COST ACCOUNTING

1. SUBJECT DESCRIPTION

Cost accounting practices enable people in organizations and institutions to plan and control their activities and resources to achieve their varied objectives. Accounting is also a vital practice for understanding obstacles to realizing these objectives within social and institutional environments, and implementing strategies to overcome them. As a student of the concepts and activities that compose cost accounting, you will gain a historical perspective of the ways in which societies change over time, and what the limits and challenges to this development might be. Studying cost accounting provides an opportunity for you to develop knowledge and skills useful for creating and managing the organizations that shape our socio-economic systems. Your evaluation grade will therefore reflect your ability to put cost accounting into practice, thinking independently and working with others to contribute to the making of real business and institutional contexts.

2. OBJECTIVES AND SKILLS

The key learning objectives focus on the following topics:

- The roles of cost accounting in organizations and societies.
- Fundamental cost categories, the building blocks of costing systems.
- How to use job costing and product costing systems.
- The roles of cost allocation in organizations.
- The significance of activity-based-costing (ABC).
- How to implement and use ABC.
- How to use cost accounting information to design and implement strategy.
- How cost accounting can help you to make decisions that achieve the aims of an organization.
- The roles of cost accounting in evaluating performance and learning in organizations.

Successfully meeting these learning objectives entails developing your abilities to think independently and work collaboratively. Leadership and team-building skills are essential to achieving a high grade in cost accounting.
3. METHODOLOGY AND WEIGHTING

The methodological design uses four interrelated approaches to enable your understanding of cost accounting practices:

- Class lectures
- Discussions of cost accounting ideas and methods
- Collaborative tasks including group presentations and exercises to put cost accounting into practice in the design of strategy and decision-making.
- Assignments that draw on accounting research and real business contexts to illustrate and analyze the roles of cost accounting

<table>
<thead>
<tr>
<th>TEACHING METHODOLOGY</th>
<th>WEIGHTING</th>
<th>ESTIMATED TIME A STUDENT SHOULD DEDICATE TO PREPARE FOR:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lectures</td>
<td>(40)%</td>
<td>60 hours</td>
</tr>
<tr>
<td>Discussions</td>
<td>(10)%</td>
<td>15 hours</td>
</tr>
<tr>
<td>Collaborative tasks and exercises</td>
<td>(20)%</td>
<td>30 hours</td>
</tr>
<tr>
<td>Assignments</td>
<td>(30)%</td>
<td>45 hours</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100%</td>
<td>150 hours required for a 6 ECTs course (30 sessions); 75 hours, for 3ECTs (15 sessions)</td>
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4. CONTENT

Course structure

The course is divided into seven parts. To maximize the benefits of each part to your learning, you should read in advance of the class the specific chapters of the compulsory text, as well as any additional materials provided.

Parts 1-3 introduce you to cost accounting practices focusing on their roles within organizations and societies, as well as the core concepts and methods. Parts 4-6 highlight the importance of cost accounting systems for successful strategy and decision-making. Finally, Part 7 highlights some of the problems and contradictions facing companies using cost accounting systems within the current global socio-economic system. We examine how organizations constructing innovative business models make use of cost accounting practices.

PART 1: SESSIONS 1, 2, 3, & 4

- Why is learning cost accounting good for you?
- The changing roles of cost accounting in organizations and society
- Basic cost terminology

PART 2: SESSIONS 5, 6, 7, 8, & 9

- Job costing
PART 3: SESSIONS 10, 11, 12, 13, & 14

- Activity-based-costing

PART 4: SESSIONS 15, 16, 17, & 18

- Using cost accounting for strategy
- The roles of budgets in organizations

PART 5: SESSIONS 19, 20, 21, & 22

- Inventory costing
- Capacity analysis

PART 6: SESSIONS 23, 24, & 25

- Decision-making
- Profitability analysis

PART 7: SESSIONS 26 & 27

- Cost accounting and the global economic crisis
- Cost accounting in the social economy

