

ACCT-2340: COST ACCOUNTING

Cuyahoga Community College

Viewing: ACCT-2340 : Cost Accounting

Board of Trustees:

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Academic Term:

Fall 2022

Subject Code

ACCT - Accounting

Course Number:

2340

Title:

Cost Accounting

Catalog Description:

Theory and practice of cost accounting as applied to management of manufacturing, retail, and service industries. Emphasis on advanced terminology, job and process costing schedules, budgeting and variances, joint costing, pricing decisions, and capital budgeting. Application of Cost-Volume-Profit (CVP) models, the Just-in-time (JIT), Sustainability, data analytics, and other analytical tools used by management in the decision-making process.

Credit Hour(s):

4

Lecture Hour(s):

4

Lab Hour(s):

0

Other Hour(s):

0

Requisites

Prerequisite and Corequisite

ACCT-1341 Managerial Accounting, or departmental approval: equivalent coursework or experience.

Outcomes

Course Outcome(s):

Apply knowledge of advanced cost accounting vocabulary and the purposes of that vocabulary.

Essential Learning Outcome Mapping:

Quantitative Reasoning: Analyze problems, including real-world scenarios, through the application of mathematical and numerical concepts and skills, including the interpretation of data, tables, charts, or graphs.

Objective(s):

1. Discern between costs that are inventoriable and non-inventoriable; fixed, variable, mixed; direct and indirect; economic costs; prime and conversion costs.
2. Establish a "tool box" of advanced and intermediate cost accounting terminology for use throughout the course.

Course Outcome(s):

Apply Cost-Volume-Profit (CVP) analysis to company data for predictive planning.

Essential Learning Outcome Mapping:

Quantitative Reasoning: Analyze problems, including real-world scenarios, through the application of mathematical and numerical concepts and skills, including the interpretation of data, tables, charts, or graphs.

Objective(s):

1. Solve for breakeven points, target income, contribution margin (CM) ratios.
2. Analyze how companies are managed and evaluated with these formulas using sensitivity analysis.
3. Apply CVP analysis to companies producing multiple product lines.
4. Critique the CVP assumptions and the limitations of this model.

Course Outcome(s):

Apply the DOL (degree of operating leverage) to income statements, analyzing the potential for incremental profitability.

Essential Learning Outcome Mapping:

Quantitative Reasoning: Analyze problems, including real-world scenarios, through the application of mathematical and numerical concepts and skills, including the interpretation of data, tables, charts, or graphs.

Objective(s):

1. Create the journal entries developing the job cost flow.
2. Prepare a schedule of cost of goods manufactured.
3. Construct the journal entries to close out MOH and discuss when each is used.
4. Construct journal entries relating to spoilage, scrap, and rework in a job costing system.
5. Determine appropriate pricing models by tracking the flow of costs through a job costing system.
6. Distinguish between job and process costing, and the kinds of industries that use each method.
7. Compute predetermined overhead rates using standard costing and discuss why companies use application rates.

Course Outcome(s):

Determine appropriate pricing models by tracking the flow of costs through a process costing system.

Essential Learning Outcome Mapping:

Quantitative Reasoning: Analyze problems, including real-world scenarios, through the application of mathematical and numerical concepts and skills, including the interpretation of data, tables, charts, or graphs.

Objective(s):

1. Build a weighted-average process-costing schedule, developing equivalent units (EQUs), unit costing, and cost assignment.
2. Build first-in, first out (FIFO) process costing schedule, developing EQUs, unit costing, and cost assignment.
3. Create the journal entries flowing from the schedules.
4. Discuss a hybrid-costing system that blends characteristics from both job costing and process costing.
5. Construct journal entries relating to spoilage, scrap, and rework in a process costing system.

Course Outcome(s):

Determine unit product cost under ABC (activity based costing) and evaluate the costs and benefits of implementing such a system.

Essential Learning Outcome Mapping:

Quantitative Reasoning: Analyze problems, including real-world scenarios, through the application of mathematical and numerical concepts and skills, including the interpretation of data, tables, charts, or graphs.

Objective(s):

1. Analyze the differences between traditional and ABC and discuss how ABC is applied to both job and process costing.
2. Assign costs to cost pools and cost objects using an allocation method.
3. Critique the use of ABC to avoid under- and over-pricing the product.

Course Outcome(s):

Create a master budget, flexible budgets, and how these budgets strengthen the management decision process using the variance model.

Essential Learning Outcome Mapping:

Quantitative Reasoning: Analyze problems, including real-world scenarios, through the application of mathematical and numerical concepts and skills, including the interpretation of data, tables, charts, or graphs.

Objective(s):

1. Analyze the advantages and disadvantages of different kinds of budgeting (e.g. participative, zero-based, perpetual).
2. Understand the components of a comprehensive or master budget and how those pieces fit together.
3. Apply standards to the budgeting process and develop variances measuring standards against actual results.
4. Develop a balanced scorecard and relate it to the company's strategy.
5. Examine benchmarking and how it is used in industry.
6. Prepare journal entries to record standard costs and variances.

