

# ACC215 Cost Accounting

## **Course Information**

<b>Organization</b>	Mercer County Community College
<b>Credits</b>	3
<b>Contact Hours</b>	4

## **Description**

A study of the accounting practices used for and the control of material, labor, and overhead costs. Job-order, process cost and standard cost systems will be studied. Manufacturing and service firms will be covered.

## **Course Competencies/Goals:**

- A. Describe the cost concepts, cost behaviors, and cost accounting techniques that are applied to manufacturing and service businesses.
- B. Apply cost concepts and cost behaviors in the solving of management decision.
- C. Determine the costs of products and services.
- D. Analyze the profitability of a product or service.
- E. Discuss the various techniques available to measure managerial performance and to motivate employees toward organizational goals.

## **General Education Knowledge Goals:**

- Goal 1: Communications. Students will communicate effectively in both speech and writing.
- Goal 2: Mathematics. Students will use appropriate mathematical and statistical concepts and operations to interpret data and to solve problems.
- Goal 9: Ethical Reasoning and Action. Students will understand ethical issues and situations.

## **MCCC: Core Skills:**

- Goal A: Written and Oral Communications in English. Students will communicate effectively in speech and writing, and demonstrate proficiency in reading.
- Goal B: Critical Thinking and Problem-solving. Students will use critical thinking and problem solving skills in analyzing information.
- Goal C: Ethical Decision-making. Students will recognize, analyze and assess ethical issues and situations.
- Goal F: Collaboration and Cooperation. Students will develop the interpersonal skills required for effective performance in group situations.

## **Units of Study in Detail**

## **Competencies**

- 1. **Describe the characteristics and elements of cost accounting**
  - Learning Objectives**
    - a. Define the users of accounting data.(Course Competencies A; General Education Goal 1; MCCC Core A)

- b. Describe the relationship of cost accounting to financial accounting. (Course Competencies A; General Education Goal 1; MCCC Core A)
- c. Explain the elements that make up manufacturing costs. (Course Competencies A; General Education Goal 1; MCCC Core A)
- d. Describe the basic cost accounting systems. (Course Competencies A; General Education Goal 1; MCCC Core A)
- e. Discuss the need for professional ethics in the performance of management accounting. (Course Competencies A; General Education Goal 1; MCCC Core A)

2. **Discuss the accounting for materials in a cost accounting system**

**Learning Objectives**

- a. Describe materials control and material control procedures. (Course Competencies A; General Education Goal 1; MCCC Core A)
- b. Apply accounting principles to the accounting for materials. (Course Competencies A, B; General Education Goal 1, 2; MCCC Core A, B)
- c. Define what is meant by scrap, spoiled goods, and defective work. (Course Competencies A, General Education Goal 1, MCCC Core A)
- d. Describe just-in-time materials control. (Course Competencies A, General Education Goal 1, MCCC Core A)

3. **Analyze the costs of labor in a cost accounting system**

**Learning Objectives**

- a. Describe the nature of and purposes of wages plans. (Course Competencies A; General Education Goal 1; MCCC Core A)
- b. Explain the procedures used to control labor cost. (Course Competencies A; General Education Goal 1; MCCC Core A)
- c. Apply accounting principles to the accounting for labor. (Course Competencies A, B; General Education Goal 1, 2; MCCC Core A, B)
- d. Discuss the need for and the procedure for payroll accrual. (Course Competencies A, B; General Education Goal 1, 2; MCCC Core A, B)
- e. Describe the special labor cost problems that exist and how accounting can help to solve them. (Course Competencies A, B; General Education Goal 1, 2; MCCC Core A, B)

4. **Define and describe the effects of overhead on product/service costs**

**Learning Objectives**

- a. Identify cost behavior patterns. (Course Competencies A, B; General Education Goal 1, 2; MCCC Core A, B)
- b. Analyze semi-variable factory overhead costs. (Course Competencies A, B; General Education Goal 1, 2; MCCC Core A, B)
- c. Prepare a budget of factory overhead costs. (Course Competencies A, B; General Education Goal 1, 2; MCCC Core A, B)
- d. Apply accounting rules to the accounting for actual factory overhead. (Course Competencies A, B; General Education Goal 1, 2; MCCC Core A, B)
- e. Distribute service department costs. (Course Competencies A, B; General Education Goal 1, 2; MCCC Core A, B)
- f. Apply factory overhead to production. (Course Competencies A, B; General Education Goal 1, 2; MCCC Core A, B)
- g. Apply accounting rules for actual and applied factory overhead. (Course Competencies A,

B; General Education Goal 1, 2; MCCC Core A, B)

