

**STATE UNIVERSITY OF NEW YORK
COLLEGE OF TECHNOLOGY
CANTON, NEW YORK**



MASTER SYLLABUS

ACCT 306 – COST ACCOUNTING

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**SCHOOL OF BUSINESS & LIBERAL ARTS
BUSINESS DEPARTMENT
MAY 2019**

- A. **TITLE:** Cost Accounting
- B. **COURSE NUMBER:** ACCT 306
- C. **CREDIT HOURS:** Three
- D. **WRITING INTENSIVE COURSE:** No
- E. **GER CATEGORY:** None
- F. **SEMESTER(S) OFFERED:** Fall

G. **COURSE DESCRIPTION:**

This course is designed to build upon the foundation students learned in Managerial Accounting thereby offering an advanced examination of cost classification and behavior (and their resulting effects on the financial statements), quantitative and qualitative decision-making acumen, and reporting cost accounting information to internal users of an organization. The student will learn the responsibilities of a cost accountant and distinguish those of a financial and a managerial accountant. Emphasis is placed on cost models (e.g. job-order, process costing, activity based costing, just-in-time), preparing budgets, and analyzing variances to standards as essential tools to formulating and achieving management goals and objectives in both manufacturing and service enterprises.

H. **PRE-REQUISITES/CO-REQUISITES:**

- a. Pre-requisite: ACCT 102 & CITA 110, or permission of instructor
- b. Co-requisite(s): None

I. **STUDENT LEARNING OUTCOMES:**

<u>Course Student Learning Outcome [SLO]</u>	<u>PSLO</u>	<u>GER</u>	<u>ISLO</u>
Examine the role of financial, managerial, and cost accounting in the business environment	Effectively communicate orally and in writing, using appropriate accounting terminology	None	1 - W
Interpret cost behavior of variable, fixed, and mixed costs	Properly use accounting principles and practices in accordance to GAAP.	None	5
Calculate cost-volume-profit relationships and differential analysis, apply what-if scenarios and substantiate the results	Apply critical thinking and problem solving skills to contemporary business issues	None	3 – IM & QTR 5
Allocate factory overhead to production costs through various cost models and explain the effects on the balance sheet and income statement	Develop and analyze financial statements	None	3 – IM & QTR 5
Design and prepare a (1) master budget, (2) flexible budget (3) standard budget	Effectively communicate orally and in writing, using appropriate accounting terminology	None	1 - W
Utilize knowledge of product and service costs in setting prices, bidding on contracts, and analyzing the relative profitability of various products and services.	Apply critical thinking and problem solving skills to contemporary business issues	None	5

KEY	<u>Institutional Student Learning Outcomes [ISLO 1 – 5]</u>
ISLO #	ISLO & Subsets
1	Communication Skills Oral [O], Written [W]
2	Critical Thinking <i>Critical Analysis [CA], Inquiry & Analysis [IA], Problem Solving [PS]</i>
3	Foundational Skills <i>Information Management [IM], Quantitative Lit./Reasoning [QTR]</i>
4	Social Responsibility <i>Ethical Reasoning [ER], Global Learning [GL], Intercultural Knowledge [IK], Teamwork [T]</i>
5	Industry, Professional, Discipline Specific Knowledge and Skills

J. **APPLIED LEARNING COMPONENT:** Yes X No

K. **TEXTS:** *Cornerstones of Cost Management*, 2018, Hansen/Mown, 4th edition Cengage Learning.

L. **REFERENCES:**

www.aaahq.org American Accounting Association
www.imanet.org Institute of Management Accountants
www.nyscpa.org New York State Society of Certified Public Accountants.
www.aicpa.org American Institute of Certified Public Accountants

M. **EQUIPMENT:** Technology enhanced classroom

N. **GRADING METHOD:** A - F

O. **SUGGESTED MEASUREMENT CRITERIA/METHODS:**

- Exams
- Quizzes
- Papers
- Assignments
- Participation
- And as determined by Instructor

P. **DETAILED COURSE OUTLINE:**

I. INTRODUCTION TO COST ACCOUNTING

- A. The Need for Cost Accounting
- B. The Manufacturing Process
- C. Determining Product Costs
 1. Determine the Selling Price of a Product
 2. Meeting Competition
 3. Bidding on Contracts
 4. Analyzing Profitability
- D. Planning and Control

1. Assigning Responsibility
2. Periodically Measuring and Comparing Results
3. Taking Necessary Corrective Action
- E. Relationship of Cost Accounting to Financial Accounting
- F. The Manufacturer vs. the Merchandiser
- G. Manufacturing Costs
 1. Direct Materials
 2. Direct Labor
 3. Factory Overhead
- H. Flow of Costs
- I. Cost Accounting Systems
 1. Process Costing
 2. Job Order Costing
 3. Standard Costing