REVISION: SESSIONS 28, 29, & 30

FINAL EXAM: SESSION 31

5. EVALUATION SYSTEM (ORDINARY AND EXTRAORDINARY)

Your final grade in the course will be based on both individual and group work of different characteristics that will be weighted in the following way:

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Class participation (including exercises)</td>
<td>25%</td>
</tr>
<tr>
<td>B</td>
<td>Research assignment</td>
<td>15%</td>
</tr>
<tr>
<td>C</td>
<td>Mid-term Exam</td>
<td>15%</td>
</tr>
<tr>
<td>D</td>
<td>Group presentations</td>
<td>15%</td>
</tr>
<tr>
<td>E</td>
<td>Final Exam</td>
<td>30%</td>
</tr>
</tbody>
</table>

**TOTAL** 100%
A. CLASS PARTICIPATION AND EXERCISES

Three main criteria will be used in reaching judgment about your class participation:

**Depth and Quality of Contribution:** The most important dimension of participation concerns what it is that you are saying. A high quality comment reveals depth of insight, rigorous use of case evidence, consistency of argument, and realism.

**Moving Your Peers’ Understanding Forward:** Great ideas can be lost through poor presentation. A high quality presentation of ideas must consider the relevance and timing of comments, and the flow and content of the ensuing class discussion. It demands comments that are concise and clear, and that are conveyed with a spirit of involvement in the discussion at hand.

**Frequency:** Frequency refers to the attainment of a threshold quantity of contributions that is sufficient for making a reliable assessment of comment quality. The logic is simple: if contributions are too few, one cannot reliably assess the quality of your remarks.

However, once threshold quantity has been achieved, simply increasing the number of times you talk does not automatically improve your evaluation. Beyond the threshold, it is the quality of your comments that must improve. In particular, one must be especially careful that in claiming more than a fair share of “airtime”, quality is not sacrificed for quantity. Finally, your attempts at participation should not be such that the instructor has to “go looking for you”. You should be attempting to get into the debate on a regular basis.

**Exercises:** At several points during the course we will finish a topic by completing exercises. Attaining a good mark in the exercises depends on the learning that you will do through class participation, therefore forming part of the overall participation grade.

B. RESEARCH ASSIGNMENT

This task provides an opportunity to draw on accounting research to address questions about the roles of cost accounting in organizations and societies. Details will be available on campus online.

C. MIDTERM EXAM

The midterm questions will cover only the topics covered to date in the course. The mid-term will take place on either session 15 or 16. The exact date will be announced during the initial weeks of the course.

D. GROUP PRESENTATIONS

In total, you will prepare and execute three group presentations. The first two will demonstrate your understanding of how real companies use job-costing and activity-based-costing. The final presentation enables you to pursue your particular interest in the roles of accounting practices in real business contexts. Again, details will be provided on campus online.

E. FINAL EXAM

The final examination evaluates your understanding of each of the topics that comprise the course. It consists of three parts: a) multiple-choice, b) theory, c) practical.
RETAKE POLICY

- Each student has 4 chances to pass any given course distributed in two consecutive academic years (regular period and July period).
- Students who do not comply with the 70% attendance rule will lose their 1st and 2nd chance, and go directly to the 3rd one (they will need to enrol again in this course next academic year).
- Grading for retakes will be subject to the following rules:
  - Students failing the course in the first regular period will have to do a retake in July (except those not complying with the attendance rules, which are banned from this possibility).
  - Dates and location of the July retakes will be posted in advance and will not be changed. Please take this into consideration when planning your summer.
  - The retake will consist on an exam following the same format as the ordinary exam.
  - The maximum grade that a student may obtain in the retake will be 8 out of 10.

6. USE OF ELECTRONIC DEVICES IN CLASS

It is recommend the use of a laptop in class, no Wi-Fi connection needed, but this can be helpful. In any case, the use of Wi-Fi for activities not related to this class will hinder your grade on participation.