



B430A/B Managerial Accounting and Cost Analysis

Syllabus

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Content

This module extends the management accounting techniques covered in the bachelor courses, with a particular focus on the role of uncertainty and information. It first discusses how management accounting is embedded into a firm's management information system. It then analyzes the value of information systems for price and quantity decisions under uncertainty. The main part covers central management accounting instruments such as target and life cycle costing, cost-volume-profit and break-even planning under uncertainty, transfer pricing in decentralized organizations (including tax aspects), cost planning, standard costing and variance analysis, and budgeting. The focus is on the behavioral reactions of employees towards these management control systems. Concepts are illustrated with formal models, numerical examples, survey evidence from practice, and research studies.

Learning target

In this module, students learn to analyze management accounting problems from a decision-oriented perspective. Students develop the ability to explain the coordination function of controlling and to design management reports. They are able to determine the value of an information system for decisions under uncertainty and to apply target costing, deterministic and stochastic break-even analyses, and different transfer pricing methods, taking into account their coordination, profit allocation, and tax functions. Students learn to plan costs, to decompose cost and profit variances into their components, and to evaluate traditional and alternative budgeting approaches, including the incentive problems arising from asymmetric information in budgeting and reporting. Students taking B430B additionally apply these concepts in written case studies or in an interactive course on accounting and controlling with SAP (in case it is offered).

Topics

1. Introduction
 - a. Role and tasks of the management accountant
 - b. Management accounting tools in practice and ethics in management accounting
2. The role of management accounting in the management information system
 - a. How management accounting is embedded into the management system: coordination and interdependencies
 - b. Main management accounting tasks in the management subsystems: information system and management reporting, planning (strategic, tactical, and operational planning; scenario planning), and control
3. The value of information systems
 - a. Price and quantity decisions under certainty
 - b. Determining the value of an information system



4. Management accounting instruments
 - a. Target costing and life cycle costing
 - b. Cost-volume-profit analysis and break-even planning (multi-product and stochastic case)
 - c. Transfer pricing and decentralized organizational structure (incl. tax aspects, arm's length principle, and BEPS)
 - d. Cost planning, standard costing, and variance analysis
 - e. Budgeting: budgeting approaches, activity-based and zero-based budgeting, better and beyond budgeting, rolling forecasts
 - f. Budgeting and reporting: truth-inducing compensation schemes
5. Production program planning: the simplex algorithm
 - a. Production program planning with one or several binding capacity constraints
 - b. Graphical solution and simplex algorithm; interpretation of shadow prices

Structure

Lectures

- Weekly lecture
- Dates and room are announced in alma
- Slides and assignments are provided on Ilias
- No registration required

Tutorials

- Two parallel weekly tutorials with identical content - please attend only one of them
- Dates and rooms are announced in alma
- Discussion of assignments that are similar to the final exam assignments (mostly previous exam questions). It is important to prepare for the tutorials in advance!
- Sample exam questions are provided on Ilias

Colloquium (B430B only)

- Depending on class size, the colloquium is offered in one or both of the following formats (mutually exclusive):
 - Case studies in Managerial Accounting and Cost Analysis (in English): written home assignments on case studies related to the lecture (e.g., information systems, balanced scorecard, standard costing, variance analysis, transfer pricing); around 3 weeks of working time per case; presumably in student teams
 - Accounting und Controlling mit SAP (in German, offered irregularly): interactive course with student presentations taught by a practitioner, showing how business transactions are processed in SAP and used in cost accounting, reporting, and controlling
- Successful completion of the colloquium (Studienleistung) is a prerequisite for the exam

Enrollment information

- Lecture and tutorials: no registration required.
- Colloquium (B430B): registration via Ilias (online registration form and upload of your transcript of records)
- All details will be announced in the first lecture



- Successful participation in the colloquium is stored: it does not need to be repeated if the exam is not taken in the current term.

Coursework

- Variant A (B430A): 6 ECTS-Credits (lecture + tutorial).
- Variant B (B430B): 9 ECTS-Credits (lecture + tutorial + colloquium).
- Written exam (60 minutes) in both variants, registration is required. All content of lectures and tutorials are relevant for the exam.

Teaching methods

Lectures with evidence from practice and research; independent study; tutorials (problem sets); case studies or SAP course (B430B); oral participation

Course language

English (SAP course in the colloquium: German)

Prerequisites

Knowledge of cost accounting and managerial accounting at bachelor level (e.g., B130 Internes Rechnungswesen and B330 Accounting Information and Strategic Cost Management) is helpful.

Literature

Textbooks

- Charifzadeh, M., & Taschner, A. (2017). *Management Accounting and Control: Tools and Concepts in a Central European Context*. Wiley-VCH.
- Ewert, R., & Wagenhofer, A. (2014). *Interne Unternehmensrechnung*. 8th Ed. Springer.
- Küpper, H.-U., Friedl, G., Hofmann, C., Hofmann, Y., & Pedell, B. (2013). *Controlling: Konzeption, Aufgaben, Instrumente*. 6th Ed. Schäffer-Poeschel.
- Taschner, A., & Charifzadeh, M. (2016). *Management and Cost Accounting: Tools and Concepts in a Central European Context*. Wiley-VCH.

Core articles

- Arnold, M. C., & Artz, M. (2019). The use of a single budget or separate budgets for planning and performance evaluation. *Accounting, Organizations and Society*, 73, 50-67.
- Fisher, J. G., Maines, L. A., Pfeffer, S. A., & Sprinkle, G. B. (2002). Using budgets for performance evaluation: Effects of resource allocation and horizontal information asymmetry on budget proposals, budget slack, and performance. *The Accounting Review*, 77(4), 847-865.

Further readings are cited on the slides.