

## MANDATORY

# MANAGERIAL ACCOUNTING

## ECTS 2

### LEARNING OBJECTIVES AND METHODOLOGY

#### ***COST ACCOUNTING BLOCK:***

Upon completion of the course, students should be able to:

1. Understand how the cost accounting system collects costs.
2. Identify the different cost behaviors.
3. Assign costs to cost objects.
4. Calculate the cost of a product / service / project.
5. Carry out a critical analysis of any cost system identifying the main advantages and disadvantages.
6. Understand the impact of the cost system on the income statement
7. Choose the correct cost figure based on the decision to make.
8. Understand the impact of the company's strategy on decision making

The student is encouraged to be an active learner. The learning process will be carried out through various activities in class, although self-study and preparation for class are a critical component of the course.

Class activities may include problem solving, analysis of specific information, discussion of cases and readings, and tests. Specifically:

- Problem solving and the analysis of specific information are necessary to understand the costing process and its use in decision making.
- Case discussions, newspaper articles, and other prescribed readings are used to carry out the most interesting and contentious aspects of financial accounting.
- The tests are used to assess and challenge students' understanding of the basic concepts of the subject.

#### ***MANAGEMENT AND CONTROL SYSTEMS BLOCK***

This block deals with management systems and tools that are used to run a company, and specifically the planning, organization, evaluation, information and control systems.

We are going to talk about what the proper role of a manager is. A manager more than "doing things, he makes them done", and when directing a company or a portion of it, he must know how to plan, organize, evaluate and control.

Some traditional ways of running companies where the quality of the individual has been replaced by an excess of systems, processes and standards will be questioned, which at times have been able to slow down creativity and destroy people's commitment to their organizations, and a different perspective will be offered by introducing new trends in the management and control of companies in complex environments, of uncertainty or innovation.

Beyond learning models and theories, the course has a very practical approach. Running a business is contextual and situational: what works in one company may not work in another, and what worked in the past may not work today. It is also intended to enhance in the

participant their planning, organization, delegation, control, evaluation and motivation capacities, as well as their capacity for reflection to make decisions derived from business complexity, weighing the advantages and disadvantages of the different alternatives and management tools.

## **PROGRAM**

The course can be continued with the following RECOMMENDED TEXT BOOK

- Horngren's Cost Accounting: A Managerial Emphasis, 16th Edition
- (Author), Srikant M. Datar (Author), Madhav T. Rajan (Author)
- In the corresponding session of the program, reference is made to the chapter of the book to be followed.
- Working groups are kindly requested to submit their papers in electronic PPT format preferably because it is the one that is best seen in the classroom.
- Excel is very comfortable to work with the numbers but it has the disadvantage that in general it does not present a good vision in the classroom. If the student decides to present in excel, he must make sure that the font size looks good in the last rows of the classroom,

Important note

**DURING THE CLASS SESSION THE USE OF SMARTPHONES AND PC IS STRICTLY PROHIBITED**

## **SESSION 1**

The Strategic Cost

Management Objectives:

- Understand the implications of strategic analysis in cost management.
- Understand the Value Generation System and show how it helps to conceive the costs and competitive advantages of companies.
- PIPELINE BUSINESSES.
- Ecosystem:
- Platform Business Ecosystems.
- Network Effects.
- PLATFORMS ECOSYSTEM basic structure,
- Understand the impact of the generators of competitiveness on the value system of the company.
- Understand how strategy is influenced by the contemporary business environment
- Establish the strategic position of the company's ecosystem
- Determine the key environmental factors and critical factors for success and how these contribute to the design of a Strategic Cost Information System
- Analyze the impact of uncertainty on the mission of the company. Performance indicators

and financial indicators

#### **Documentation for studio**

**Pipelines, Platforms, and the New Rules of Strategy. Marshall W. Van Alstyne, Geoffrey Parker, Sangeet Paul Choudary. Product HBS: R1604C**

- In the Ecosystem Economy, What's Your Strategy? Michael G. Jacobides. Product HBR R1905J
- From competitive advantage to nodal advantage: Ecosystem structure and the new? The forces that affect prosperity. Piyush Kumar, Mayukh Dass, Shivina Kumar. Source: Business Horizons / Indiana Univ. Product HBS: BH 689

#### **Work to be done by the student:**

- Prepare the session of Strategic Cost Management

#### **Documentation delivered at IE CAMPUS.**

- Session slides

*AI: Channels, Platforms and the New Strategy Rules (HBR R1604C)*

*AI: From competitive advantage to nodal advantage: Ecosystem structure and the new five forces that affect prosperity. (BH 689)*

*AI: In the Ecosystem Economy, What's Your Strategy? (HBR R1905J)*

## **SESSION 2**

Introduction to Cost Management: Fundamental concepts and behavior of Costs (I).

