



unit guide

Introduction to Management
Accounting (ItMA)

(MAC – 1- IMA)

Faculty of Business Computing &
Information Management, Accounting
and Finance Department.

SEMESTER 2: 2008-2009

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1. UNIT DETAILS

Unit Title:	Introduction to Management Accounting (ItMA)
Unit Level:	One
Unit Reference Number:	MAC – 1 -IMA
Credit Value:	One (15 CAT points)
Student Study Hours:	150
Contact Hours:	45
Private Study Hours:	105
Pre-requisite Learning (If applicable):	None
Co-requisite Units (If applicable):	None
Course(s):	BA (Hons) Accounting & Finance, Professional Accountancy Course, BSc (Hons) Financial Management
Year and Semester	Year One, Semester Two
Unit Coordinator:	Jonathan Rooks
UC Contact Details	See below
Teaching Team & Contact Details	See below
Subject Area:	Accounting and Finance Department
Summary of Assessment Method:	Coursework (multiple choice test) and exam.



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**Also: Patrick Anderson and Muriel Lisson will be taking seminars.
Their contact details were not available at the time of printing.**

2. SHORT DESCRIPTION

The unit covers the cost accounting principles, conventions and practices as applied to the ascertainment of costs and the analysis, interpretation and presentation of cost information for planning, control and decision making.

3. AIMS OF THE UNIT

To develop knowledge and understanding of management accounting techniques to support the management processes of planning, control and decision making.

To develop the ability to assemble, from data available, relevant information and prepare appropriate reports which also incorporate non-financial and qualitative aspects.

To develop the skill of recognising the relationships with other units of the course, in particular financial accounting, numeracy and information technology and to provide the student with the basis of understanding to enable them to undertake the study of management accounting at the next stage. The techniques learned and topics covered are expanded further in the Second Year when studying the Advanced Management Accounting unit.

4. LEARNING OUTCOMES

4.1 Knowledge and Understanding

On completion of this unit it is expected that the student will have acquired an understanding of the theory and practice of management accounting and a firm grounding for the next stage of the course. In particular the student will be able to:

Week One. Explain the nature of management accounting within an organisation and the requirement for management information. Describe costs by classification and purpose.

Week Two. Identify appropriate material costs and use methods for determining stock levels.

Week Three. Identify appropriate labour costs and use methods for determining wage bills, labour charge rates and overtime costs.

Week Four. Identify, allocate and apportion overhead costs to products directly and through departmental charges.

Week Five and Week Six. Explain the differences between absorption and marginal costing systems. Prepare profit statements based on both and convert one to the other.

Week Eight. Discuss the principles of costing and apply them in straightforward scenarios, particularly with relation to job, batch and process costing.

Week Nine. Calculate production costs in output and process costing including the treatment of losses, abnormal gains and work in process.

Week Ten. Calculate contribution and use this knowledge to determine break even, margin of safety and sales required for a target profit.

4.2 Intellectual Skills

Students will develop knowledge of accounting and management accounting. They will have the opportunity to discuss theoretical issues as well as discuss calculations and develop an appreciation of how business problems can be quantified and solved through the application of management accounting techniques.

4.3 Practical Skills

Students will develop technical skills in management accounting.

4.4 Transferable Skills

Students will have the opportunity to develop their numeracy skills and communication skills, particularly report writing.

5. ASSESSMENT OF THE UNIT

This unit is assessed by one one and half hour multiple choice test paper and one two hour examination.

Both assessments are closed book and have no reading time.

The multiple choice paper contains fifty marks and lasts for 1 hour and 30 minutes. This paper contributes 50% of the total mark for the unit. Therefore the mark obtained in this paper is the contribution to the total mark for the unit.

The exam paper contains five questions, each worth 20 marks and students are required to attempt three. The paper therefore contains 60 marks. This paper contributes 50% of the total mark for the unit. Therefore the mark obtained in this paper is adjusted by $X/6 \times 5$ to get the contribution to the total mark for the unit.

Sample multiple choice questions are available on the BlackBoard site. Sample past examination papers are available on the BlackBoard site.

The pass mark for each of the papers is 30%. Students must pass both and achieve an overall mark of 40%. Both assessments are weighted 50%.

This means that in the multiple choice test you must achieve a minimum of 15 out of the 50 marks and that in the end of semester exam you must achieve 18 out of the 60 marks.

