

ACC215 Cost Accounting - Administration Outline

Course Information

Organization	Mercer County Community College
Credits	3
Contact Hours	3/1

Description

Examination of the accounting practices to record and control material, labor, and overhead costs. Study includes job-order, process cost and standard cost systems for manufacturing and service firms.

Prerequisite

ACC 112 with a minimum C grade

Revised: Spring 2021

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, 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

Reasonable Accommodations for Students with Documented Disabilities

Mercer County Community College is committed to supporting all students in their academic and co-curricular endeavors. Each semester, a significant number of students document disabilities, which may require learning, sight, hearing, manual, speech, or mobility accommodations to ensure access to academic and co-curricular activities. The college provides services and reasonable accommodations to all students who need and have a legal entitlement to such accommodations.

Academic Integrity

ACADEMIC INTEGRITY: Academic integrity refers to the total quality of the search for knowledge which a student undertakes. A student will be guilty of violating academic integrity if he/she:

- A. knowingly represents the work of others as his/her own.
- B. uses or obtains unauthorized assistance in the execution of an academic work
- C. gives fraudulent assistance to another student.

For any single violation of any of the College's policies on Academic Integrity in this course, the student will receive a zero for the assignment AND the final course grade will be lowered by one full letter grade (for example, a B would become a C). For a second violation, the student will fail the course. In all cases, the Chair of the Academic Integrity Committee will be notified of the violation and the penalty imposed. When two (or more) violations of academic integrity are reported on a student, the Academic Integrity Committee (AIC) may impose disciplinary penalties beyond those imposed in this course. The student shall have the right to a hearing before the AIC or a designated AIC subcommittee.