Outline of Instruction

Division: Business  Area: Accounting
Course Number: ACCTG 252  Course Name: Cost Accounting
Prerequisite: ACCTG 152
Corequisite: None
Hours Required: Class: 60  Lab:  Credits: 4

Course Description/Purpose

This course is an introductory course designed to provide practical knowledge of cost accounting systems and procedures. The course begins with an overview of the nature and purpose of cost accounting and follows with the basic concept that cost flow matches work flow. The major areas of cost accounting are covered including job order cost accounting, process cost accounting, budgeting, standard costs, direct costing, and non-manufacturing costs.

Major Units

• Job order cost accounting
• Process cost accounting
• Activity-based costing
• Budgeting
• Standard costs
• Variances
• Cost allocation

Educational/Course Outcomes

Student learning will be assessed by a variety of methods, including, but not limited to, quizzes and tests, journals, essays, papers, projects, laboratory/clinical exercises and examinations, presentations, simulations, portfolios, homework assignments, and instructor observations.

Cognitive Each student will be expected to Identify/Recognize...

• The difference between cost accounting and financial accounting
• The professional certifications available for cost accountants
• The ethical practices in business
• The concepts of cost, just-in-time, TQM, value-added activities, push/pull systems, life-cycle costing, target costing, goal congruence, zero defects, and activity based management
• The different uses of cost accounting for retail, service, and manufacturing organizations
• The components of production, marketing, and administration costs
• The elements of direct materials, direct labor, and factory overhead
• The concepts of cost behavior patterns
• The elements of fixed and variable costs, unit versus total costs, and relevant ranges
• The criteria in selecting appropriate plant capacity and cost drivers
• The concept of plant capacity, theoretical capacity, practical capacity, and normal capacity
• The effect capacity has on unit fixed costs
• The elements of direct and indirect costs
• The concept of applied and actual overhead
• The elements of spending and volume variances
• The elements of value-added and non-value added activities
• The elements of ABC (Activity Based Accounting)
• The manufacturing characteristics that help determine whether a job order, process, or operation costing assignment is most appropriate
• The source documents for the job order cost sheet
• The concept of cost-volume-profit relationships
Performance Each student will be expected to Demonstrate/Practice...

- The flow of manufacturing costs through materials, work-in-process, and finished goods inventory accounts as reflected in the cost of goods manufactured and sold statements
- The calculation of prime and conversion costs
- The application and journal entries of factory overhead
- The disposition of under- or over-applied overhead
- The flow of costs through factory supplies, direct materials, work-in-process, and finished goods
- The preparation of a Cost of Goods Manufactured Statement using applied overhead and using actual overhead
- The preparation of a manufacturer’s Statement of Income
- The calculation of volume-related application bases using machine hours, direct material costs, units of production, direct labor costs, and direct labor hours
- The use of cost estimation methods to separate costs into fixed and variable components
- The calculation of cost estimating functions for determining budgeting costs to compare with actual costs
- The allocation of service department overhead to producing departments to determine overhead application rates
- The calculation of overhead variances for a normal costing system with over- or under-applied overhead
- Assigning costs using activity-based costing with volume and non-volume related cost drivers
- Applying material acquisition and handling costs
- Journalizing basic entries associated with job order and process cost accounting systems
- Preparing departmental cost of production reports using weighted-average and FIFO costing
- Preparing budgets in the master budget plan
- Preparing cash budgets
- Analyzing and recording material and labor variances for a job order or process costing system
- Analyzing and recording standard costs and factory overhead variances using the two-variance, three-variance, and four variance methods
- Computing and using breakeven analysis
- Computing and using cost-volume-profit analysis
- Written communication skills