



DEPT. MANAGEMENT & LAW

BACHELOR DEGREE IN BUSINESS ADMINISTRATION & ECONOMICS

Cost Analysis for Business Decisions

Syllabus

Academic Year 2023/2024

Dr. Gabriele Palozzi

palozzi@economia.uniroma2.it

Course

Purpose & Description

This course introduces cost concepts and terminology, inventory control, capital asset selection, and performance measurement. Cost accounting provides key data to managers for planning and controlling, as well as data on costing products, services, and customers. By focusing on basic concepts, analyses, uses, and procedures, we recognize cost accounting as a managerial tool.

Aims of the Course

1) Learning Skills

- Understanding of cost behaviour and related terminology
- Introduction to significance of “cost” in business decisions
- Definition of some skills for cost management
- Introduction of the concept of Managerial Control aimed at Business Planning

2) Applying Knowledge and Understanding

- Identification of direct and indirect cost
- Identification those costs have to be attributed and allocated
- Calculate the break-even point
- Understand those relevant items in cost computation
- Identification of Capital Budget main features

3) Making Judgements

- Comprehension of business internal reports
- Definition of the profitability of a particular business segment
- Comprehension of both Variable Cost and Full Cost Reporting

4) Communication Skills

- Discussion of cases study and exercises by using the appropriate terminology
- Providing Cost Accounting Reports aimed at inform business management

Topics Content

Managerial VS Financial Accounting

- Concepts of cost & expenses
- Planning & Control Process
- Product Cost and Period Cost
- Examine and solve case studies

Fundamentals of Cost Accounting

- Differentiate between direct and indirect costs.
- Cost attribution and cost allocation
- Identify key components and terminology utilized within cost accounting.
- Examine and solve case studies

Topics Content

Cost-Volume-Profit (CVP)

- Distinguish among fixed, mixed, and variable costs.
- Calculate a break-even point using the elements of cost-volume-profit (CVP).
- Prepare income statements using both variable and absorption costing.
- Examine and solve case studies

Cost Allocation

- Identify cost drivers for manufacturing and service activities.
- Calculate overhead rates using cost drivers.
- Compute allocation of overhead costs to cost pools, end products, and services.
- Examine and solve case studies

Topics Content

Capital Budgeting Decisions

- Capital Budgeting and Planning Investment: basic concepts
- The Net Present Value and the Internal Rate of Return
- Other approaches to capital budgeting decisions
- Examine and solve case studies

Supplementary worksheet & Further application

Teaching Method

The course will be a combination of lectures, problem-solving, case work, and interactive class discussion.

Analytical Syllabus

Section I:

Managerial Accounting and Planning & Control

date	time	Room	topic	link to text book	slides
10/04/24	9 AM - 11 PM	S5 - Teams	Course Introduction, Managerial Accounting vs Financial Accounting	Chapter 1	Section 1
11/04/24	9 AM - 11 PM	S5 - Teams	Managerial Accounting vs Financial Accounting + Planning & Control Process	Chapter 1	Section 1
12/04/24	9 AM - 11 PM	S5 - Teams	Practical Applications on Section 1	Chapter 1	Section 1

Section II:

Cost Behaviour, Operating Leverage & Profitabilità Analysis

date	time	Room	topic	link to text book	slides
17/04/24	9 AM - 11 PM	S5 - Teams	Cost Behaviour & Operating Leverage	Chapter 2	Section 2
18/04/24	9 AM - 11 PM	S5 - Teams	Operating Leverage & Profitability Analysis	Chapter 2	Section 2
19/04/24	9 AM - 11 PM	S5 - Teams	Practical Applications on Section 2	Chapter 2	Section 2

Section III:

Cost, Volume, Profit Analysis – Pricing

date	time	Room	topic	link to text book	slides
24/04/24	9 AM - 11 PM	S5 - Teams	Cost, Volume, Profit Analysis, Pricing	Chapter 3	Section 3
02/05/24	9 AM - 11 PM	S5 - Teams	Cost, Volume, Profit Analysis, Pricing	Chapter 3	Section 3
03/05/24	9 AM - 11 PM	S5 - Teams	Practical Applications on Section 3	Chapter 3	Section 3

Section IV:

Cost Accumulation, Tracing, Allocation

date	time	Room	topic	link to text book	slides
03/05/24	2 PM - 4 PM	S9 - Teams	Cost Accumulation, Tracing and Allocation	Chapter 4	Section 4
08/05/24	9 AM - 11 PM	S5 - Teams	Allocating Service Center / Dept Cost	Chapter 4	Section 4
09/05/24	9 AM - 11 PM	S5 - Teams	Practical Applications on Section 4	Chapter 4	Section 4
10/05/24	9 AM - 11 PM	S5 - Teams	Practical Applications on Section 4	Chapter 4	Section 4
10/05/24	2 PM - 4 PM	S9 - Teams	Cost Accumulation, Tracing and Allocation	Chapter 4	Section 4

Section V: Capital Investment Decision & Net Present Value

date	time	Room	topic	link to text book	slides
15/05/24	9 AM - 11 PM	S5 - Teams	Capital Investment Decision, How calculate Present Values	Chapter 5/6	Section 5
16/05/24	9 AM - 11 PM	S5 - Teams	How calculate Present Values Case Study	Chapter 5/6	Section 5
17/05/24	9 AM - 11 PM	S5 - Teams	Practical Applications on Section 5	Chapter 5/6	Section 5
17/05/24	2 PM - 4 PM	S9 - Teams	TECHNICAL TEST	-	-

Main References

Book:

V.A. (2016), Managerial Accounting - Basics of Cost Analysis;
McGraw-Hill Education - CREATE
ISBN: 9781308978611

Class materials:

Slides and research material provided by the lecturer that can be downloaded from the course web page

Criteria for student evaluation

The final exam consists in two compulsory parts that usually are held on the same day:

1) a **technical (written) exam** covering the entire course materials; it concerns with both theoretical questions and practical application. Minimum qualifying grade required to get credit: 18/30.

2) an **oral exam**.

Criteria for student evaluation

Written exam - Students are asked to solve case study, exercise and answer open questions, multiple choice quizzes, true/false quizzes.

Oral exam - Students are asked to discuss their own written exam; then they are asked to answer to the case study questions and to focus on specific theoretical issues.

PRE-EXAM

Pre-Exam is scheduled for the 23rd MAY 2024

Course Schedule

WED: 9 AM - 11 AM

THU : 9 AM - 11 AM

FRI: 9 AM - 11 AM and 2 PM – 4 PM (3 classes)

Office Hours

Doc. Gabriele Palozzi: Thursday 2 PM – 3 PM

Or On-line, by appointment

Department of Business Management & Law

For further information please contact this e-mail address:

palozzi@economia.uniroma2.it

CABD Microsoft Teams link:

<https://teams.microsoft.com/l/team/19%3ad07486acc30347f481d15f2f297bf6e7%40thread.tacv2/conversations?groupId=60a87919-5844-4ea0-8242-ae6c2ddd97f0&tenantId=24c5be2a-d764-40c5-9975-82d08ae47d0e>