

Management Accounting

Spring 2025



Management Accounting

Spring 2025
Practical class 1

TA Francisca Caldas



AGENDA



INTRODUCTION

Get to know your course instructors



SYLLABUS

Get to know the course dynamics; planning and purpose evaluation criteria



CHAPTER 1 AND 2

Problem 3



SYLLABUS

General information

Couse Instructors:

- Rui Augusto (raugusto@novasbe.pt)

Teaching Assistants:

- Francisca Caldas (francisca.caldas@novasbe.pt): Tuesdays from 14h00 to 15h30
- Madalena Paiva (madalena.paiva@novasbe.pt)
- Pedro Perdigão (pedro.perdigao@novasbe.pt)

ASSESSMENT

Regular Exam Period

- Midterm **35%**
On the 14th March at 17h30
- Home quizzes **10%**
On the 3rd March and 28th April
TBD
- Final exam **55%**
31st May at 11h30

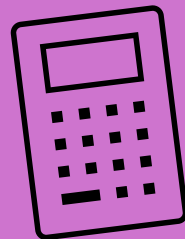
Resit Exam Period

- Final Exam **100%**
On the 25th June at 11h00



FUTURE NOTES

Please bring a
calculator



If you have
any doubt,
please ASK!



We highly
recommend for
you to go to the
theoretical
classes!

Please try to
have the
handbook open
in the practical
classes





CHAPTER 1 AND 2

Theoretical Class Recap (or not)

Types of companies:



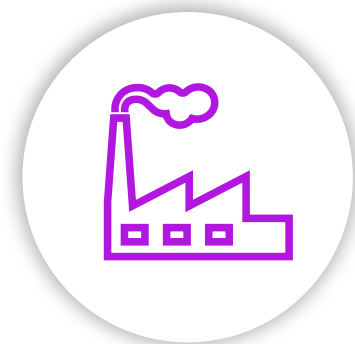
Merchandise companies

.....● Purchase and sell products without changing their basic form



Service providers

.....● Provide services or nontangible products to their customers; do not hold inventories



Manufacturing companies

.....● Purchase materials and convert them into a different finish good, inventories they hold:

- Direct Materials (DM) – initial materials
- Work In Progress (WIP) – partially completed goods
- Finished Goods (FG) – Fully completed goods

Theoretical Class Recap (or not)

Relevant formulas:

Manufacturing costs = Direct Materials (DM) + Direct Labour (DL) + Manufacturing Overheads (MOH)

.....● Prime Costs = DM + DL; Conversion Costs = DL + MOH

Consumption of Raw Materials = Purchases – Δ stocks of Raw Materials

.....● Δ refers to the change in something, hence it will always be closing-opening

Costs of Goods Manufactured (COGM) = Manufacturing Costs – Δ WIP stocks

Costs of Goods Sold (COGS) = COGM – Δ FG stocks

Sales = Production – Δ FG stocks

Theoretical Class Recap (or not)

P&L Statements

P&L by Function

(+) 1. Sales

(-) 2. Cost of Goods Sold (COGS)

(=) 3. Gross Profit

(-) 4. Selling, General & Administrative Costs
(SG&A)

(=) 5. Operating Profit

(-) 6. Financial Costs

(+) 7. Financial Revenues

(=) 8. Profit Before Taxes (PBT) /EBT

P&L Financial Accounting

(+) 1. Sales

(+) 2. Δ Inventories

(=) 3. Operating Revenue

(-) 4. Cost of Merchandise Sold & Materials
Used (CMSMU)

(-) 5. Miscellaneous Costs

(-) 6. Personnel Costs

(=) 7. EBITDA

(-) 8. Depreciation Costs

(=) 9. EBIT

(-) 10. Financial Costs

(+) 11. Financial Revenues

(=) 12. Profit Before Taxes

Key takeaways from exercise

DIFFERENCES IN Π – FIFO VS WAC VS LIFO

P&L by Function

-● Difference is explained in COGS

P&L by FA

-● Difference is explained in Δ inventory and C.M.S.M.U

VALUATION IMPACT

Direct Materials Valuation

-● Will appear in C.M.S.M.U in P&L by FA and in COGS in P&L by function

Finished Goods Valuation

-● Will appear in Δ Inventories P&L by FA and in COGS in P&L by function

Key takeaways from exercise

Differences in π – FIFO vs WAC vs LIFO

If $\text{COGM/un of FGop} < \text{COGM/un of units produced}$

.....● $\text{COGS}_{\text{FIFO}} < \text{COGS}_{\text{WAC}} < \text{COGS}_{\text{LIFO}}$
 $\Pi_{\text{FIFO}} > \Pi_{\text{WAC}} > \Pi_{\text{LIFO}}$
 $\text{FG}_{\text{FIFO}} > \text{FG}_{\text{WAC}} > \text{FG}_{\text{LIFO}}$

If $\text{COGM/un of FGop} > \text{COGM/un of units produced}$

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