

UNIVERSIDAD DE LA RIOJA

FACULTY OF BUSINESS MANAGEMENT

DEGREE IN BUSINESS MANAGEMENT

PROGRAMME

**INTRODUCTION TO MANAGEMENT
ACCOUNTING.**

(Code 2072003)

YEAR 2 – TERM 2

COMPULSORY SUBJECT OF 6 CREDITS

(Theoretical classes - 4 credits. In-class practicals – 2 credits.

Computer in-class practicals – 0 credits.

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Department of Economics and Business Management

GENERAL OBJECTIVES OF THE SUBJECT

The aim of the programme of this subject is for students to understand that Management Accounting provides information that can be used in Financial Accounting for the preparation of financial statements as required by law.

In order to achieve this fundamental objective, we have divided the programme into the following parts:

Part I: “Conceptual fundamentals of Management Accounting”, focusing on methodological and conceptual issues relating to Cost Accounting and cost accounting treatment.

Part II: “Analysis of costs according to their nature”, in which students learn about the costs of basic production factors.

Part III: “Analysis by cost centres and carriers”, which analyses the impact of the structure of the production process on the techniques used to calculate product costs.

METHODOLOGY AND WORK PLAN

In order for students to acquire the minimum knowledge required in “Introduction to 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 students’ 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 (1 point): optional test(s) which may be taken individually or in groups comprising a maximum of four students. The mark obtained will be added to the average mark achieved in the theoretical and practical examinations, provided that the average is not lower than four.

PROGRAMME

PART ONE: CONCEPTUAL FUNDAMENTALS OF CONCEPTUAL MANAGEMENT ACCOUNTANCY

Topic 1.- Conceptual framework of Management Accounting

OBJECTIVES: students must know who uses Management Accounting, how it has evolved in time, what its objectives are and the characteristics of the information that it supplies.

- 1.1. Users of accounting information and their needs
- 1.2. Historical evolution of Management Accounting
- 1.3. Objectives of Management Accounting
- 1.4. Characteristics of accounting information for management

BIBLIOGRAPHY: Doc. 1 of AECA, chapters 1 and 2 of Blanco Dopico (1994); chapter 1 of Blanco Ibarra (1995), Donoso (2001), Mallo and Jiménez (2000) and Serra (2003).

Topic 2.- Basic concepts of Cost Accounting

OBJECTIVES: students must know the basic concepts on which Management Accounting is based and also be able to relate these concepts to knowledge acquired in previous Accounting courses.

- 2.1. Analysis of value flows in the company
- 2.2. Study of the production process
- 2.3. Concept of cost: its relationship with the balance sheets and statements of income and expenses
- 2.4. Fundamental Cost Accounting analyses
- 2.5. Cost systems: concept and classification

BIBLIOGRAPHY: Doc. 3 of AECA, chapters 3 and 4 of Blanco Dopico (1994), chapter 2 of Blanco Ibarra (1995), chapter 2 of Donoso (2001) and chapters 2 and 4 of Serra (2003).

Topic 3.- The Chart of Accounts and the Cost Accounting cycle

OBJECTIVES: students must know how the accounting cycle is adapted to the formalisation of the production process through factor and product flows.

- 3.1. Cost structure. Statements of income and expenses and reconciliation of Accounts
- 3.2. Costs models
- 3.3. Problems relating to the allocation of indirect costs
- 3.4. Co-ordination between internal and external scopes
- 3.5. Standardisation in Management Accounting

BIBLIOGRAPHY: Doc. 3 of AECA, chapter 5 of Blanco Dopico (1994), chapter 2 of Blanco Ibarra (1995), chapter 6 of Donoso (2001), chapters 1 and 3 of Mallo and Jiménez (2000) and chapter 2 of Serra (2003).

PART TWO: ANALYSIS OF COSTS ACCORDING TO THEIR NATURE

Topic 4.- The cost of materials

OBJECTIVES: students must be familiar with the techniques developed to determine the cost of materials in order for calculations to be relevant for the valuation of products and results.

