



# MANAGERIAL ACCOUNTING

<b>Course code</b>	<i>FIN103</i>
<b>Course title</b>	<i>Managerial Accounting</i>
<b>Type of course</b>	<i>Main</i>
<b>Stage of study</b>	<i>Undergraduate</i>
<b>Year of study</b>	<i>3<sup>rd</sup></i>
<b>Semester</b>	<i>Autumn</i>
<b>ECTS credits</b>	<i>6: 48 hours of lectures and seminars, 112 hours of individual work, 2 hours of consultations</i>
<b>Coordinating lecturer</b>	<i>Renata Legenzova</i>
<b>Course prerequisites</b>	<i>Financial Accounting</i>
<b>Language of instruction</b>	<i>English</i>

## Annotation

This is the main course of managerial accounting. During lectures and practices students will learn to understand the importance of accounting information, which is main input for corporate decisions regarding new product development, pricing strategy, performance evaluation, etc. This course covers cost accounting, which is responsible for accumulating and summarizing internal data and preparing various reports to internal users; and management accounting, which is concerned with the empowerment of gathered information and assistance to managers in making various strategic and operational decisions. Management accounting course combines theory with practical examples, using case discussions and simulations, exercises. Course starts with the general overview of cost and management accounting, introducing basic terms and concepts. The second building block consists of analysis of different costing systems and cost allocation decisions. The next part of the course deals with issues of budgeting and budgetary control. The final parts analyzes the main areas and situations in which cost accounting information is used and addresses performance measurement issues in the companies.

## Aim of the course

The aim of the course is to teach students how to accumulate, prepare, report and analyze data and information used by managers to plan, measure, assess and control business processes, assess performance and make strategic and other relevant management decisions.

<b>Subject learning outcomes (SLO)</b>	<b>Study methods</b>	<b>Assessment methods</b>
DSS1. To be able to specify main tasks of management accounting and explain the difference between management and financial accounting;	Lectures, seminars, solving exercises, self-study	Tests, group work, exam
DSS2. To be able to create margin indicators for management accounting decision making;	Lectures, seminars, solving exercises, self-study	Tests, group work, exam
DSS3. To be able to specify the chain of product value creation, estimate the cost of goods using different methods, evaluate the influence of service departments on cost of goods, and be able to perform breakeven point analysis;	Lectures, seminars, solving exercises, self-study	Tests, group work, exam
DSS4. To be able to specify budget structure and prepare master budget	Lectures, seminars, solving exercises, self-study	Group work, exam
DSS5. To be able to make variance analysis of operating budgets, identify and explain the meaning of variance analysis importance to control function	Lectures, seminars, solving exercises, self-study	Group work, exam
DSS6. To be able to make optimal decisions, using the concept of the opportunity costs, actual and relevant information, balanced scorecard techniques.	Lectures, seminars, solving exercises, self-study	Group work, exam
DSS7. To be able to work in teams, present work results in written form and oral presentation, justify and base decisions	Self-study in groups, seminars, individual study	Group work

## Learning methods

The course is taught in English, it is structured as a combination of lectures, discussions, in-class activities, independent group tasks and student presentations. It requires a substantial amount of preparation by the students and their active class participation.



**Quality issues**

The lecturer assures a variety of teaching and testing methods. The feedback from students is highly valued and appreciated.

**Cheating issues**

The teaching and testing methods are chosen in a way, that cheating opportunities are minimized, following the ISM regulations on academic ethics.

**Topics:**

Date	TOPIC	IN-CLASS HOURS		READINGS
		Lectures	Seminars	
<b>Part I Introduction to cost and management accounting</b>				
Sep. 15	<i>Topic 1.</i> The framework of management accounting. Matching financial and management accounting information.	1	2	Horngren Ch 1
Sep 22	<i>Topic 2.</i> The building blocks of costing system: activity analysis and classification, cost objects, cost classification and accumulation, cost assignment and allocation, cost calculation, reporting cost information.	2	3	Drury Ch 2, Ch 3
<b>Part II Costing systems</b>				
Sep 29	<i>Topic 3.</i> Job costing	2	2	Horngren Ch 4
	<i>Topic 4.</i> Process costing	2	2	Drury Ch 5
Oct. 06	<i>Topic 5.</i> Joint cost situations and byproducts. Income effects of alternative cost accumulation systems	1	1	Drury Ch 6, Ch 7
	<i>Topic 6.</i> Decentralized management and responsibility centers. Activity based costing.	1	2	(Drury Ch 19), Horngren, Ch 5
Oct. 13	<i>Midterm</i>			
<b>Part III Budgeting and budget control</b>				
Oct. 20	<i>Topic 7.</i> Budgeting process.	1	3	Drury Ch 15
Oct. 27	<i>Topic 8.</i> Management control. Standard costing and variance analysis	2	2	Drury Ch 16,17 (Drury 18)
<b>Part IV Using management information for decision making and performance management</b>				
Nov. 03	<i>Topic 9.</i> Essentials of Cost-volume-profit analysis Operating leverage	2	2	Drury Ch 8
Nov. 10	<i>Topic 10.</i> Measuring relevant costs and revenues for decision-making	1	2	Drury Ch 9
	<i>Topic 11.</i> Pricing decisions and customer profitability analysis	1	2	Drury Ch 10
Nov. 17	<i>Topic 12.</i> Allocation of Support-Department Costs, Common Costs, and Revenues. Divisional financial performance measures	1	2	Horngren Ch 15 Drury Ch 19
	<i>Topic 13.</i> Strategic management accounting Performance management systems. Balance scorecard.	1	1	Drury Ch 22 Horngren Ch 19
Nov. 24	<b>Presentation of Group work</b>	0	4	
Total		<b>18</b>	<b>30</b>	

