



ME2605 Cost Management and Control 6.0 credits

Cost Management and Control

This is a translation of the Swedish, legally binding, course syllabus.

Establishment

Course syllabus for ME2605 valid from Autumn 2007

Grading scale

A, B, C, D, E, FX, F

Education cycle

Second cycle

Main field of study

Industrial Management

Specific prerequisites

Student accepted for the Industrial Management within the Erasmus Mundus-programme.

Only for IMIM-studenter.

Language of instruction

The language of instruction is specified in the course offering information in the course catalogue.

Intended learning outcomes

The aim of the course is to provide you with the ability to understand, design and handle methods in the area of management control for industrial organisations. This means that after the course you should be able to:

1. Understand the construction of and the use of a job shop and a process-costing system, as well as the difference between product and period costs.
2. Define the content of and understand the use of the major tools in the following areas: cost management, value chain analysis, activity-based management (costing, budgeting and accounting), customer profitability analysis, quality management, time management, cost estimation and cost-volume-profit analysis, kaizen costing, standard cost analysis, budgeting, investment analysis, and performance evaluation.
3. Describe and understand the meaning of the different types of management control systems that exist.
4. Choose (and argue for the choice) between different management control systems.
5. Understand how information in different types of management control systems are used for decision-making.
6. Apply the theoretical concepts of management control systems to companies in different types of industries.
7. Implement different tools for management control in a spreadsheet tool, building on the theoretical concepts.
8. Critically evaluate and compare management control systems used by companies in different types of industries.

Course contents

The course consists of lectures with theoretical concepts, practical examples and excersises in the following fields:

1. Product and period costs, and their use in costing systems. Different costs for different purposes. Cost allocation
2. Order costing (job shop & batch) and process costing
3. Absorption costing, variable costing, and throughput costing.
4. Activity-Based Management: The concept of activities and processes. Includes methods such as Activity-Based Costing and Activity-Based Budgeting
5. Planning and Decision Making. How information is used for decisions. Cost-volume-profit analysis, budgeting, investment analysis, and cost estimations are explained.
6. Evaluating and Managing Performance. Standard cost analysis, and Kaizen costing. The importance of time, quality, and customer profitability is stressed.

Disposition

The course is built up by cases and discussions around these

Course literature

Drury: Management and Cost Accounting, Latest edition

Examination

- TEN1 - Examination, 6.0 credits, grading scale: A, B, C, D, E, FX, F

Based on recommendation from KTH's coordinator for disabilities, the examiner will decide how to adapt an examination for students with documented disability.

The examiner may apply another examination format when re-examining individual students.

If the course is discontinued, students may request to be examined during the following two academic years.

Other requirements for final grade

Homework assignment (TEN1; 6hp), followed by an individual discussion. Also, a seminar report and active participation in the seminar are needed as requirements.

Ethical approach

- All members of a group are responsible for the group's work.
- In any assessment, every student shall honestly disclose any help received and sources used.
- In an oral assessment, every student shall be able to present and answer questions about the entire assignment and solution.