ACCT 2861 Cost Accounting I

Course Outcome Summary

Course Information

Description
This course covers manufacturing accounting concepts. Cost concepts and behaviors will be analyzed while job order costing, process costing, accounting for materials, direct labor, and factory overhead will be covered.

Total Credits 4
Total Hours 64

Types of Instruction

Instruction Type Credits/Hours
Classroom Presentation

Pre/Corequisites

ACCT1810 and ACCT1811

Institutional Core Competencies

Critical and Creative Thinking - Students will be able to demonstrate purposeful thinking with the goal of using a creative process for developing and building upon ideas and/or the goal of using a critical process for the analyzing and evaluating of ideas.

Course Competencies

1. Contrast Financial, Managerial, and Cost Accounting concepts in a National and Global environment

Learning Objectives
- Explain the relationships between financial, managerial and cost accounting
- List the sources of authoritative pronouncements for the practice of cost accounting
- List the sources of ethical standards for cost accountants
- Define a mission statement
- Explain why a mission statement is important to organizational strategy
- Define a value chain and list the major value chain functions
- Explain how a balanced scorecard is used to implement an organization's strategy
- Explain why ethical behavior is important in an organization

2. Differentiate cost terms and cost behaviors in manufacturing or service industries

Learning Objectives
Explain why costs are associated with a cost object
List assumptions accountants make about cost behavior and why they are necessary
Explain how costs are classified on the financial statements and why they are useful
Explain how the conversion process occurs in manufacturing and service companies
List the product cost categories and the items contained in each
Describe how cost of goods manufactured is calculated and used in preparing an income statement

3. **Demonstrate the application of overhead costs to products/services**

   **Learning Objectives**
   - Describe how overhead costs are allocated to products and services
   - Explain the causes of under-applied and over-applied overhead and how it is treated at the end of a reporting period
   - Contrast the impact different capacity measures have on setting predetermined overhead rates
   - Summarize how the high-low method and least squares regression analysis are used in analyzing mixed costs
   - Explain how managers use flexible budgets to set predetermined overhead rates
   - Differentiate between absorption and variable costing methods
   - Describe the affect changes in sales or production levels have on net income computed under absorption and variable costing

4. **Demonstrate an understanding of activity-based management and activity-based costing**

   **Learning Objectives**
   - Define value-added and non-value-added activities
   - Describe the effects value-added and non-value-added activities have on manufacturing cycle efficiency
   - Explain why cost drivers must be designated in an activity-based costing system
   - Summarize how costs are computed using an activity-based costing system
   - Characterize how information generated from an activity-based management or activity-based costing system can be used by management
   - Describe the conditions in which activity-based costing is useful in an organization

5. **Summarize job order costing**

   **Learning Objectives**
   - Explain the differences between job order and process costing systems and their related valuation methods
   - List the primary documents supporting a job order costing system and the purposes served by each of them
   - Illustrate the journal entries used to accumulate costs in a job order costing system
   - Describe how costs flow in a job order costing system
   - Explain how standard costs are used in an job order costing system
   - Identify how information from a job order costing system supports management decision making
   - Outline how losses are treated in a job order costing system

6. **Summarize process costing**

   **Learning Objectives**
   - Contrast process costing and job order costing
   - Explain why equivalent units of production are used in process costing
   - Illustrate equivalent units of production, unit costs, and inventory values using the weighted average method of process costing
   - Illustrate equivalent units of production, unit costs, and inventory values using the FIFO method of process costing
   - Illustrate equivalent units of production, unit costs, and inventory values using the standard costing method of process costing
   - Explain why a company would use a hybrid costing system
   - Describe how normal and abnormal spoilage losses are treated in an EUP schedule

7. **Illustrate standard costing and variance analysis**

   **Learning Objectives**
   - Describe how standards for material, labor, and overhead are set
   - List the documents associated with standard cost systems and what information these documents provide
   - Illustrate how material, labor, and overhead variances are calculated and recorded
   - Explain why standard cost systems are used
   - Discuss the changes that have occurred in the setting and use of standards
   - Contrast standard costing if a single conversion element is used versus the traditional labor and overhead
Determine the effects on variances by multiple material and labor categories

8. **Compile a master budget**

**Learning Objectives**
- Discuss how strategic planning is related to budgeting
- Explain what is the starting point for a master budget and why
- List the various components of a master budget and how they are prepared
- Interpret the importance of the cash budget in the master budgeting process
- Determine how and why the budgeted financial statements are prepared at the end of the budgeting process
- Classify the benefits provided by a budget

9. **Analyze break-even points and cost-volume-profit data**

**Learning Objectives**
- Differentiate between variable costing and absorption costing in determining the break-even point and analyzing cost-volume-profit data
- Determine the break-even points using the formula approach, the graphing approach, and the income statement approach
- Explain how companies use CVP analysis information in decision making
- Contrast break-even and CVP analysis with single-product versus multi-product firms
- Discuss how margin of safety and operating leverage concepts are used in business
- List the underlying assumptions of CVP analysis

10. **Illustrate the allocation of joint costs and the accounting for by-products/scrap**

**Learning Objectives**
- Classify the outputs of a joint process
- Discuss the management decisions that must be made before beginning a joint process
- Illustrate how joint costs of production are allocated to joint products
- Analyze the accounting for by-products and scrap
- Expand the allocation and accounting of joint costs to not-for-profit organizations

**SCC Accessibility Statement**

South Central College strives to make all learning experiences as accessible as possible. If you have a disability and need accommodations for access to this class, contact the Academic Support Center to request and discuss accommodations. North Mankato: Room B-132, (507) 389-7222; Faribault: Room A-116, (507) 332-7222.

Additional information and forms can be found at: [www.southcentral.edu/disability](http://www.southcentral.edu/disability)

This material can be made available in alternative formats by contacting the Academic Support Center at 507-389-7222.