#### **Goals:**

- Know the different classifications of costs
- Distinguish between direct and indirect costs
- Concept of Cost Driver, Variable Cost and Fixed Cost
- Understand the meaning of unit costs
- Usage Resources and Consumer Resources

#### **Documentation for study**

- Chapter 2: An Introduction to Cost Terms and Purposes
- Chapter 10: Determining How Costs Behave: cause-and-effect relationship; cost driver (activity driver). A variable cost function, A fixed cost function, A mixed cost

#### **Work to be done by the student:**

- Study Documentation for study

#### **Documentation delivered at IE CAMPUS.**

- Session slides

## SESSION 3

The Design of a Cost System

(I) Objectives:

Establish the importance of Indirect Costs when costs are grouped in products or Services. The causal relationship and the fair distribution

- Establish the key elements of the Design of a Cost System
- The product or service as a key element of a cost system. Service level
- Understand the concept of Operating System or Process
- Determine the components of the Process:
  - The Layout or Plant Distribution
  - The Workflow or Workflow
- Establishment of a cost center
- Distinguish between Cost Center as Center of Responsibility and as cost accumulation accounting element
- The measure of Resource Consumption or Resource Driver
- The measure of Activity Consumption or Activity Driver
- The Indirect Cost Sharing Rate or General Manufacturing Expenses

Documentation for study.

- Chapter 4: Job Costing
- Chapter 15: Allocation of Support-Department Costs, Common Costs, and Revenues Practical case to prepare.
  - CP: The company SAPA (CG1-030)

*CP: The company SAPA (CG1-030)*

## SESSION 4

COST INFORMATION FOR DECISION MAKING

The Cost Volume Profit

Model. Goals:

- Understand the Cost - Volume - Profit model
- Understand the concept of Unit Contribution Margin
- Determine the Balance Point and its application to multi-product companies
- Identify the hypotheses and limitations of the

CVB model Documentation for study

- Chapter 3: Cost-Volume-Profit Analysis
- Chapter 9: Appendix. Breakeven Points in Variable Costing and Absorption Costing

Individual work to be done by the student:

- Prepare the case: Abbington Youth Center (HBSP Product Number TCG 205)

Documentation delivered at IE CAMPUS.

- Session slides C.P. : Abbington Youth Center (TCG205)

*CP: Abbington Youth Center (HBSPublishing TGC 205)*

## **SESSIONS 5 - 6**

### **Decision Making. Structure (I) Objectives:**

- Define the decision-making process with available production capacity and with limited production capacity
- Identify the relevant costs for decision making
- Use relevant cost information in decisions affecting special orders
- Use relevant cost information in decisions to remove a product
- Analyze the key concepts in choosing multiple products when there is limited capacity.

Documentation for study

- Chapter 11: Decision Making and Relevant Information

Individual work to be done by the student:

- Prepare exercises: CG4-010, CG4-011, CG4-012, CG4-013, CG4-014 and CG4-015

Documentation delivered at IE CAMPUS.

- Session slides

*DC: Example # 1 Special order (CG4-010)*

*DC: Example # 2 Special order (CG4-011)*

*DC: Example # 3 Delete a product (CG4-012)*

*DC: Example # 4 Price / product decisions (CG4-013) DC:*

*Example # 5 Decisions with limited capacity (CG4-014)*

*DC: Example # 6 Buying or manufacturing decisions (CG4-015)*

## SESSION 7

Decision Making in an Environment of the Strategic Management of Costs Objectives:

- Understand the influence of historical costs on decision making
- Apply opportunity costs to decision making
- Understand the impact of business models on decision making.

Documentation for study

- From competitive advantage to nodal advantage: Ecosystem structure and the new? Ve forces that affect prosperity. Piyush Kumar, Mayukh Dass, Shivina Kumar. Source: Business Horizons / Indiana Univ. Product HBS: BH 689

Work to be done by the student:

- Prepare as a group and present the case in Power Point: Precision Worldwide, Inc., Spanish Version. William J. Bruns Jr. Product HBS 107-S23

Documentation delivered at IE CAMPUS.

