

**UNIVERSIDAD DE LA RIOJA**

**FACULTY OF BUSINESS MANAGEMENT**

**DEGREE IN BUSINESS MANAGEMENT**

**PROGRAMME**

**MANAGEMENT ACCOUNTING**

**(Code 2071011)**

**YEAR 3 - TERM 1**

**CORE SUBJECT: 4.5 CREDITS**

**(Theoretical classes - 3 credits. In-class practicals – 1.5 credits.**

**Computer in-class practicals – 0 credits.**

**Teachers:**

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**Year 2004/2005**

**Department of Economics and Business Management**

## **GENERAL OBJECTIVES OF THE SUBJECT**

Students must understand that when the purpose of the different reports is to support decision taking, this objective will condition the method or system of costs chosen to calculate the data contained in these reports.

Students must also understand that “Management Accounting” serves as an instrument to facilitate the control process if it is used to ensure that the members of the organization act in accordance with the objectives of same.

Lastly, students must keep in mind that today traditional techniques are being questioned, since in management consideration must also be given to the environment, business strategy, organizational structure, culture, etc.

## **METHODOLOGY AND WORK PLAN**

In order for students to acquire the minimum knowledge required in “Management Accounting”, a work programme will be developed based on theoretical teaching – through master classes given by the teachers and student consultation of the bibliography under the supervision of the teacher - and practical classes that reinforce the theoretical bases acquired and thus develop the student’s analysis and synthesis capacity.

## **ASSESSMENT SYSTEM**

- Theoretical examination and practical examination. The student must obtain a minimum of four points in each examination in order to be able to compensate results and calculate the overall average with other marks.
- Occasional practicals: two optional tests worth 0.5 points each, to be taken in class on 17 November and 20 December. The mark obtained will be added to the average mark obtained in the theoretical and practical examinations.

## **PROGRAMME**

### *PART ONE: INTRODUCTION TO MANAGEMENT ACCOUNTING.*

#### **Topic 1.- Management Accounting**

OBJECTIVES: the student must remember that Management Accounting develops the contents of “Cost Accounting” through the supply of information on the part of the controller, which facilitates the decision-taking process and the planning and control process.

- 1.1. Cost Accounting vs. Management Accounting
- 1.2. Management Accounting as a planning and control instrument
- 1.3. Management Accounting in corporate decision taking
- 1.4. The multidisciplinary nature of Management Accounting
- 1.5. The role of the Controller

BIBLIOGRAPHY: chapter 1 of Broto and Zardoya (2000); chapter 3 of Fernández and Muñoz (1997); chapter 12 of Mallo and Jiménez (2000); chapter 1 of López Viñegla (1998) and chapter 1 and 9 of Ripoll (Coord.) (1996).

### *PART TWO: SUPPORT TOOLS*

#### **Topic 2.- Management Accounting as a control instrument**

OBJECTIVES: the student must enter the Management Control databases in order to acquire a global understanding of the field of study of “Management Accounting” and thus acquire the judgement factors in the choice of the optional “Management Control” subject.

- 2.1. The concept of control
- 2.2. Formalized and non-formalized control instruments
- 2.3. The corporate planning-evaluation process
- 2.4. Restrictions to classic management control
- 2.5. Characteristics of new management control

BIBLIOGRAPHY: chapters 1 and 6 of Amat (1998); chapter 5 of Broto and Zardoya (2000); chapter 1 of Nevado Peña (1999); chapter 1 of Dupuy and Rolland (1992) and chapter 14 of Serra (2003).

#### **Topic 3.- Predetermined cost systems**

OBJECTIVES: the student must identify pre-established cost systems, calculate standard costs and analyze and interpret deviations that reveal the degree of achievement of the objectives established by the company.

- 3.1. Pre-established costs and standard costs
- 3.2. Phases in the calculation of standard cost
- 3.3. Deviation analysis criteria
- 3.4. Graphical analysis
- 3.5. Accounting problems

BIBLIOGRAPHY: chapters 4 and 6 of Broto and Zardoya (2000); chapter 10 of Donoso (2001), chapter 8 of Mallo and Jiménez (2000) and chapter 15 of Serra (2003).

#### **Topic 4.- The evaluation of performance. Management indicators**

OBJECTIVES: the student must learn and handle alternative methodologies to the accounting result in order to inform management of the performance of the organization.