Course Outcome(s):

Analyze inventory costing and capacity issues, including JIT (just-in-time) for purchasing and manufacturing.

Essential Learning Outcome Mapping:

Quantitative Reasoning: Analyze problems, including real-world scenarios, through the application of mathematical and numerical concepts and skills, including the interpretation of data, tables, charts, or graphs.

Objective(s):

1. Identify demand, ordering costs, carrying costs and integrate these concepts in the EOQ model.
2. Determine the need for safety stock in relationship to stockouts, and develop the necessary safety stock quantity numbers.
3. Develop a supply-chain approach to inventory management.
4. Evaluate MRP (materials requirement planning) systems in contrast to JIT systems.
5. Adapt backflushing to the cost flow.

Course Outcome(s):

Apply various capital budgeting techniques to decision-making for long-term budgeting.

Essential Learning Outcome Mapping:

Quantitative Reasoning: Analyze problems, including real-world scenarios, through the application of mathematical and numerical concepts and skills, including the interpretation of data, tables, charts, or graphs.

Objective(s):

1. Identify relevant cash inflows and outflows associated with capital budgeting.
2. Apply the traditional capital budgeting techniques to the decision-making process: NPV (net present value), IRR (internal rate of return), payback, and ARR (accountant's rate of return).
3. Discuss the strengths and weaknesses of each method and if there is any relationship between the methods.
4. Analyze the impact of income taxes in the capital budgeting decision.

Course Outcome(s):

Evaluate the impact of multinational requirements in our current business environment, exploring sustainability, economic nationalism, and data analytics in relationship to current accounting practices.

Essential Learning Outcome Mapping:

Critical/Creative Thinking: Analyze, evaluate, and synthesize information in order to consider problems/ideas and transform them in innovative or imaginative ways.

Quantitative Reasoning: Analyze problems, including real-world scenarios, through the application of mathematical and numerical concepts and skills, including the interpretation of data, tables, charts, or graphs.

Objective(s):

1. Explore the need for careful transfer pricing using the three methods: market, cost, or negotiated.
2. Evaluate the challenge when different divisions are located in different countries, e.g. customs, tariffs, duties, taxes.
3. Develop ways to account for performance in different countries, taking into account inflation and currency rate exchanges.

Methods of Evaluation:

1. Individual testing consisting of one or more of the following:
 - a. multiple-choice questions
 - b. true / false questions
 - c. definitions
 - d. essays
 - e. brief problems
 - f. extended problems
2. Quizzes: individual or group
3. Written case studies:
 - a. current research
 - b. extended textbook cases

Course Content Outline:

1. Advanced cost accounting terminology
 - a. Inventoriable & non-inventoriable costs
 - b. Prime & conversion costs
 - c. Fixed, mixed, and variable costs
 - d. Direct & indirect costs
 - e. Economic costs
 - f. Strategic cost management
2. Cost/volume/profit analysis
 - a. Breakeven points
 - b. Sensitivity analysis
 - c. CVP and multiple product lines
 - d. Degree of operating leverage
3. Job Order Costing
 - a. Pre-determined overhead
 - b. Job cost flow
 - c. Schedule of cost of goods manufactured
 - d. Over-under allocated overhead
 - e. Job order journal entries
4. Process costing system
 - a. Weighted average process costing schedule
 - b. FIFO process costing schedule
 - c. Spoilage, scrap, rework
 - d. Process costing journal entries
5. Activity based costing (ABC)
 - a. Assign costs to cost pools
 - b. Rates for cost pools
 - c. Product and customer margins
 - d. Unit costs using ABC for external reports
6. Profit planning: budgets
 - a. Hierarchy of budgets
 - b. Advantages/disadvantages of budgeting
 - c. Materials, labor, and OH variance analysis
 - d. Benchmarking
 - e. Balanced score card
7. Inventory management
 - a. EOQ Model
 - b. Safety stock/stockouts
 - c. Materials requirement planning (MRP)
 - d. Just-in-time
 - e. Backflushing
8. Capital budgeting
 - a. Techniques of capital budgeting
 - i. NPV
 - ii. IRR

- iii. Payback
- iv. Accounting rate of return
- b. Taxes and capital budgeting
- 9. International cost accounting topics
 - a. Transfer pricing
 - b. Tarriffs, duties, taxes
 - c. Currency exchange rates
 - d. Sustainability
 - e. Cost / Pricing Data Analytics

Resources

Srikant Datar and Madhav Rajar. *Hornegren's Cost Accounting: A Managerial Emphasis*. 17th. Pearson, 2021.

Don Hansen and Maryanne Mowen. *Cost Management*. 5th. Cengage, 2022.

Edward Blocher. *Cost Management: A Strategic Emphasis*. 9th. McGraw-Hill, 2022.

William Lanen. *Fundamentals of Cost Accounting*. 6th. McGraw-Hill, 2019.

Resources Other

1. Spreadsheet software

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