

ACCOUNTING 3300 COST ACCOUNTING

SYLLABUS SPRING 2010

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A. TEXT

Cost Accounting – 13th edition – Horgren, Datar, Foster, Rejan and Ittner – ISBN 978-063-612-6638

B. COURSE DESCRIPTION

Course covers the analysis of costs in a business organization for both internal and external use by management. Topics include: product costing, standard variances analysis, profit performance analysis, pricing, cost-volume-profit analysis, and budgeting. There are three lecture hours per week.

Prerequisite: ACCT 2020 and advanced standing in the business baccalaureate program.

Prerequisites: ACCT 2010, CIS 1200. 3 lecture hours per week.

C. COURSE OBJECTIVES

Chapter 1 – The Accountant's Role in the Organization

1. Describe how cost accounting supports management accounting and financial accounting.
2. Understand how management accountants affect strategic decisions. .
3. Describe the set of business functions in the value chain and identify the dimensions of performance that customers are expecting of companies.
4. Explain the five-step decision-making process and its role in management accounting.
5. Describe three guidelines management accountants follow in supporting managers.
6. Understand how management accounting fits into an organization's structure.
7. Understand what professional ethics mean to management accountants.

Chapter 2 – An Introduction To Cost Terms and Purposes

1. Define and illustrate a cost objective. .

2. Distinguish between direct costs and indirect costs.
3. Explain variable costs and fixed costs.
4. Interpret unit costs cautiously.
5. Distinguish among manufacturing companies merchandising companies, and service-sector companies.
6. Describe the three categories of inventories commonly found in manufacturing companies.
7. Distinguish inventoriable costs from period costs.
8. Explain why product costs are computed in different ways for different processes.
9. Describe a framework for cost accounting and cost management.

Chapter 3 – Cost-Volume-Profit Analysis

1. Explain the features of cost-volume-profit (CVP) analysis.
2. Determine the breakeven point and output level needed to achieve a target operating income.
3. Understand how income taxes affect CVP analysis.
4. Explain CVP analysis in decision making and how sensitivity analysis helps managers cope with uncertainty.
5. Use CVP analysis to plan variable and fixed costs.
6. Apply CVP analysis to a company producing multiple products.
7. Adapt CVP analysis to situations in which a product has more than one cost driver. LO1 – Distinguish between process costing and job-order costing and identify companies that would use each costing method.

Chapter 4 – Job Costing

1. Describe the building-block concepts of cost accounting.
2. Distinguish job costing from process costing.
3. Outline the seven-step approach to job costing.
4. Distinguish actual costing from normal costing.
5. Track the flow of costs in a job-costing system.
6. Dispose of under or over-allocated manufacturing overhead costs at the end of the fiscal year using alternative methods.
7. Apply variances from normal costing.

Chapter 17 – Process Costing

1. Identify the situations in which process-costing systems are appropriate.
2. Describe the five steps in process costing.
3. Calculate equivalent units and understand how to use them.
4. Use the weighted-average method of process costing.
5. Use the first-in, first-out (FIFO) method of process costing.
6. Incorporate standard costs into process-costing systems.
7. Apply process-costing methods to situations with transferred-in costs.

Chapter 18 – Spoilage, Rework, and Scrap

1. Distinguish among different types of spoilage, rework, and scrap.

2. Account for spoilage in process costing using the weighted average method.
3. Account for spoilage in process costing using the first-in, first-out (FIFO) method.
4. Account for spoilage in process costing using the standard-costing method.
5. Account for spoilage in job costing
6. Account for rework in job costing
7. Account for scrap.

Chapter 5 – Activity-Based Costing and Activity-Based Management

1. Explain how broad averaging undercosts and overcosts products or services.
2. Present three guidelines for refining a costing system.
3. Distinguish between simple and activity-based costing systems.
4. Describe a four-part cost hierarchy.
5. Cost products or services using activity-based costing.
6. Explain how activity-based costing systems are used in activity-based management.
7. Compare activity-based costing systems and department costing systems.
8. Evaluate the costs and benefits of implementing activity-based costing systems.

