

COST ACCOUNTING

Degree(s)	: Management
Type	: Compulsory course unit
Curricular year/semester	: 2nd year / 2nd Semester
ECTS / hours per week	: 6 ECTS / 4.0 Hours
Workload per week	: 2 Theoretical / Practical x 2 Hours
Teacher responsible	: Professor Sofia Margarida Morais Lourenço

OBJECTIVES

1. To understand the connection between Management Accounting and Financial Accounting
2. To understand the importance of Management Accounting as a tool for management and decision taking
3. Cost classification
4. Apply criteria and methods to determine production costs
5. To prepare and control standard costs

PROGRAM

Chapter I - Management Accounting as a management tool

1. Financial accounting and internal information.
2. Objectives, characteristics and functions of Management Accounting.
3. Costs.
4. Costs classification.

Chapter II – Product Cost Determination

1. Analysis of the main components of production cost. Non-industrial costs.
2. Methods to determine production costs: direct, indirect and mixed.
3. Indirect cost allocation. Definition of allocation basis.
4. Joint production and defective production.
5. Work-in-progress costing.

Chapter III – Cost Centres

1. Functional cost splitting.
2. Cost centers/departments.
3. Allocating costs from one department to another and from support departments.
4. Transformation and Production costs determination.

Chapter IV – Cost determination (stock costing) methods

1. Total cost vs variable cost.
2. Actual cost vs basic cost.
3. Rational cost.
4. Standard cost.
5. Impact of the different cost methods in the results.

Chapter V – Management Accounting and Decision Making

1. The Cost-Volume-Results model. Break-even point.
2. Contribution margin and the mix products/market.
3. Usage and limitations of the CVR model.

Chapter VI – ABC – Activity Based Costing

1. Management by activities.
2. Main activities and support activities.
3. Cost of activities and cost of products.
4. Critical analysis of ABC.

Chapter VII – Standard Costs

1. The standard cost concept.
2. Main standard costs.
3. The control of standard costs. Yields.

BIBLIOGRAPHY

Recommended Bibliography:

- Horngren, Charles T., Datar, Srikant M., e Rajan, Madhav (2012), Cost Accounting, 14.^a edição, Prentice – Hall.
- Bhimani, Alnoor, Horngren, Charles T., Datar, Srikant M. e Rajan, Madhav (2012), Management and Cost Accounting, 5.^a edição, Prentice – Hall.
- Drury, Colin (2008), Management and Cost Accounting, 7a edição, Cengage Learning.