As explained above, the mark you achieve in the end of semester exam is then divided by 6 and multiplied by 5 to give the mark which will be added to your multiple choice test mark for your overall mark. For example $18 / 6 \times 5 = 15$ out of 50 which is 30%.

You will know your multiple choice test provisional mark before you take the final exam. These are the minimum marks you need to get. You should be trying to get the best mark you can.

1. You need to get at least 15 out of 50 in the multiple choice test.

If you get less than 15 then you will be resitting the multiple choice paper in the summer. To avoid resitting the exam too you need to get a minimum of 24/60 in the exam.

2. If you get 25 or more in the multiple choice test then you need to get 18/60 to avoid resitting the exam.
3. First column shows your multiple choice mark (out of 50). The second column shows the exam mark you need (out of 60) to avoid resitting the exam.

15	30
16	29
17	28
18	26
19	25
20	24
21	23
22	22
23	21
24	20

6. FEEDBACK

Feedback on the test and exam is given as a generic review of the questions and overall performance. This is placed on the Blackboard site. For the multiple choice test this will be given when the provisional marks are released, for the exam this will be normally around the time of the Exam Board.

We will also work through the multiple choice exam in seminars in the week following the test.

7. INTRODUCTION TO STUDYING THE UNIT

7.1 Overview of the Main Content

The role of cost and management accounting.

The nature of information and internal reporting.

Classification of costs and sources of accounting information.

Costing systems, material costing and labour costing procedures.

Introduction to overhead costing procedures.

Cost accumulation techniques and cost bookkeeping.

Job, batch, output and process costing.

Contribution, volume, profit analysis.

7.2 Overview of Types of Classes

The unit comprises lectures, seminars, workshop and the student's own studies.

Weekly lectures will provide the framework for the areas of study. The lecture topics are further explored in a two-hour seminar (normally held the following week) and are reviewed in the weekly workshop.

Seminar topics and questions will be provided in advance. As seminars are used to clarify, discuss and extend the topics introduced in the lectures, students are expected to have attempted the exercise in advance.

Students are referred to the weekly programme given below.

The workshop is an opportunity for students to raise any issues from previous lectures that they may need further explanation on. Attendance is voluntary, but students who do use the session find it very useful.

7.3 Importance of Student Self-Managed Learning Time

Students are advised of the importance of self-managed learning time. Students are expected to prepare for seminars and attempt any questions not dealt with in the class. Reading around the subject is considered important to develop the student's understanding and they will be directed to reading in the core text.

7.4 Employability

This unit will introduce management accounting methods which will be essential knowledge for anyone working in a management accounting role.

8. THE PROGRAMME OF TEACHING, LEARNING AND ASSESSMENT

Week One	28 th Jan 09	Introduction to Management Accounting and Classification of Costs.
Week Two	4 th Feb 09	Materials Costing and Stock Management.
Week Three	11 th Feb 09	Labour Costing.
Week Four	18 th Feb 09	Accounting for Overheads.
Week Five	25 th Feb 09	Absorption and Marginal Costing.
Week Six	4 th Mar 09	Absorption and Marginal Costing.

Week Seven.

This week (starting 9th Mar 09) there will be seminars, but there will not be a lecture on the 11th.

Instead, you will do your Coursework (Test) based on material covered so far. This will be from 5.00pm to 7.00pm on the 11th instead of the workshop. You will be told nearer the date which room you need to go to.

Make sure you keep yourself available on this evening as attendance at the Test is compulsory.

Week Eight	18 th Mar 09	Job, Batch and Process Costing.
Week Nine	25 th Mar 09	Process Costing Further Aspects.
Week Ten	1 st Apr 09	Contribution, Volume, Profit Analysis.
Week Eleven	29 th Apr 09	Revision Session. Seminars for Week Ten
Week Twelve	6 th May 09	Revision Session. No seminars

9. LEARNING RESOURCES

ALL LINKS CORRECT AS AT 18/12/08

9.1 Core Materials

'Management Accounting 1 & 2' compiled by: Jonathan Rooks

This book is only available in Blackwell's, the bookshop in London Road, just up from the University. I arranged for the book to be compiled, but I did not write it.

This core text has been developed that covers both Management Accounting 1 and the Advanced Management Accounting 1 unit you will take in the first semester of next year. It is a compilation of chapters from a series of textbooks chosen to complement the topics we cover.

There are three websites where you can get supporting material from the books that have been used to make our core text. There are many practice questions available here.

