

# ACCT 205: COST ACCOUNTING

## Citrus College Course Outline of Record

Heading	Value
Effective Term:	Fall 2022
Credits:	3
Total Contact Hours:	54
Lecture Hours :	54
Lab Hours:	0
Hours Arranged:	0
Outside of Class Hours:	108
Prerequisite:	ACCT 102 or equivalent course.
Transferable to CSU:	Yes
Transferable to UC:	No
Grading Method:	Standard Letter, Pass/No Pass

## Catalog Course Description

The course explores additional cost and managerial accounting topics introduced in managerial accounting. The course provides an in-depth review and analysis of accounting issues related to how managers plan, direct and control operations, support the decision making process with managerial accounting reports, calculate the cost of a company's product or service, account for and record transactions and events using a job order or process costing system, analyze the breakeven point of a business, compute overhead allocations using activity based costing, describe and compute standard costs and evaluate business investment alternatives using capital investment analysis. This course is designed for someone who plans to enter the accounting or a finance related profession and those furthering their knowledge and understanding of managerial and cost accounting. 54 lecture hours.

## Course Objectives

- Explain the primary purpose of managerial & cost accounting and describe how it supports the management decision-making process.
- Describe the different costs that comprise a product or service and calculate the product/service costs.
- Differentiate between a job order and process costing environment and how costs are accumulated and recorded as they enter the production process within each cost systems.
- Prepare a cost report for each cost systems.
- Explain the benefits of an Activity Based Costing system and demonstrate its advantages over a traditional overhead costing process in determining overhead cost allocations.
- Develop a master budget and the supporting operational and financial budgets to guide business planning and decisions.
- Explain the benefits of budgeting to a business.
- Differentiate the characteristics of fixed, variable and mixed costs within an entity.
- Apply CVP analysis and calculate the financial break-even point for a single product as well as multiple products.
- Explain how responsibility accounting is used to evaluate performance.
- Analyze and evaluate performance of cost centers, profit centers and investment centers.

- Describe support department cost allocation and how it is used to allocate support department costs to end products using the direct, sequential and reciprocal cost methods.
- Describe a standard costing system and demonstrate how variance analysis is used to evaluate budget to actual performance.
- Determine the appropriate variance analysis method to measure the key cost drivers.
- Calculate variances for materials, labor and overhead costs.
- Define capital budgeting and demonstrate the various capital investment tools used to evaluate return on investment for potential acquisitions.
- Describe the advantages of using time value techniques over those techniques that do not use time value.
- Compute mark up from cost using product cost and total cost methods and determine sales price.
- Explain how transfer pricing is used to determine sales price with intra-company transactions between subsidiaries and divisions.
- Calculate financial and non-financial measures appropriate to analyze specific aspects of an entity's performance.
- Identify commonly used management philosophies and techniques for performance and quality improvement related to process management (e.g., zero defect, lean manufacturing).
- Apply tactical decision-making concepts (differential analysis) in a variety of business situations.

## Major Course Content

1. Introduction to Cost Management
2. Basic Cost Management Concepts
3. Cost Behavior & Cost-Volume-Profit Analysis
4. Activity Based Costing
5. Job Order costing
6. Process Costing
7. Allocating Support Department Costs
8. Budgeting
9. Standard costing
10. Decentralization & Responsibility Accounting
11. Pricing & Profitability Analysis
12. Capital Investment

## Suggested Reading Other Than Required Textbook

Journal of Accountancy.

## Examples of Required Writing Assignments

Read the following Journal of Accountancy article titled "The long-term effect of doing more with less: Doing less" (12/31/2012). <https://www.journalofaccountancy.com/issues/2013/jan/20126614.html>  
In the article, it addresses the impact that the 2008 financial crisis had on employee productivity. Ron Rael, CGMA states believe that "when companies choose not to hire to save money, they are deferring a cost."  
1. Explain what is meant by that statement. 2. Do you agree or disagree that the 2020 Covid-19 pandemic crisis is having similar or different impact of worker productivity? Explain your reasoning.

## Examples of Outside Assignments

Read the following Journal of Accountancy article titled "The long-term effect of doing more with less: Doing less" (12/31/2012). In the article, it addresses the impact that the 2008 financial crisis had on employee productivity. Ron Rael, CGMA states believe that "when companies choose not to hire to save money, they are deferring a cost." 1. Explain what is meant by that statement. 2. Do you agree or disagree that the 2020 Covid-19 pandemic crisis is having similar or different impact of worker productivity? Explain your reasoning.

## Instruction Type(s)

Lecture, Online Education Lecture