5. **Describe the general procedures used in a process cost accounting system**

**Learning Objectives**

- a. Discuss the basic cost accounting systems. (Course Competencies A, B, C; General Education Goal 1, 2; MCCC Core A, B)
- b. Apply accounting rules to a process cost system. (Course Competencies A, B, C; General Education Goal 1, 2; MCCC Core A, B)
- c. Define the purpose of Work in Process inventories. (Course Competencies A, B, C; General Education Goal 1, 2; MCCC Core A, B)
- d. Prepare cost of production summaries. (Course Competencies A, B, C; General Education Goal 1, 2; MCCC Core A, B)
- e. Discuss the process to apply changes to a prior's department's unit transfer costs. (Course Competencies A, B, C; General Education Goal 1, 2; MCCC Core A, B)

6. **Explain how joint products and by-products influence a process cost accounting system**

**Learning Objectives**

- a. Explain how equivalent production is calculated. (Course Competencies A, B, C; General Education Goal 1, 2; MCCC Core A, B)
- b. Apply the accounting for units lost and gained in production. (Course Competencies A, B, C; General Education Goal 1, 2; MCCC Core A, B)
- c. Discuss the accounting for joint products and by-products. (Course Competencies A, B, C; General Education Goal 1, 2; MCCC Core A, B)

7. **Discuss the principles and calculation involved in budgeting**

**Learning Objectives**

- a. Discuss the principles of budgeting. (Course Competencies A, B, C, D; General Education Goal 1, 2; MCCC Core A, B)
- b. Prepare a master budget. (Course Competencies A, B, C, D; General Education Goal 1, 2; MCCC Core A, B)
- c. Prepare a flexible budget for factory overhead. (Course Competencies A, B, C, D; General Education Goal 1, 2; MCCC Core A, B)

8. **Define and calculate the analyses involved in a standard cost accounting system**

**Learning Objectives**

- a. Explain the types of standards. (Course Competencies A, B, C, D; General Education Goal 1, 2; MCCC Core A, B)
- b. Determine standard costs. (Course Competencies A, B, C, D; General Education Goal 1, 2; MCCC Core A, B)
- c. Calculate and account for variances. (Course Competencies A, B, C, D; General Education Goal 1, 2; MCCC Core A, B)
- d. Analyze variances. (Course Competencies A, B, C, D, E; General Education Goal 1, 2; MCCC Core A, B)

9. **Explain how cost accounting concepts are applied in a service organization**

**Learning Objectives**

- a. Apply Job Order costing to a service business. (Course Competencies A, B, C, D; General

Education Goal 1, 2; MCCC Core A, B)

b. Discuss budgeting procedures for a service business. (Course Competencies A, B, C, D; General Education Goal 1, 2; MCCC Core A, B)

c. Apply activity-based costing to a service business. (Course Competencies A, B, C, D; General Education Goal 1, 2; MCCC Core A, B)

d. Calculate allocations using simplified cost versus Activity-based costing. (Course Competencies A, B, C, D; General Education Goal 1, 2; MCCC Core A, B)

10. **Apply cost analysis concepts in managerial decision making**

**Learning Objectives**

a. Compare and contrast variable costing and absorption costing. (Course Competencies A, B, C, D; General Education Goal 1, 2, 9; MCCC Core A, B)

b. Discuss segment reporting for profitability analysis. (Course Competencies A, B, C, D; General Education Goal 1, 2, 9; MCCC Core A, B, C, F)

c. Describe cost-volume-profit reporting. (Course Competencies A, B, C, D; General Education Goal 1, 2, 9; MCCC Core A, B, C, F)

d. Calculate the contribution margin and the margin of safety. (Course Competencies A, B, C, D; General Education Goal 1, 2, 9; MCCC Core A, B, C, F)

e. Calculate the effect of income taxes on break-even and net income. (Course Competencies A, B, C, D; General Education Goal 1, 2, 9; MCCC Core A, B, C, F)

f. Describe and perform differential analysis. (Course Competencies A, B, C, D; General Education Goal 1, 2, 9; MCCC Core A, B, C, F)

## **Grading Information**

### **Grading Scale**

Tests 75% (Chapters 1 to 10)\*

Reaction Papers 15% (Course Competencies E; General Education Goal 1, 9; MCCC Core A, B, C)

Class Work 5%(Course Competencies E; General Education Goal 1, 9; MCCC Core A, B, C, F)

\*The instructor will announce during the first class meeting the number of tests and the chapters covered in each test.

### Reaction Papers:

Mercer County Community College libraries offer a wide selection of journal and research databases for your term papers, reports or essay topics. In many cases, it is possible to obtain entire articles which can be printed or e-mailed. If you have questions, please ask for reference assistance. If you are not in the library, please call 609-586-4800 ext. 3560.

Go to the online data bases at- [http://www.mccc.edu/student\\_library\\_online.shtml#bus](http://www.mccc.edu/student_library_online.shtml#bus), select an article that relates to a topic that we have studied. Write a two-page summary of this article. Include your reaction as part of your paper. The papers are due during the following classes: Week 5, 10, 14