I. ACCOUNTING FOR MATERIALS

- A. Cost Control System
- B. Physical Control of Materials
- C. Controlling the Investment in Materials
- D. Materials Control Personnel
- E. Control During Procurement
 1. Purchase Requisition
 2. Purchase Order
 3. Vendor's Invoice
 4. Receiving Report
 5. Debit/Credit Memorandum
- F. Control During Storage and Issuance
 1. Materials Requisition
 2. Returned Materials Report
- G. Materials Accounting
- H. Determining the Cost of Materials Issued
 1. FIFO
 2. LIFO
 3. Moving Average
- I. Accounting Procedures
- J. Accounting for Scrap
- K. Accounting for Spoiled and Defective Work
- L. JIT Materials Control

II. ACCOUNTING FOR LABOR

- A. Direct Labor
- B. Indirect Labor
- C. Procedures for Recording Payroll Costs
- D. Wage plans
 1. Hourly-Rate Plan
 2. Piece-Rate Plan
 3. Modified Wage Plan
- E. Payroll Department
 1. Time Cards and Time Sheets
 2. Recordation of Salaries and Wages
 4. Recordation of Employee/Employer Payroll Taxes
 5. Payroll Accruals
 6. Special Labor Costs
 - a. Shift Premiums
 - b. Employee Pension Costs

- c. Bonuses
- d. Vacation and Holiday Pay

III. ACCOUNTING FOR FACTORY OVERHEAD

- A. Factory Overhead
 - 1. Identify cost behavior problems
 - 2. Budgeting Factory Overhead
 - 3. Accumulating Actual Overhead Costs
 - 4. Applying Factory Overhead Estimates
 - 5. Calculating and Analyzing Variances Between Actual and Applied Factory Overhead
- B. Cost Behavior Patterns
 - 1. Variable Costs
 - 2. Fixed Costs
 - 3. Mixed Costs
- C. Techniques for Analyzing Mixed Costs
 - 1. Observation Method
 - 2. High-Low Method
 - 3. Least Squares regression Method
- D. Budgeting Factory Overhead Costs
- E. Accounting for Factory Overhead
- F. Fixed Overhead Costs
- G. Distributing Service Department Expenses
 - 1. Direct Distribution Method
 - 2. Sequential Distribution or Step Down Method
 - 3. Algebraic Distribution Method
- H. Estimating Overhead
- I. Accounting for Actual and Applied Overhead

IV. PROCESS COST ACCOUNTING

- A. Job Order Versus Process Costing
- B. Charging Costs to Departments in a Process Cost System
- C. Product Cost in a Process Cost System
- D. Costing Inventories
- E. Cost of Production Summary
 - 1. Total Costs to be Accounted For
 - 2. Unit Output for the Period
 - 3. Unit Cost for the Period
 - 4. Assigning Inventory Costs
 - a. Work in Process Inventory
 - b. Finished Goods
- F. Multi-Department Operations
- G. Finished Goods Not Transferred
- H. Equivalent Units
 - 1. Materials Added at the Beginning of Processing
 - 2. Materials Added at the Close of Processing
 - 3. Materials Added at Different Stages

V. STANDARD COST ACCOUNTING

- A. Control of Costs
- B. Establishing Standard Costs
- C. Determining Standards – Material and Labor
- D. Recording Standard Costs
- E. Determining Variances
 - 1. Materials Price Variance
 - 2. Materials Quantity Variance
 - 3. Labor Rate Variance

- 4. Labor Efficiency Variance
- F. Accounting for Variances
- G. Disposition of the Variances
- H. Analysis of Variances
- I. Features of Standard Costing

VI. BUDGETING AND STANDARD COST ACCOUNTING FOR FACTORY OVERHEAD

- A. Process of Budgeting
- B. Preparing the Master Budget
- C. Flexible Budgeting
- D. Service Department Budgets and Variances
- E. Factory Overhead – Determining Standard Costs
- F. Variance Analysis

VII. COST ACCOUNTING FOR SERVICE BUSINESSES

- A. Characteristics of Service Businesses
- B. Job Order Costing for Service Businesses
- C. Job Cost Sheet for a Service Business
- D. Budgeting for Service Businesses
- E. Activity Based Costing in a Service Firm

VIII. COST ANALYSIS FOR MANAGEMENT DECISION MAKING

- A. Direct and Absorption Costing
 - 1. Comparison of Net Income Under Both Methods
- B. Direct Costing – Merits and Limitations
- C. Segment Profitability Analysis
- D. Cost-Volume-Profit Analysis
 - 1. Limitations of CVP Analysis
- E. Margin of Safety
- F. Differential Cost Analysis
- F. Make-or-Buy Decisions
- G. Distribution Costs

Q. **LABORATORY OUTLINE: none**