Session slides

*AI: From competitive advantage to nodal advantage: Ecosystem structure and the new five forces that affect prosperity. (BH 689)*

*CP: Precision Worldwide, Inc. (HBS 107-S23)*

## SESSION 8

Decision Making in an Environment The Strategic Management of Costs Objectives:

- Understand how strategy is influenced by the contemporary business environment
- Establish the strategic position of the company
- Understand Decision Making using classical theory
- Apply strategic direction to decision making

Documentation for study

- From competitive advantage to nodal advantage: Ecosystem structure and the new? Ve forces that affect prosperity. Piyush Kumar, Mayukh Dass, Shivina Kumar. Source: Business Horizons / Indiana Univ. Product HBS: BH689-PDF-ENG Chapter 11: Decision Making and Relevant Information

Work to be done by the student:

- Prepare in group and present in Power Point the case: Baldwin Bicycle Company, Spanish Version. James S. Reece. Harvard Business School case. TCG001-PDF-ENG

Documentation delivered at IE CAMPUS.

- Session slides
- CP: Baldwin Bicycle Company, Spanish Version
- From competitive advantage to nodal advantage: Ecosystem structure and the new? Ve forces that affect prosperity. Piyush Kumar, Mayukh Dass, Shivina Kumar. Source: Business Horizons / Indiana Univ. Product HBS: BH689-PDF-ENG

*CP: Baldwin Bicycle Company Español (TCG001E)*

*AI: From competitive advantage to nodal advantage: Ecosystem structure and the new five forces that affect prosperity. (BH 689)*

## **SESSIONS 9 - 10**

### **BLOCK: MANAGEMENT AND CONTROL SYSTEMS**

The planning system. Formulation and strategic planning. Business plans and definition of strategic objectives. Planning by responsibility centers. The Balanced Scorecard. The planning process in environments of uncertainty or innovation.

*CP: The ghost of the Instituto de Empresa (CG1-006)*

*NT: The process of formulation and strategic planning (CG2-008) NT: The Balanced Scorecard (CG2-010)*

## **SESSION 11**

### **BLOCK: MANAGEMENT AND CONTROL SYSTEMS**

Organizational planning. Business strategy and decentralization. Business units. Transfer prices.

*CP: Teens and Toys (CG1-004)*

*NT: Organizational planning (CG2-007)*

*NT: Profit centers and transfer prices (CG2-001)*

## **SESSION 12**

### **BLOCK: MANAGEMENT AND CONTROL SYSTEMS**

The evaluation system. Management by objectives and incentives.

*NT: Goals out of control: the systematic side effects of over-prescribing the goal setting system (sc)*

### **SESSION 13**

The information and control system. Financial information and management decisions. Accounting, analytical and control information.

*NT: Financial Accounting, Analytical Accounting and Control Accounting (CG2-003)*

### **SESSIONS 14 - 15**

#### **BLOCK: MANAGEMENT AND CONTROL SYSTEMS**

The information and control system. The role of indicators as a control tool. The scorecard. Information and decision making in a company. Factors that condition management systems.

*NT: Concepts on Balanced Scorecard (CG2-009)*

*NT: When should a process be art and not science? (HBRA Latin America R0903D-E)*

### **EVALUATION SYSTEM**

Cost Accounting = 50%

Management and Control

Systems = 50%

<b>Criterion</b>	<b>Percentage</b>	<b>Comments</b>
Individual work	35%	Analytical accounting
Group Presentation	5 %	Analytical accounting
Class participation	10%	Analytical accounting
Individual work	35%	Management and Control Systems
Class participation	fifteen %	Management and Control Systems

### **BIBLIOGRAPHY**

#### **Recommended**

- Charles T. Horngren (Author), Srikant M. Datar (Author), Madhav V. Rajan (Author).  
Cost Accounting: A Managerial Emphasis. 15th. ISBN 0133428702 (Electronic)

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Cost Accounting: A Managerial Emphasis. 15th. ISBN 0133428702 (Electronic)

- José M<sup>a</sup> de Rosanas. Cost Accounting for Decision Making. ISBN 8433010379  
(Electronic)

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## **THE SUSPENSION AND THE EXTRAORDINARY CALL**

If the student receives a failure - Fail - in the subject, they will have the opportunity to appear for an Extraordinary Call in order to achieve enough credits to graduate.

The extraordinary test will take place between 5 and 10 business days after the date of the review session.

The result of this extraordinary test will be limited to Low Pass or Fail.

Both grades, the Fail of the subject, as well as the grade obtained in the extraordinary test, will appear on the student's transcript. For the calculation of the GPA, however, only the qualification of the extraordinary test will be taken into account. Those students who are evaluated with Fail in the extraordinary test of a subject will not be able to continue in the program.