- 4.1. Concept and class of materials
- 4.2. Valuation of warehouse variations
- 4.3. Calculation of material costs
- 4.4. Accounting coordination
- 4.5. Inventory differences calculated according to the General Chart of Accounts (Group 9)

BIBLIOGRAPHY: Doc. 5 of AECA, chapter 9 of Blanco Dopico (1994), chapter 4 of Blanco Ibarra (1995), chapter 4 of Donoso (2001), chapter 4 of Mallo and Jiménez (2000) and chapter 5 of Serra (2003).

Topic 5.- Labour costs

OBJECTIVES: students must be familiar with the techniques developed to determine labour costs in order for the calculations to be relevant for the valuation of products and results.

- 5.1. Concept and classification
- 5.2. The times used in the production process
- 5.3. Allocation and imputation of personnel costs
- 5.4. Proposals on accounting coordination

BIBLIOGRAPHY: Doc. 6 of AECA, chapter 10 of Blanco Dopico (1994), chapter 13 of Blanco Ibarra (1995), chapter 4 of Donoso (2001), chapter 4 of Mallo and Jiménez (2000) and chapter 6 of Serra (2003).

Topic 6.- Indirect production costs

OBJECTIVES: students must be familiar with the techniques developed to determine the cost of indirect production charges in order for the calculations to be relevant for the valuation of products and results.

- 6.1. Explanations regarding terminology
- 6.2. Allocation of indirect costs using the section allocation method
- 6.3. Use of pre-fixed indirect cost rates: the normal cost of the product
- 6.4. Accounting treatment of differences in the application of indirect costs

BIBLIOGRAPHY: Doc. 7 of AECA, chapters 6 and 7 of Blanco Dopico (1994) and chapter 4 of Horngren et al. (2002).

Topic 7.- Amortization/depreciation costs

OBJECTIVES: students must be familiar with the techniques developed to determine amortization/depreciation costs in order for the calculations to be relevant for the valuation of products and results.

- 7.1. Concept and classification of amortization/depreciation
- 7.2. Different amortization/depreciation systems
- 7.3. Accounting treatment of amortization/depreciation
- 7.4. Subactivity costs

BIBLIOGRAPHY: chapter 11 of Blanco Dopico (1994), chapters 14 and 15 of Blanco Ibarra (1995), chapter 6 of Mallo and Jiménez (2000) and chapter 7 of Serra (2003).

Topic 8.- Financial costs

OBJECTIVES: students must be familiar with the techniques developed to determine the cost of capital and the impact that it has on the cost of products and the analysis of results, as well as the problems associated with opportunity costs.

- 8.1. Objectives of the analysis of capital costs
- 8.2. Weighted average capital costs
- 8.3. Calculation of the total cost of financial resources
- 8.4. Calculation of total opportunity cost

BIBLIOGRAPHY: chapter 12 of Blanco Dopico (1994), chapter 12 of Blanco Ibarra (1995), chapter 9 of Donoso (2001) and chapter 7 of Mallo and Jiménez (2000).

PART THREE: ANALYSIS BY COST CENTRES AND CARRIERS

Topic 9.- Cost centres

OBJECTIVES: students must understand the concept of section through the functions assigned to same, either as an accounting instrument for imputing costs to the product or as a centre responsible for costs.

- 9.1. Concept and classification of centres
- 9.2. Objective and characteristics of centres
- 9.3. Work units
- 9.4. Homogeneous sections vs. organic sections

BIBLIOGRAPHY: chapter 5 of Blanco Ibarra (1995), chapter 5 of Donoso (2001), chapter 9 of Mallo and Jiménez (2000) and chapter 8 of Serra (2003).

Topic 10. Costing based on activities

OBJECTIVES: students must understand that costs may be allocated to products based on the consumption of each activity, since these activities are the factors that generate the costs.

- 10.1. Background of the model
- 10.2. Analysis of activities
- 10.3. Construction of the model
- 10.4. The ABC method and traditional cost accounting

BIBLIOGRAPHY: chapter 17 of Blanco Ibarra (1995), chapter 8 of Donoso (2001), chapter 5 of Horngren et al. (2002) and chapter 9 of Serra (2003).

Topic 11. Production by manufacturing orders

OBJECTIVES: Students must know how to allocate product factor costs correctly when the production process differs for each unit obtained or for each batch.