Chapter 6 – Master Budget and Responsibility Accounting

1. Describe the master budget and explain its benefits.
2. Describe the advantages of budgets.
3. Prepare the operating budget and its supporting schedules.
4. Use computer-based financial planning models in sensitivity analysis.
5. Explain kaizen budgeting and how it is used for cost management.
6. Describe responsibility centers and responsibility accounting.
7. Explain how controllability relates to responsibility accounting.
8. Recognize the human aspects of budgeting.

Chapter 7 – Flexible Budgets, Direct-Cost Variances, and Management Control

1. Distinguish a static budget from a flexible budget.
2. Develop flexible budgets and compute flexible-budget variances and sales-volume variances.
3. Explain why standard costs are often used in variance analysis.
4. Compute price variances and efficiency variances for direct-cost categories.
5. Understand how managers use variances.
6. Perform variances analysis in activity-based costing systems.
7. Describe benchmarking and explain its role in cost management.

Chapter 8 – Flexible Budgets, Overhead Cost Variances, and Management Control

1. Explain the similarities and differences in planning variable overhead costs and fixed overhead costs. LO! – Understand activity based costing and how it differs from a traditional costing system.
2. Develop budgeted variable overhead cost rates.

3. Compute the variable overhead flexible-budget variances, the variable overhead efficiency variance and the variable overhead spending variance.
4. Develop budgeted fixed overhead cost rates.
5. Compute the fixed overhead flexible-budget variances, the fixed overhead spending variance, and the fixed overhead production volume variance.
6. Show how the 4-variance analysis approach reconciles the actual overhead incurred with the overhead amounts allocated during the period.
7. Calculate overhead variances in activity-based costing..

Chapter 9 – Inventory Costing and Capacity Analysis

1. Identify what distinguishes variable costing from absorption costing.
2. Compute income under absorption costing and variable costing, and explain the differences in income.
3. Understand how absorption costing can provide undesirable incentives for managers to build up inventory.
4. Differentiate throughput costing from variable costing and absorption costing.
5. Describe the various capacity concepts that can be used in absorption costing.
6. Examine the key factors in choosing a capacity level to compute the budgeted fixed manufacturing cost rate.
7. Describe how attempts to recover fixed costs of capacity may lead to price increased and lower demand. LO1 – Understand why organizations budget and the process they use to create budgets.

Chapter 10 – Determining How Costs Behave

1. Explain the two assumptions frequently used in cost-behavior estimation.
2. Describe linear cost functions and three common ways in which they behave.
3. Understand various methods of cost estimation.
4. Outline six steps in estimating a cost function using quantitative analysis.
5. Describe three criteria used to evaluate and choose cost drivers.
6. Explain and give examples of nonlinear cost functions.
7. Distinguish the cumulative average-time learning model from the incremental unit-time learning model.
8. Be aware of data problems encountered in estimating cost functions.

Chapter 11 – Decision Making and Relevant Information

1. Use the five-step decision-making process to make decisions.
2. Distinguish relevant from irrelevant information in decision situations.
3. Explain the opportunity-cost concept and why it is used in decision making.
4. Know how to choose which products to produce when there are capacity constraints.
5. Discuss factors managers must consider when adding or dropping customers or segments.
6. Explain why book value of equipment is irrelevant in equipment-replacement decisions.

7. Explain how conflicts can arise between the decision model used by a manager and the performance-evaluation model used to evaluate the manager.

Chapter 12 – Pricing Decisions and Cost Management

1. Discuss the three major influences on pricing decisions.
2. Distinguish short-run from long-run pricing decisions.
3. Price products using the target-costing approach.
4. Apply the concepts of cost incurrence and locked-in costs.
5. Price products using the cost-plus approach.
6. Use life-cycle budgeting and costing when making pricing decisions.
7. Describe two pricing practices in which noncost factors are important when setting prices.
8. Explain the effects of antitrust laws on pricing.