**Individual work and assessment:**

TYPE	TOPICS	TOTAL HOURS	EVALUATION, %
Midterm	1-6	25	30
Group work	2-4, 7-12	50	30
Final Exam	7-13	35	40
Consultations	1-13	2	
<b>Total:</b>		<b>112</b>	<b>100</b>

**Course requirements:**

**Class Participation**

**Attendance:** Class attendance is recommended. Late arrivals and early departures are not allowed.

**Required resources:** Students should bring calculators or have a personal computer for calculations.

**Class work:** material of each topic is presented during the lecture and applied practically in seminars. Lectures and related seminars are analyzed during the same meeting, but their order might be blended.

- *Lectures* are aimed to explain conceptual and methodological aspects of the analyzed topic. You will be able find lecture slides, reading material and other relevant information in your e-learning platform before every lecture. Students are advised to study lecture material before class meeting.



- *Seminars* are aimed to provide students with skills and abilities to solve practical tasks and cases. Seminar tasks are uploaded to e-learning platform as separate files (normally just below the lecture slides). For students' convenience, some seminars have solution templates prepared. Students are required either to print the solution templates before the seminar and bring it to the class, or prepare their own templates in Excel (based on the presented template).

### Examinations

Midterm and exam are closed book. Students should bring calculators. Mobile phones are not allowed.

**Midterm** counts towards 30% of the final grade. It consists of multiple-choice questions from theory and exercises and open questions.

**Final exam** counts towards 40% of the final grade. Exam consists of multiple-choice questions from theory and exercises and open questions.

### Group work

Total result of group work accounts for 30% of the final grade.

The group work consists of 3 separate tasks and has to be prepared in groups of 3-4 people (1-2 students do not make a group). Students sign into groups in e-learning platform by September 29<sup>th</sup>. After this date students are not allowed to change their groups.

Group work Tasks	Topic	Grading (as % of the final grade)	Submission deadlines and form
GW TASK 1	Cost allocation and product performance	<ul style="list-style-type: none"> <li>• Written report - 5%</li> <li>• Presentation and defense 5 %</li> </ul>	<b>For all tasks:</b> <ul style="list-style-type: none"> <li>• Written report uploaded to e-learning platform by November 23, 24:00</li> <li>• Presentation and defense will be held on November 24 (in class)</li> </ul>
GW TASK 2	Break even and contribution margin analysis	<ul style="list-style-type: none"> <li>• Written report - 5%</li> <li>• Presentation and defense 5 %</li> </ul>	
GW TASK 3	Master budgeting and variance analysis	<ul style="list-style-type: none"> <li>• Written report - 5%</li> <li>• Presentation and defense 5 %</li> </ul>	

The tasks are given at the beginning of the course and shall be done and defended before the end of semester. Group work is a part of study process. Consultations regarding the solution of group work tasks are welcome (and recommended).

Each group turns in a single copy of its written report (for every task) with the names of all contributing members listed. All members of the group receive the same evaluation for the group's written reports. Late written reports are not accepted.

All members have to participate in presentation and defense of their group work. A student who does not show up for presentation and defense of the group work receives 0 for this part and the maximum evaluation for his/her group works is up to 15 % (out of 30 %) of the final grade.

### Negative final grade

In case of negative final grade, students are allowed to re-sit exam. Exam retake covers all course material and the weight of retake is **70%**. Group works cannot be rewritten /retaken but their evaluation (if positive) is not annulled.

### Literature:

#### Main readings:

1. Horngren,C.T., Datar,S.M., Foster,G., Rajan,M., Ittner,C. (2012). *Cost accounting: A managerial emphasis*. 14<sup>th</sup> edition. Pearson (e-ištekljus).
2. Colin Drury Management and Cost Accounting. 8th edition (2012) Cengage Learning EMEA (e-ištekljus).

#### Additional readings:

1. Horngren,C.T., Datar,S.M., Foster,G. (2006). *Cost accounting: A managerial emphasis*. 12<sup>th</sup> edition. Prentice hall. (59 egz. ISM bibliotekoje).
2. Horngren,C.T., Datar,S.M., Foster,G., Rajan,M., Ittner,C. (2009). *Cost accounting: A managerial emphasis*. 13<sup>th</sup> edition. Prentice hall (34 egz. ISM bibliotekoje).
3. Drury, C. (2015). *Management and Cost Accounting*. 9<sup>th</sup> edition. Cengage Learning EMEA.
4. Weetman, P. (2002). *Management Accounting: An Introduction*. London: Thomson learning 408 p.