



PERSONA CIENCIA EMPRESA

UNIVERSITAT RAMON LLULL

Code: 53010
Name of the subject: Cost Accounting

GENERAL CHARACTERISTICS

Number of credits
ECTS: 6.0

Language/s Catalan
 Spanish
 English

Type Normal

Professor/s Silva Iglesias, Purificacion
 Bou Ysás, Silvia

DESCRIPTION

BRIEF DESCRIPTION AND JUSTIFICATION

In an increasingly complex environment, the requirement that companies must be competitive in both quality and costs, has generated a growing interest in cost and management accounting. The objective of this course is to present concepts and schemes that optimize both the calculation and management of costs. With this goal in mind, we will start with introductory concepts to initiate the round through the different costing systems and we will finish with the decision-making process and new trends in cost accounting. In order to achieve these objectives you should use this learning guide that offers you guidelines to organize your learning process.

COMPETENCES

As a consequence of the assimilation of the subject's learning contents, the student will be able to:

- Produce the accounts of a Company, analyze them and reach valid conclusions about its economic and financial situation and its future evolution. (CE6)
- Distinguish and separate the pieces of a whole in order to identify its principles and elements.
- Integrate information and/or ideas in order to achieve a global vision. (Analysis and Synthesis) (CT3)

PREREQUISITES

According to the valid academic plan and academic regulation.

CONTENTS

1. Introduction. Cost Classifications.
 - 1.1. Financial accounting - Management accounting - Cost accounting.
 - 1.2. Differences between expense, cost, payment and investment.
 - 1.3. Classifications of costs: by nature, by function, direct and indirect costs, product and period costs, variable and fixed costs, opportunity costs, historic and current / standard / replacement costs, other types of costs.

2. Costing Methods I: Full costing.
 - 2.1. Process costing.
 - 2.2. Full costing by departments: Divide the company into departments.
 - 2.3. Operating and support departments.
 - 2.4. Allocation of indirect costs to operating and support departments.
 - 2.5. Assignment of costs allocated to support departments to operating departments.
 - 2.6. Support departments with reciprocal services, indirect-cost rate and equivalent units, cost per unit of product.
 - 2.7. Problems of cost calculation: sub-activity costs (underallocated indirect costs), over-activity benefits (overallocated indirect costs).
 - 2.8. Valuation of work in progress.

3. Costing Methods II: Activity Based Costing (ABC).
 - 3.1. Changes in the business context and their impact on the accounting systems.
 - 3.2. Description of the ABC model.
 - 3.3. Activities: concept, main activities, support activities.
 - 3.4. Cost drivers.
 - 3.5. Advantages and disadvantages of ABC.

4. Costing Methods III: Direct Costing.

4.1. Costing methods.

4.2. Direct costing.

4.3. Other partial costing methods: Evolved direct costing, Variable costing, and evolved variable costing.

4.4. Income effects of alternative inventory costing methods (for manufacturing companies).

5. Cost Accounting and the Decision-Making Process.

5.1. The breakeven point.

5.2. Sensitivity Analysis.

5.3. Multiproduct companies.

5.4. Relevant costs.

5.5. Make decisions with cost accounting data: pricing, make-or-buy (outsourcing), eliminating a part of the company, equipment replacement.

5.6. Theory of constraints.

5.7. Limitations of the data in the decision-making process.

METHODOLOGY

TRAINING ACTIVITIES:

Training activities	ECTS Credits	Competencies
Lectures presenting concepts and procedures	1	CE6, CT3
Practical sessions (exercises, case resolution)	1	CE6, CT3
Assignments by Students	0,5	CE6, CT3
Seminars or tutorials	0,25	CE6, CT3
Personal study activities	3	CE6, CT3
Assessment sessions	0,25	CE6, CT3
Internship in Company	-	-
TOTAL	6ECTS	

EXPLANATION OF TEACHING METHODOLOGY

The methodology used includes the following training activities:

1. Exposition of concepts and procedures. Interactive presentation of the subject by the teacher and study of the same by the student.