Chapter 13 – Strategy, Balanced Scorecard, and Strategic Profitability Analysis

1. Recognize which of two generic strategies a company is using.
2. Understand what comprises reengineering.
3. Describe the four perspectives of the balanced scorecard.
4. Analyze changes in operating income to evaluate strategy.
5. Distinguish engineered costs from discretionary costs.
6. Identify unused capacity and how to manage it.

D. CLASS HOURS

Accounting 3300 meets twice a week, Tuesday and Thursday, 7:30 AM to 8:50 AM in Udvar-Hazy Building Room 242. Class hours will be devoted to introductory lectures of new material, review of homework problems and chapter quizzes.

E. EXAMINATIONS AND QUIZES

Five examinations are given in Cost Accounting 3030. All exams will be taken in the Testing Center on the scheduled days. A chapter quiz will be administered in class at the end of each chapter. **Except under very unusual circumstances, no early or late quizzes and/or exams will be allowed!**

F. HOMEWORK

Homework is to be typed using a word processor or spreadsheet application. Homework will be randomly called for and points assigned. We will correct homework each class period so as to give instant feedback. Preparation and review of homework will be most beneficial as students prepare for quizzes.

G. GRADING

Grading is not on a curve. Your grade will be based on the percentage of total points earned.

1. EXAMS	73%
2. CHAPTER QUIZES	22%
3. HOMEWORK*	5%

A	93.0 – 100.0%	C	73.0 – 76.9%
A-	90.0 – 92.9%	C-	70.0 – 72.9%
B+	87.0 – 89.9%	D+	67.0 – 69.9%
B	83.0 – 86.9%	D	63.0 – 66.9%
B-	80.0 – 82.9%	D-	60.0 – 62.9%
C+	77.0 – 79.9%	F	Below 60%

*Homework will not be graded on its accuracy. It will be graded on the effort made. If you could do all the homework correctly, you would not need the course.

Jan 12, 2010	Chapter 1	
Jan 19, 2010	Chapter 2	
Jan 26, 2010	Chapter 3	Test 1
Feb 2, 2010	Chapter 4	
Feb 9, 2010	Chapter 17	
Feb 16, 2010	Chapter 18	Test 2
Feb 23, 2010	Chapter 5	
Mar 2, 2010	Spring Break	
Mar 9, 2010	Chapter 6	
Mar 16, 2010	Chapter 7	Test 3
Mar 23, 2010	Chapter 8	
Mar 30, 2010	Chapter 9	
Apr 6, 2010	Chapter 10	Test 4
Apr 13, 2010	Chapter 11	
Apr 20, 2010	Chapter 12	
Apr 27, 2010	Chapter 13	
May 4, 2010	Final Exam	Test 5

Please note: If you are a student with a medical, psychological or a learning difference and requesting reasonable academic accommodations due to the disability, you must provide an official request of accommodations to your Professor for the Disability Resource Center within the first two weeks of the beginning of classes. Students are to contact the center on the main campus to

follow through with, and receive assistance in the documentation process to determine appropriate accommodations related to their disability. You may call 652-7516 for an appointment and further information regarding the American with Disabilities Act (ADA) of 1990 per Section 504 of the Rehabilitation Act of 1973.

DMAIL Statement

Important class and college information will be sent to your Dmail email account. This information includes your DSC bill, financial aid/scholarship notices, notification of dropped classes, reminders of important dates and events, and other information critical to your success in this class and DSC. All DSC students are automatically assigned a Dmail account. If you don't know your user name and password, go to www.dixie.edu choose MyDSC & Logins and then Login to Student-Mail, and follow the instructions. You will be held responsible for information sent to your Dmail email. So please check it often.