

IB116-15 Foundations of Management Accounting

26/27

Department

Warwick Business School

Level

Undergraduate Level 1

Module leader

Angela Lorenz

Credit value

15

Module duration

10 weeks

Assessment

Multiple

Study location

University of Warwick main campus, Coventry

Description

Introductory description

This module is only open to WBS undergraduate students, and some students taking joint degrees with WBS and another department. Students from other departments cannot take this module. To find detailed availability and to apply for this module, log in to my.wbs.ac.uk using your normal IT login details and apply via the my.wbs module application system. Once you've secured a place on my.wbs you should apply via your home department's usual process, which usually takes place via eVision. Note that you do not require the module leader's permission to study a WBS module, so please do not contact them to request it.

This module is designed to provide an initial introduction to management accounting and explores the key underpinning concepts in the subject area including cost classifications and the major approaches to costing as well as introducing budgeting and cost control. The module prepares students to further explore the subject area in future modules.

[Module web page](#)

Module aims

- Provides an understanding of the sources and uses of accounting information within organisations.
- Introduces students to the design of accounting control systems and decision-making techniques both for manufacturing and service organisations, whether for profit or nonprofit, public or private sector.
- Describes how accounting interacts with the human side of organisations. Particular emphasis is laid on the functioning of management accounting in the organizational context and the significance of other forms of organizational expertise in the application of management accounting techniques.
- Provides students with both technical and contextual grasp of management accounting and its many roles.

Outline syllabus

This is an indicative module outline only to give an indication of the sort of topics that may be covered. Actual sessions held may differ.

Introduction to Management Accounting

Management accounting definition; contrast management accounting and financial accounting; the decision making process; forces of change in management accounting; emerging new themes in management accounting; functions of management accounting; management accounting and ethical conduct.

Introduction to Costs Terms and Concepts

Cost object, Direct and Indirect costs, Fixed, Variable, Semi-Variable, Stepped Fixed costs; Product and Period costs, Incremental and Marginal costs, Opportunity and Sunk costs.

Cost-Volume-Profit (CVP) Relationships

CVP single product decisions; contribution margin; breakeven point; margin of safety; CVP multiple product mix decisions; sensitivity analysis.

Cost Assignment

Assignment of direct and indirect costs; different costs for different purposes; cost benefit issues and cost system design; plant-wide overhead rate; the two stage allocation process, reconciliation of Absorption costing and Marginal costing profit statements.

Activity Based Costing Systems

Traditional vs. ABC costing systems; volume-based and non-volume-based cost drivers; designing ABC systems; pros and cons. of ABC; ABC in service organizations; Implementation of ABC.

Pricing Decisions

Factors affecting pricing decisions; role of cost information in pricing decisions; pricing setting firm

facing short-run/long-run pricing

decisions; pricing taking firm facing short-run/long-run product mix decisions; pros and cons of cost-plus pricing; pricing strategies; pricing in practice.

The Budgeting Process

Meaning of budgeting; different purposes of budgeting; preparation of master and cash budgets; zero-based budgeting; incremental budgeting; problems with budgeting.

Standard Costing and Variances Analysis

Introduction to standard costing system; purposes of a standard costing system; setting of standards, various bases used for setting standards; calculation of basic variances (material, labour, overhead, sales margin); reconciliation actual profit with budgeted profit.

Learning outcomes

By the end of the module, students should be able to:

- Define the mechanics, uses, and arguments relating to marginal, absorption, and activity-based costing systems.
- Apply techniques to estimate and predict costs including the use of relevant software.
- Explain and apply pricing techniques in a range of contexts.
- Discuss the role of budgeting and standard costing in the planning, control and resource allocation process.
- Prepare budgets and make use of spreadsheets.
- Calculate and interpret standard costs and variance analysis.
- Discuss the behavioural/social effects of management accounting information.
- Explain the multi-disciplinary nature of the subject.
- Demonstrate analytical, and problem solving skills.

Indicative reading list

[Reading lists can be found in Talis](#)

Subject specific skills

Use excel to solve management accounting problems creating budgets, cash budgets, variances, absorption costing and marginal costing.

Transferable skills

Demonstrate written communication skills.

Demonstrate a basic knowledge of the use of Spreadsheets.

Demonstrate group work skills, oral communication and presentation skills.

Study

Study time

Type	Required
Lectures	10 sessions of 1 hour (7%)
Seminars	9 sessions of 1 hour (6%)
Online learning (independent)	10 sessions of 1 hour (7%)
Private study	48 hours (32%)
Assessment	73 hours (49%)
Total	150 hours

Private study description

Reading of texts, articles and journals. Preparing for seminars.

Costs

No further costs have been identified for this module.

Assessment

You do not need to pass all assessment components to pass the module.

Assessment group D8

	Weighting	Study time	Eligible for self-certification
Participation	10%	8 hours	No
Centrally-timetabled examination (On-campus)	90%	65 hours	No

- Answerbook Green (8 page)
- Students may use a calculator
- Graph paper

Assessment group R6

	Weighting	Study time	Eligible for self-certification
On-campus Examination - Resit	100%		No

Weighting Study time Eligible for self-certification

- Answerbook Green (8 page)
- Students may use a calculator
- Graph paper

Feedback on assessment

Feedback will be provided via my.wbs.

[Past exam papers for IB116](#)

Availability

Post-requisite modules

If you pass this module, you can take:

- IB3K7-15 ESG Valuation and Investment
- IB232-15 Management Accounting for Decision Making and Control

Anti-requisite modules

If you take this module, you cannot also take:

- IB146-15 Accounting for Business

Courses

Course availability information is based on the current academic year, so it may change.

This module is Core for:

- Year 1 of UIBA-N400 Undergraduate Accounting and Finance
- UIBA-N404 Undergraduate Accounting and Finance (with Foundation Year and Placement/Undergraduate Partnership Programme)
 - Year 1 of N4N7 Accounting and Finance (Foundation Year and Intercalated)
 - Year 1 of N404 Accounting and Finance (Foundation Year and Placement)
 - Year 1 of N405 Accounting and Finance (Foundation Year and UPP)
 - Year 1 of N403 Accounting and Finance (with Foundation Year)
- Year 2 of UIBA-N403 Undergraduate Accounting and Finance (with Foundation Year)
- UIBA-N401 Undergraduate Accounting and Finance (with Placement Year/Undergraduate Partnership Programme)
 - Year 1 of N401 Accounting and Finance (Placement)
 - Year 1 of N402 Accounting and Finance (Undergraduate Partnership Programme)