<http://www.pearsoned.co.uk/weetman>

<http://www.pearsoned.co.uk/horngren>

<http://www.pearsoned.co.uk/proctor>

9.2 Optional Materials

If you find later editions of any of these textbooks they will be perfectly acceptable for you to use.

Drury, C. (2004)

Management and Cost Accounting 6th edition

Thomson Business Press

In Perry Library main stock, but these are earlier editions so page numbers will not be the same as given in handouts **658.1511 DRU**

This is the text that was the core text for several previous years. It is a good book that you will find useful throughout your undergraduate and professional studies. I have changed away from this textbook as a number of first year students found it a bit difficult to get to grips with as it covered some advanced material. It would be a useful book for you to refer to in the Library or to have yourself.

Proctor, R (2006)
Managerial Accounting for Business Decisions 2nd edition
FT Prentice Hall

Companion website: <http://www.pearsoned.co.uk/proctor>
Provides chapters in the core text. In Library [658.1511 PRO](#)

Weetman, P (2006)
Management Accounting
FT Prentice Hall

Companion website: www.pearsoned.co.uk/weetman.
Provides chapters in the core text. In Library [658.1511 WEE](#)

Horngren, Bhimani, Datar and Foster (2005)
Management & Cost Accounting 3rd ed
FT Prentice Hall

Companion website: <http://www.pearsoned.co.uk/horngren>
Provides chapters in the core text. In Library [658.1511 MAN](#)

Barrow, M (2006)
Statistics for Economics, Accounting and Business Studies 4th Ed
FT Prentice Hall

This book provides the chapter on indexing in the core text. In Library
[519.502433 BAR](#)

Further reading – accountancy textbooks that you might find helpful;
it pays to read about the topics in the words of other authors to get a
different perspective. Later editions are acceptable.

Drury, C. (2000)
Costing, an introduction 4th edition
Thomson Business Press
In Perry Library in Key text section [658.1552 DRU](#)

Jones, M (2002)
Accounting for Non-Specialists.
John Wiley & Sons Ltd.
In Perry Library main stock [657 JON](#)

Garrison, R., Noreen, E. & Seal, W. (2003)
Management Accounting European Edition
McGraw-Hill
In Perry Library main stock [657.42 GAR](#)

Further reading – increasing your understanding of money and business

Berger, D and Carlisle, J (2002)
The Motley Fool UK Investment Guide 3rd Edition
Boxtree, London.

<http://www.fool.co.uk/>

This does not seem to be in the Library, but it is a widely available book.

This book gives advice on investments and investment strategies, including shares, unit trusts, ISAs and pensions. These may not be a great deal of interest to you personally at the moment but the explanations of the impacts of interest rates and how markets work will be very good background information for you.

<http://www.amazon.co.uk/gp/product/0752265393/203-7386170-4024765?v=glance&n=266239>

Harford, T (2007)
The Under Cover Economist.
Abacus, London.

An interesting book on economics that explains the economic principles behind a number of everyday factors. The Economist described it as 'A playful guide to the economics of everyday life'.

I don't agree with all of his interpretations, particularly in Chapter 9. *Beer, chips and globalisation* where I think he glosses over the evidence for increased pollution from the 'rush to the bottom' of countries competing for international trade. I also think that his acceptance of near slave conditions in industries in the Third World on the basis that they are better than the alternatives is rather amoral. There is plenty of evidence of dreadful working conditions, non-existent safety standards and increased pollution in factories making products for us in the West – I don't want ridiculously cheap products if this is the real price.

In Library [330.90511 HAR](#) .

http://www.amazon.co.uk/Undercover-Economist-Tim-Harford/dp/0349119856/ref=pd_bbs_sr_1?ie=UTF8&s=books&qid=1199977214&sr=8-1

Lewis, M (2005)

The Money Diet: The Ultimate Guide to Shedding Pounds Off Your Bills and Saving Money on Everything!

Vermilion. London.

In Library [332.024 LEW](#) .

This book advises on personal finance. It is written by the person who runs the www.moneysavingexpert.com website. You will find this an interesting read and a very good source of advice on getting value for money.

<http://www.amazon.co.uk/gp/product/0091906881/203-7386170-4024765?v=glance&n=266239>

Further reading – expanding your horizons about business and management accounting

Southon, M and West, C (2002)

The Beermat Entrepreneur. Turn your good idea into a great business.

Pearson Prentice Hall Business, London.

This is an interesting 'How To' book on starting a business. I hope it will show you where having an understanding of the operation of your business (i.e. what we do as management accountants) fits in to a business. In Library [658.421 SOU](#).