- 11.1 Concept and scope of application
- 11.2 Basic documents for costing based on manufacturing orders
- 11.3 Allocation of direct and indirect costs
- 11.4 Accounting of basic operations

BIBLIOGRAPHY: chapter 13 of Blanco Dopico (1994), chapter 4 of Horngren et al. (2002); chapter 9 of Mallo and Jiménez (2000) and chapter 9 of Serra (2003).

Topic 12. Production by processes

OBJECTIVES: Students must know how to allocate properly the cost of factors to products when the production process is uniform and when homogeneous production units are obtained from it.

- 12.1 Explanations regarding terminology
- 12.2 Generalisation of the “equivalent production” method
- 12.3 Accounting procedures used to record the existence of defective products

BIBLIOGRAPHY: chapter 14 of Blanco Dopico (1994), chapter 18 of Horngren et al. (2002); chapter 9 of Mallo and Jiménez (2000) and chapter 10 of Serra (2003).

Topic 13. Joint production

OBJECTIVES: Students must be able to properly allocate the cost of factors to differentiated products that are obtained simultaneously from the same production process.

13.1 Explanations regarding terminology

13.2 Allocation of joint costs in the case of co-products

13.3 Methods for accounting for subproducts

BIBLIOGRAPHY: chapter 8 of Blanco Dopico (1994), chapter 3 of Donoso (2001) chapter 15 of Horngren et al. (2002) and chapter 12 of Serra (2003).

BASIC BIBLIOGRAPHY

BLANCO DOPICO, M. I. (1994): *Contabilidad de costes: análisis y control*. Pirámide, Madrid.

BLANCO DOPICO, M.I.; AIBAR, B. and 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.

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

JIMÉNEZ MONTAÑÉS, M.A. (Coord.) (1993): *Supuestos de Contabilidad de Gestión*. Tébar, Madrid.

MALLO, C. and JIMÉNEZ, M.A. (2000): *Contabilidad de Costes*. Pirámide, Madrid.

MONTESINOS, V. and BROTO, J. (1991): *Ejercicios y soluciones de Contabilidad de Costes* (2ª edición corregida). Ariel, Barcelona.

ADDITIONAL BIBLIOGRAPHY

ASOCIACIÓN ESPAÑOLA DE CONTABILIDAD Y ADMINISTRACIÓN DE EMPRESAS (AECA) (1990): *Documentos sobre Principios de Contabilidad de Gestión* nº 1, 3, 5, 6 y 7.

BLANCO IBARRA, F. (1995): *Contabilidad de Costes y Analítica de Gestión para las decisiones estratégicas*. Deusto, Bilbao.

DRURY, C. (2000): *Management and Cost Accounting*. Business Press, Australia

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

MALLO, C.; MIR, F.; REQUENA, J.M. and SERRA, V. (1998): *Contabilidad de Gestión (Contabilidad Interna). Cálculo, Análisis y Control de Costes para la toma de decisiones*. Ariel Economía, Barcelona.

- POLIMENI, R.S.; FABOZZI, F.J. and ADELBERG, A.H. (1989): *Contabilidad de costos. Conceptos y aplicaciones para la toma de decisiones gerenciales*. McGraw-Hill, Bogotá.
- RIPOLL FELIU, V. (Coord.) (1993): *Introducción a la Contabilidad de Gestión, cálculo de costes*. McGraw-Hill, Madrid.
- SERRA, V. (2003): *Contabilidad de costes: cálculo, análisis y control*. Tirant lo Blanch, Valencia.

RECOMMENDATIONS AND SUGGESTIONS ON PREVIOUS AND SUBSEQUENT SUBJECTS

Before beginning to study “Introduction to Management Accounting”, students are recommended to have acquired previous knowledge on the fundamental principles of Accounting. In this way students will be prepared for a subject with which they are familiar within the scope of accountancy.

The “Introduction to Management Accounting” is an introduction to the core subject taken in the 3rd year of the LADE (Degree in Business Management Administration) “Management Accounting”.

Finally, since Management Accounting facilitates the control process, the two subjects mentioned in the previous paragraphs are directly linked to the optional subject “Management Control”.