



# COST MANAGEMENT

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|--------------------------------|--|
| <b>Course code</b>             | <i>FIN124</i>  |
| <b>Course title</b>            | <i>Cost Management</i>   |
| <b>Type of course</b>          | <i>Compulsory</i>  |
| <b>Cycle of study</b>          | <i>Undergraduate</i>   |
| <b>Year of study</b>           | <i>Fourth</i>  |
| <b>Semester</b>                | <i>Fall</i>  |
| <b>ECTS</b>                    | <i>6; 48 hours of lectures and seminars, 112 hours of self-study, 2 hours of consultations</i> |
| <b>Coordinating lecturer</b>   | <i>Pavel Lebedev</i>   |
| <b>Studies form</b>            | <i>Full-time</i>   |
| <b>Prerequisites</b>           | <i>Introduction to Finance</i>   |
| <b>Language of instruction</b> | <i>English</i>   |

## Course description

Cost management course introduces students to the uses of accounting information within a business enterprise for decision-making purposes. During lectures and workshops students will learn to understand the importance of accounting information, which is the main input for corporate decisions regarding new product development, pricing strategy, performance evaluation, etc. The course starts with an introduction to financial reporting, financial terminology, general overview of cost management, introducing basic terms and concepts. The next building block consists of presentation of different costing systems. The last part of the course deals with planning, control and performance measurement issues in the companies.

## Course aim

The aim of the course is to teach students how to analyze, prepare and provide key data to managers for planning and controlling, as well as to make costing for products, services and customers. By focusing on basic concepts, analyses, and uses, this course will help understand how to apply cost management tools for business strategy and implementation.

| <b>Subject learning outcomes (SLO)</b>  | <b>Study methods</b>                              | <b>Assessment methods</b>      |
|---|---|--------------------------------|
| 1. To provide a broad-based, practical, exposure to the basic terminology, tools, and techniques of cost management   | Lectures, seminars, solving exercises, self-study | Test No1, final exam           |
| 2. Analyse and provide recommendations to improve the operations of organisations through the application of management accounting techniques                                     | Lectures, seminars, solving exercises, self-study | Test No2, final exam           |
| 3. Apply techniques associated with costing systems, cost management systems, budgeting systems and performance measurement systems   | Lectures, seminars, solving exercises, self-study | Test No2, Final exam           |
| 4. Appreciate the need for a balance between financial and non-financial information in decision making, control and performance evaluation applications of management accounting | Lectures, seminars, solving exercises, self-study | Test No1, Test No2, Final exam |
| 5. Tolerate ambiguity in managerial and organisational problem-solving  | Lectures, seminars, solving exercises, self-study | Final exam                     |

## Learning methods

The course is taught in English, it is structured as a combination of lectures, discussions, in-class activities. It requires a substantial amount of preparation by the students and their active class participation.

## Quality issues

The lecturer assures a variety of teaching and testing methods. The feedback from students is highly valued and appreciated.

## Cheating issues

The teaching and testing methods are chosen in a way, that cheating opportunities are minimized, following the ISM regulations on academic ethics.



## Course content

| Nr. | Topic  | Contact hours |          | Readings            |
|-----|--|---------------|----------|---------------------|
|     |  | Lecture       | Workshop |                     |
| 1   | Introduction to the course   | 2             |          |                     |
| 2   | Introduction to Financial Accounting and cost management<br>The company: systemic approach, types of companies, Role of different type of financial specialists, financial accounting information;<br>The decision making-process and management accountant's role implementing strategies |               | 2        | Ch 1                |
| 3   | Financial statements: function, content, preparation   | 2             | 4        |                     |
| 4   | An introduction to cost terms and concepts:<br>Cost objects, cost drivers, cost behavior, cost assignment, cost calculation  | 2             |          | Ch 2                |
|     | <b>Presentation of group work 1<sup>st</sup> part<br/>Test No1</b>   |               | 4        |                     |
| 5   | Essentials of Cost-volume-profit analysis<br>Operating leverage  | 2             | 2        | Ch 3                |
| 6   | The building block concept of costing systems:<br>Job costing  | 2             | 2        | Ch 4                |
| 7   | Process costing<br>Cost allocation<br>Joint cost situations, ABC costing   | 2             | 2        | Ch 14, ch 15        |
|     | <b>Presentation of group work 2<sup>nd</sup> part<br/>Test No2</b>   |               | 4        |                     |
| 9   | Information for decision-making:<br>Pricing decisions and customer profitability analysis<br>The relevance concept, opportunity costs and outsourcing  | 2             | 2        | Ch 11, ch 12        |
| 10  | Panning and budgetary control systems:<br>Types of budgets, standard costing and variances, management control   | 2             | 4        | Ch 2, 3             |
| 11  | Strategic cost management<br>Performance management systems  | 4             | 2        | Ch 13, ch 19, ch 23 |
|     | <b>Final exam</b>  |               |          |                     |
|     | <b>TOTAL</b>   | 20            | 28       |                     |

## Individual work and assessment

| Type of assignment | Topics | Total hours | Evaluation, % |
|--------------------|--------|-------------|---------------|
| Test No1           | 1-4    | 15          | 15            |
| Test No2           | 5-7    | 15          | 15            |
| Group work         | 1-11   | 30          | 30            |
| Final exam         | 1-11   | 52          | 40            |
| <b>Total:</b>      |        | <b>112</b>  | <b>100</b>    |

## Course requirements:

### Every class

You should bring calculators or have a personal computer for calculations. All assigned readings must be read before each class, as in-class activities (exercises, short case analysis) will take the main part of lectures. Students must bring all additional printed material to each class.

### Group work

There will be 1 formal group work during the course. Tasks (that will be given at the beginning of the course and during the course) must be completed in a group up to 3 people (1-2 students do not make a group). Each group turns in a single copy of its work with the names of all contributing members listed. Groups cannot be changed after first



assignment. Late home works are not accepted. Total result of group work counts towards 40% of the final grade. Grade depends on written report and 2 presentations (all group work will consist of 2 parts, which should be presented and defended). Every member of the group gets the same grade.

#### **Tests No1 and No2**

All tests and exams are closed book. Students should bring calculators

The tests no1 and no2 count towards 30% of the final grade (15% + 15%). Tests consist of multiple choice questions from theory and exercises.

#### **Final Exam**

The final exam counts towards 40% of the final grade. Exam consists of multiple choice questions from theory and exercises.

#### **Class Participation**

Class attendance is recommended. Late arrivals and early departures are not allowed. Active participation in classes is encouraged and rewarded.

#### **Negative final grade**

In case of a negative final grade, students are allowed to re-sit exam. Exam retake covers all course material and the weight of retake is **70%**. Group work cannot be rewritten/retaken, but its evaluation (if positive) is not annulled.

#### **Literature:**

##### **Main readings:**

Horngren,C.T., Datar,S.M., Foster,G., Rajan,M., Ittner,C. (2009). *Cost accounting: A managerial emphasis*. 13<sup>th</sup> edition. Prentice hall.

##### **Additional readings:**

1. Horngren,C.T., Datar,S.M., Foster,G., Rajan,M., Ittner,C. (2015). *Cost accounting: A managerial emphasis*. 15<sup>th</sup> edition. Pearson.
2. Drury, C. (2015). *Management and Cost Accounting*. 9<sup>th</sup> edition. Cengage Learning EMEA.
3. Drury, C. (2005). *Management accountancy for business*. London: Thomson learning, 543 p.
4. Weetman, P. (2002). *Management Accounting: An Introduction*. London: Thomson learning 408 p.