Mike Southon is an entertaining speaker if you ever get the opportunity to listen to him.

<http://www.amazon.co.uk/gp/product/0273704540/203-7386170-4024765?v=glance&n=266239>

Lawrence, F. (2004)

Not on the label: What really goes into the food on your plate.

Penguin Books Ltd

In Perry Library main stock [338.47641 LAW](#)

This book discusses food production for consumption in Europe and contains many examples of management accounting issues. There are worrying accounts of food quality and information on corporate power and the influence of big business in a critical aspect of our everyday life.

As an accountant you might end up working in a major company. Will you be working for the good of the company or the good of us all?

Schlosser, E. (2001)

Fast Food Nation: What the All-American meal is doing to the world.

The Penguin Press

In Perry Library main stock [394.120973 SCH](#)

This book discusses the development of fast food in America and the impacts that this industry has had on other businesses, the environment and peoples' health. This interesting book gives a view of corporate power which will be of interest to any accountant.

Cartoons

Dilbert <http://www.dilbert.com/>

Scott Adams draws the **Dilbert** cartoons. The character works in an office environment. If you have any experience of working in such a place you may find this amusing. There are some real truths about business represented in these jokes.

Business Biographies.

Read business biographies for an insight into how business works. You will see many instances where the management accounting topics we have been talking about are relevant to business at all levels.

It can be very interesting to read the biographies written when the person was successful if they have since failed!

Proquest database allowing you to search many newspapers.

<http://lispac.lsbu.ac.uk/record=b1240211>

You can use this site to search for newspaper articles that cover particular companies or business issues.

Students are advised to regularly read the professional accountancy press and accountancy student publications. These are available in the Library.

Accountancy	(ICAEW)
Accounting & Business	(ACCA)
Management Accountant	(CIMA)
Student Accountant	(ACCA)

Blackboard

A Blackboard site is maintained for this unit. Copies of all unit materials can be obtained at this site. Copies of seminar answers will be available at the site one week after the relevant lecture.

Additional advice on studying and information on further reading is provided on the Blackboard site.

EQL

The University subscribes to EQL, an online tutorial system. There is a unit 'Understanding Management Accounting' which you will find useful.

You can access it at:

<http://www.eql.lsbu.ac.uk/>.

The specific url is <http://www.eql.lsbu.ac.uk/uma3/course/start.htm>.

If you are having difficulties accessing this from your own pc, try the computers in the computer labs. I find that I cannot access it successfully on every pc I try. It is worth using though, especially for practicing for the Multiple Choice Exam.

Email received 2/10/07

*"My name is Samir Patel and I am currently enrolled on the BA Accounting & Finance course. I have just started my second year. I'm very enthusiastic about my work and I enjoy the subject a lot. In my first year I worked through the **management accounting module and achieved very good marks**. One reason for this success was the online tutorial programme EQL that was available to us through blackboard. It was very helpful and concise when explaining complicated terms. As well as Management accounting there was also a taxation tutor module available on EQL which is directly relevant to my current module Business Taxation. I have actually used this module and found it very helpful, in explaining terms and creating background knowledge. So i would be very grateful if you could make the application available to 2nd year business taxation students specifically for the taxation tutor module on the application. I know i would get invaluable use out of it and so would my colleagues.*

Yours Faithfully

Samir "

Websites

The web sites below are those of some of the more important accounting or auditing professional bodies, firms, and educational institutions. Web addresses may change without notice.

ACCA: www.accaglobal.com

British Accounting Association www.shef.ac.uk/~baa

Chartered Institute of Management Accountants www.cimaglobal.com

ICAEW www.icaew.co.uk

Other Resources

The student handbook is available at this url:

<http://www.lsbu.ac.uk/current.student/handbook.html>.

A great deal of help is available on all academic matters from 'Academic Assistant' at www.blc.lsbu.ac.uk/aa

Interesting examples of businesses are given on

<http://www.telegraphbusinessclub.co.uk>,

The Daily Telegraph Business Club. This website covers many matters of general interest to business people, entrepreneurs and students of management accounting.

Students will have access to personal computers in the Business School and learning Resources Centre which are linked to the internet and have appropriate software (e.g. MS Word, Excel and PowerPoint) installed.

Relevant journals and texts are available both in the Perry Library and through electronic and on-line sources.

Students are encouraged to work through the EQL "Understanding Management Accounting" self-study package during their self-study hours. This is available in the computer labs.

NOTES