- 4.1. Structures for presentation and analysis of results
- 4.2. Productivity analysis
- 4.3. Evaluation of performance and the principles of economy, efficiency and effectiveness
- 4.4. Management indicators

BIBLIOGRAPHY: chapter 17 of Broto and Gimeno (1998); chapter 2 of Broto and Zardoya (2000) and chapter 23 of Horngren et al. (2002).

### *PART THREE: SUPPORT TOOLS FOR DECISION TAKING*

#### **Topic 5.- Partial cost systems *versus* full cost systems**

OBJECTIVES: the student must understand that there are different cost systems for different management objectives; this accounts for the importance of personal judgement when choosing the most appropriate system for each specific situation.

- 5.1. Costs according to their behaviour *vs* their attribution to the object of cost
- 5.2. Full cost method: characteristics, utilities and limitations
- 5.3. Rational imputation: advantages and disadvantages
- 5.4. Partial cost systems: advantages and disadvantages

BIBLIOGRAPHY: chapters 16 and 17 of Alvarez López (1989); chapter 9 of Broto and Zardoya (2000); chapters 6 and 7 of Donoso (2001), chapter 10 of Mallo and Jiménez (2000) and chapter 13 of Serra (2003).

#### **Topic 6.- Cost-Volume-Profit analysis**

OBJECTIVES: the student must be able to understand the cost-volume-profit technique.

- 6.1 Concept of breakeven point
- 6.2 Basic hypotheses of the conventional breakeven point model
- 6.3 Application of the conventional cost-volume-profit analysis model
- 6.4 Adaptation of the cost-volume-benefit model to business reality
- 6.5 Measure and degree of use of production capacity
- 6.6 Incorporation of uncertainty
- 6.7 Ratios used in cost-volume-profit analysis

BIBLIOGRAPHY: chapter 7 of Broto and Zardoya (2000); chapter 7 of Donoso (2001); chapter 3 Horngren *et al.* (2002); chapter 9 of Ripoll (1996) and chapter 13 of Serra (2003).

## **Topic 7.- Company policies and economic optimization processes**

OBJECTIVES: the student must be able to apply the cost-volume-profit technique in order to, for example, obtain the optimum production programme or in “do” or “have done” situations.

- 7.1 Processes for selecting the cost system
- 7.2 Decisions regarding products
- 7.3 Decisions regarding purchases
- 7.4 Decisions regarding prices
- 7.5 Decisions regarding customers

BIBLIOGRAPHY: chapter 11 of Broto and Zardoya (2000) and chapter 11 Horngren *et al.* (2002).

## **Topic 8.- Decentralization and transfer prices**

OBJECTIVES: the student must understand the co-ordination and the measurement of the performance of decentralized organizations, basically through the mechanism of transfer prices.

- 8.1 Decentralization
- 8.2 Advantages and disadvantages of decentralization processes
- 8.3 Levels of decentralization and measurement of performance
- 8.4 Alternatives for calculating the transfer price
- 8.5 Problems faced multinationals in calculating the transfer price

BIBLIOGRAPHY: chapter 12 of Broto and Zardoya (2000); chapter 22 Horngren *et al.* (2002) and chapter 3 of Ripoll (1996).

## ***PART FOUR: CURRENT TRENDS IN MANAGEMENT ACCOUNTING.***

### **Topic 9.- New perspectives of business management**

OBJECTIVES: the student must acquire basic notions of modern management philosophies through the incorporation in cost analysis of strategic aspects such as target cost and time, quality and environmental management, etc.

- 9.1 New economic scenario. Changes in business management objectives
- 9.2 New perspectives of business management
- 9.3 The importance of accounting in quality management

BIBLIOGRAPHY: chapters 13, 14, 15 and 16 of Broto and Zardoya (2000); chapters 19 and 20 Horngren *et al.* (2002) and chapter 2 of Mallo and Merlo (1995)

## **Topic 10.- Management Control and Integral Management Fact Book**

OBJECTIVES: the student must understand that the integral management Fact Book enables the company to bring the whole organization into line with the strategy.

10.1 Introduction

10.2 Strategy and the Integral Management Fact Book

10.3 Elements of the Integral Management Fact Book

10.4 The Integral Management Fact Book as a management system

10.5 Scope of the Integral Management Fact Book

BIBLIOGRAPHY: chapter 13 of Horngren *et al.* (2002) and Kaplan y Norton (1997)

### **BASIC BIBLIOGRAPHY**

AECA: Documentos de la Serie Principios de Contabilidad de Gestión.

