

COST ACCOUNTING I

COURSE OUTLINE

November, 2019

Course Number:	ACC 2311
Semester Hours:	Three (3)
Prerequisites:	ACC 1201 Principles of Accounting 2
Class Capacity:	Thirty four (34)
Type of Course:	Major requirement

I. Course Description

This course introduces students to cost accounting concepts and procedures. An effective cost accounting system provides information that can impact operational and financial performances of an entity. Students will learn how cost accounting information is developed and used for various purposes in different types of business entities.

We will examine the role that cost accounting plays in measuring, analyzing and reporting information that relates to the cost of obtaining and using an entity's resources. Students will learn ways of assigning various costs such as direct costs, indirect costs, fixed costs, variable costs, inventorial cost and period costs.

II. Learning Objectives

Upon completion of this course and with the minimum required passing grade on assignments and examinations, students will acquire the knowledge and skills to:

1. Distinguish between financial accounting and cost management
 2. Describe a cost management information system
 3. Identify and calculate various types of costs such as direct, indirect, total, variable, mixed and fixed costs
 4. Determine the costs of producing a product or providing a service using job costing, activity-based costing and process costing
 5. Allocate support department costs to operating departments and allocate costs to joint products and byproducts
 6. Recognize and solve ethical issues in accounting and business
 7. Prepare financial statements for a manufacturing entity
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III. Course Content:

- A. Introduction to Cost Management
 - a. Explain how cost management differs from financial management
 - b. Identify factors affecting cost management
 - c. Describe the role of management accountants within an entity
 - d. Identify the forms of certification available to accountants
 - e. Professional ethics
- B. Basic Cost Management Concepts
 - a. Describe a cost management information system
 - b. Explain the process of assigning costs to products and services
 - c. Differentiate between production costs and nonproduction costs
 - d. Prepare financial statements for a manufacturing entity
 - e. Determine the difference between traditional and activity-based cost management systems
- C. Determine How Costs Behave
 - a. Describe fixed, variable and mixed costs
 - b. Use various methods to separate mixed costs into their fixed and variable components
 - c. Apply various methods of cost estimation
 - d. Outline the steps in estimating a cost function using quantitative analysis.
 - e. Discuss the impact of the learning curve on cost behavior

- D. Activity-based costing
 - a. Describe the basics of plantwide and departmental overhead costings
 - b. Costs products and services using activity-based-costing
 - c. Compare activity-based costing and department costing systems
 - d. Explain how activity-based costing can be simplified.

- E. Job-Order Costing
 - a. Identify the source documents used in job-order costing
 - b. Track the flow of costs in a job-costing system
 - c. Determine how spoiled units are accounted for in a job-order costing system
 - d. Explain how activity-based costing is applied to job-order costing
 - e. Determine the relationship among cost accumulation, cost measurement and cost assignment

- F. Process Costing
 - a. Understand the basic concepts of process costing and compute average unit costs
 - b. Describe the five steps of the production report
 - c. Prepare production reports using the weighted-average method and the first-in-first-out method of process costing.
 - d. Apply process-costing methods to situations with transferred-in costs
 - e. Describe the basic features of operation costing

- G. Cost Allocation
 - a. Determine the difference between support departments and producing departments
 - b. Allocate cost using a single-rate and multiple rates
 - c. Use direct, sequential and reciprocal methods to allocate support center costs
 - d. Allocating joint product costs
 - e. Account for byproducts

- H. Activity-based costing and activity-based management
 - a. Explain how broad averaging undercosts and overcosts products or services
 - b. Distinguish between simple and activity-based costing
 - c. Costs products and services using activity-based-costing
 - d. Compare activity-based costing and department costing systems
 - e. Describe a four-part cost hierarchy

III. Methods of Instruction:

- A. Lectures
- B. Problem Solving
- C. Additional Reading
- D. PowerPoint Presentations
- E. Analysis and discussion of ethical issues
- F. Rubrics
- G. Online Learning

IV. Assessment of Student Learning:

- A. Homework Assignments
- B. Quizzes
- C. Examinations
- D. Class discussion and participation
- E. Rubrics
- F. Projects

V. Recommended Textbook:

Hansen and Mowen, Cornerstones of Cost Management, 4th Edition, Cengage Learning' 2017

VI. Further Reading and Resources:

A. Books and Publications

- i. Horngren, Datar and Rajan, Cost Accounting a Managerial Emphasis, 16th Edition, Pearson, 2016.
- ii. Lanen, Anderson and Maher, Fundamentals of Cost Accounting . 5th Edition, McGraw Hill, 2017.
- iii. Weygandt, Kimmel, & Kieso. Managerial Accounting, Tools for Business Decision Making, Seventh Edition, John Wiley & Sons, Inc. 2015.
- iv. Blocher, Stout, Juras and Cokins, Cost Management: A Strategic Emphasis, Seventh Edition, McGraw Hill, 2016.
- v. Strategic Finance, IMA
- vi. Journal of Accountancy, AICPA.
- vii. Bloomberg Businessweek, Bloomberg

B. Online Resources

<http://www.imanet.org>

<http://www.cengage.com>

<http://www.aicpa.org>

<http://www.accountantsworld.com>

<http://www.njscpa.org>