of budgets
- 1.2. Operating budgets and budgeted financial statements
- 1.3. Budgetary control as a management tool

### Topic 2. PLANNING AND BUDGETING IN MERCHANDISING COMPANIES

- 2.1. Steps in preparing an operating budget
- 2.2. The sales budget
- 2.3. Planning and budgeting inventory levels and purchases
- 2.4. Planning and budgeting operating costs
- 2.5. The cash budget
- 2.6. Budgeted financial statements

### Topic 3. PLANNING AND BUDGETING IN MANUFACTURING COMPANIES

- 3.1. Usefulness of cost standards
- 3.2. Setting cost standards
- 3.3. Standards for total costs and unit costs
- 3.4. Production and inventory-level planning in manufacturing companies
- 3.5. Budgeting costs of resources used in the production process
- 3.6. The budgeted income statement using Full Costing and Direct Costing

### Topic 4. BUDGETARY CONTROL

- 4.1. The "ex-post" use of budgets for control purposes
- 4.2. Static-budget variances
- 4.3. Flexible budgets
- 4.4. Flexible-budget variances and sales-volume variances
- 4.5. Links to cost-volume-profit analysis

Topic 5. DECOMPOSITION OF THE FLEXIBLE BUDGET VARIANCE

- 5.1. Price and efficiency variances
- 5.2. Spending variances
- 5.3. Particular issues when using Full Costing
- 5.4. Effects of inventories

Topic 6. DECOMPOSITION OF THE VOLUME VARIANCE

- 6.1. Profit impact of changes in sales price, sales quantity and sales mix
- 6.2. Price, volume, market-size, market-share and product-mix variances
- 6.3. Links to cost-volume-profit analysis for the multi-product setting

Topic 7. STANDARD COSTS AND THE ACCOUNTING INFORMATION SYSTEM

- 7.1. Recording of transactions using standard costs
- 7.2. Recording variances
- 7.3. Differences between Full-Costing and Direct-Costing
- 7.4. End-of-period adjustments

Topic 8. ACCOUNTING INFORMATION FOR DECISION MAKING

- 8.1. Decisions about products and prices
- 8.2. The concept of relevance in accounting
- 8.3. The link between long-run and short-run decisions
- 8.4. Analysis of common types of decision in organizations

**Methodology**

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**

Seminar sessions	20	0.8
Theory sessions	25	1

**Type: Supervised**

Tutoring	5	0.2
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**Type: Autonomous**

Reading; Preparation of exercises and cases; Self-study	95	3.8
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## Evaluation

### Evaluation

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 partial exams comprise questions, which can be theoretically orientated (conceptual questions) or have a more practical nature (computational 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.

It is assumed that all students actively participate in class. According to the personal judgment of each instructor, the overall grade can be adjusted by up to a maximum of 1 point to reflect this concept. The first day of class, the instructor will explain the criteria that apply to this effect.

If a student 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.

Also students, who after averaging the four grade components obtain a final grade between 4 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.

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 4 or the average of the available scores for the different grade components.

A student, who has taken part in more than one 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 only one or none of these tests will be considered as "not evaluated".

### 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](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, 2, 3, 4
Partial exams	75%	5	0.2	1, 2, 3, 4

### 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

#### Additional readings

- Anthony RN, Hawkins DF and Merchant KA. Accounting: Text and cases. McGraw-Hill.

- Atkinson AA, Banker RD, Kaplan RS and Young, SM. Management Accounting. Prentice-Hall.
- Drury, C. Management and Cost Accounting. Thomson Learning.
- Drury, C. Management Accounting for Business Decisions. Thomson Learning.
- Hilton, RW. Managerial Accounting. McGraw Hill.