BROTO J. y ZARDOYA, A.I. (2000): *Contabilidad de Costes y Gestión II. Apuntes de la asignatura*. Copy-Center, Zaragoza.

DONOSO, R. (2001): *Contabilidad Analítica: cálculo de costes y análisis de resultados*. Tirant lo Blanch, Valencia.

HORNGREN, Ch.; FOSTER, G y DATAR, S.M. (2002): *Contabilidad de Costos. Un enfoque gerencial*. Pearson Educación, Mexico.

SERRA SALVADOR, VICENTE (2003): *Contabilidad de Costes: cálculo, análisis y control*. Tirant lo Blanch, Valencia.

### **ADDITIONAL BIBLIOGRAPHY**

ÁLVAREZ LÓPEZ, J. (1989): *Contabilidad analítica de explotación. Contabilidad de costes y de gestión*. Ed. Donostiarra, S:A., San Sebastián.

AMAT, J. (1998): *Control de gestión. Una perspectiva de dirección*. Gestión 2000, Barcelona.

BLANCO DOPICO, M.I.; AIBAR, B. y RÍOS, S.F. (2001): *Contabilidad de Costes. Cuestiones, supuestos prácticos resueltos y propuestos*. Prentice Hall, Madrid.

BLANCO IBARRA, F. (2001): *Ejercicios resueltos de Contabilidad de Costes y analítica de gestión*. Deusto, Bilbao.

BROTO RUBIO, J. (Coord.) (1993): *Casos resueltos de Contabilidad de Gestión*, Gore, Zaragoza.

BROTO J. y GIMENO, J. (2001): *Contabilidad de Costes y Gestión I. Apuntes de la asignatura*. Copy-Center, Zaragoza.

CASTELLO, E. (2003): "Necesaria Integración de los Sistemas de Control de Gestión Estratégico y Operativo". *Revista de AECA*, nº 64, pp. 48-50.

- DUPUY, Y. y ROLLAND, G. (1992): *Manual de Control de Gestión*. Ed. Díaz de Santos, Madrid.
- DRURY, C. (1995): *Management and Cost Accounting*. Chapman&Hell.
- FERNÁNDEZ FERNÁNDEZ, A. y MUÑOZ RODRÍGUEZ, M.C. (1997): *Contabilidad de Gestión y excelencia empresarial*. Ariel Economía, Barcelona.
- GUTIERREZ DÍAZ, G. (1994): *Ejercicios de Contabilidad de Costes y Gestión*. McGraw-Hill Interamericana de España, Madrid.
- JIMÉNEZ MONTAÑÉS, M.A. (Coord.) (1999): *Supuestos de Contabilidad de Gestión*. Tébar, Madrid.
- KAPLAN, R.S. y NORTON, D.P. (1997): *Cuadro de Mando Integral (Balanced Scorecard)*. Ediciones Gestión 2000. Madrid.
- LÓPEZ GONZÁLEZ, E.; MENDAÑA, C. y RODRÍGUEZ, M.A. (1997): *Ejercicios de Contabilidad de Costes y de Gestión*. Pirámide, Madrid.
- LÓPEZ VIÑEGLA, A. (1998): *El cuadro de mando y los sistemas de información para la gestión empresarial. Posibilidad de tratamiento hipermedia*. AECA, Madrid.
- MALLO, C. y JIMÉNEZ, M.A. (2000): *Contabilidad de Costes*. Pirámide, Madrid.
- MARTÍN PEÑA, F. y ROS RIERA, J. (2003): *Costes. Contabilidad y Gestión*. Ed. Estudios Financieros, Madrid.
- MONTESINOS, V. y BROTO, J. (1991): *Ejercicios y soluciones de Contabilidad de Costes* (2ª edición corregida). Ariel, Barcelona.
- RIPOLL FELIU, V. (Coord.) (1996): *Contabilidad de Gestión avanzada. Planificación, control y experiencias prácticas*. McGraw-Hill, Madrid.

## **RECOMMENDATIONS AND SUGGESTIONS ON PREVIOUS AND SUBSEQUENT SUBJECTS**

“Management Accounting” is a continuation of “Introduction to Management Accounting”, although it focuses more on aspects relating to management and not so much on the calculation of cost. Therefore, Management Accounting may help to facilitate the control process, which means that this subject can be linked with the optional “Management Control” subject.