2. Resolution of exercises. Preparation and resolution by the students of various exercises, as well as their presentation.

3. Preparation and submission of papers. Elaboration of individual or group work and its subsequent oral presentation in class.

4. Seminars and tutorials. Resolution of individual or small group doubts that allows to improve the learning process and optimize personalized attention.

EVALUATION

METHODS OF EVALUATION

Evaluation Methods	Weight	Competencies
Final exam	40%	CE6, CT3
Partial exams	35%	CE6, CT3
Following up activities	10%	-
Homework and presentations	10%	CE6, CT3
Experimental work or fieldwork	-	-
Projects	-	-
Evaluation of the company or institution	-	-
Participation	5%	CT3, CE6

LEARNING OUTCOMES

After passing this course the student should be able to:

- Identify the costs of a company and correctly classify them according to the objectives pursued by the company (topic 1).
- Identify different costing systems that could be implemented in a company and describe their main features. You should be able to discuss the appropriate criteria to prefer one method to another depending on whether direct or full costs of the cost objective should be considered (topic 2 to 4).
- Identify which costs are relevant for the decision-making process. The student should also be able to explain and apply the theory of constraints (topic 5).

EVALUATION

The final grade of this subject is obtained through the different evaluation activities:

1.Continuous assessment tests 35%: continuous assessment is very important in this subject. Through these tests, students must demonstrate that they have achieved the learning objectives, including the techniques used to manage a company's costing system and the ability to apply it in order to calculate production costs and internal margins.

2. Classroom activities 10%: through exercises and discussion of cases, students will be assessed mainly on their capacity to prioritize tasks, to systematically organize the pieces of a problem to be solved by using particular procedures, and to figure out the relationship between them (analysis and synthesis). Occasionally, debates will be planned to assess students' ability to make ethically grounded decisions.

3. Project and presentations 10%: the work students undertake outside the classroom will be used to assess their ability to apply concepts to a real situation of a company, as well as their skill to design a costing method that allows the company to calculate and manage its costs efficiently, in order to compute the cost of its finished products and to determine the different margins and the internal result, and/or to facilitate the decision-making process of pricing and costing.

4. Final exam 40%: in addition to the continuous assessment tests and the assessment of classroom activities, students must also sit a final exam.

There is a retake exam of the whole course.

There is also an extraordinary exam of the whole course.

EVALUATION OF COMPETENCES

In order to assess the learning outcome "Analysis and Synthesis" and also to verify the progress across the course, the assessment structure is as follows:

First assessment item (1AI): In the first class the students are given several examples of easy production processes as sandwich recipes or cupcake recipes, and they are asked to choose one type of product and give the calculations to determine the costs they would incur if wanting to produce that product.

Second assessment item (2AI): The students are given back their initial proposal and they are asked to deliver a complete report on how they would implement a costing system on the production project they chose in the beginning of the course.

The level of achievement is assessed in the following way:

- Excellent achievement (3) meaning: Students are highly capable in analyzing all the stages of a costing system and they can show evidence of comprehending a costing system as a whole.
- Average achievement (2), meaning: Students are capable to analyze the stages of a costing system and they can show some evidence of comprehending a costing system as a whole.
- Poor achievement (1), meaning: Students are not capable to analyze all the stages of a costing system and they can show poor evidence of comprehending a costing system as a whole.

BIBLIOGRAPHY

Bibliography

Basic reference for all topics:

•Bhimani et al 2012 Bhimani, A.; Horngren, C.T.; Datar, S.M.; Rajan, M.V.: Management and Cost Accounting, 6th edition, Financial Times Press, 2014

DOCUMENT RECORD

PREVIOUS CHANGES

LAST REVISION

September 2017, Dr. Sílvia Bou Ysàs PhD. and Mrs. Purificación Silva Iglesias