



South Central College

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

elements

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

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Additional information and forms can be found at: www.southcentral.edu/disability

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