

UNIVERSIDAD LATINOAMERICANA DE CIENCIA Y TECNOLOGIA

BACHELOR OF SCIENCE IN BUSINESS ADMINISTRATION

COST ACCOUNTING

3 credits

Code 06-1008

1. Purpose of the course

This course introduces the nature and purpose of cost accounting as an information system for planning and control. Topics include direct materials, direct labor, factory overhead, job order, activity-based, cost-volume-profit, budgets and variances. Upon completion, students should be able to demonstrate an understanding of the principles involved and display an analytical problem-solving ability for the topics covered.

2. OBJECTIVES

General Objectives	Specific Objectives
<p>1. Understand the cost accounting fundamentals.</p>	<ul style="list-style-type: none"> • Describe how cost accounting supports management accounting and financial accounting. • Understand how to manage the SAP's General Accounting and Cost Accounting modules. • Introduction to IFRS. • Describe the set of business functions in a value chain • Explain the five-step decision-making process • Understand how management accounting fits into an organization's structure • Define and illustrate cost object • Distinguish between direct costs and indirect costs • Explain variable and fixed costs • Interpret unit costs • Distinguish among manufacturing, merchandising and service-sector companies • Describe the three categories of inventory • Distinguish inventoriable costs from period costs • Explain the features of cost-volume-profit analysis • Determine the breakeven point and output level needed to achieve a target operating income • Use cost-volume-profit analysis to plan variable and fixed costs • Apply cost-volume-profit to a company producing multiple products

	<ul style="list-style-type: none"> • Adapt cost-volume-profit analysis to situations in which a product has more than one cost driver • Distinguish between job costing and process costing • Distinguish between actual and normal costing • Describe the activity-based costing.
2. Use of tools for planning and control.	<ul style="list-style-type: none"> • Explain master budget • Explain kaizen and activity-based budgeting • Describe responsibility accounting • Explain how controllability relates to responsibility accounting

3. TEACHING AND EVALUATION METHODOLOGY

The syllabus provides a set of readings from the textbook, assigned problems and short essays. The assigned problems and short essays illustrate the cost accounting principles being covered each week. I expect each student to be prepared to answer each assigned problem. Furthermore, I expect each student to be prepared to present a solution to the class.

The class will be given in one learning environment: virtual (Blackboard).

The instructor will explain the concepts at the beginning of the class and if necessary at the end.

Evaluations will be problem-oriented but may contain some objective material (multiple choices). Test will normally be closed books. Make-up evaluations will be given only for institutionally approved excuses.

Quizzes will be made after covering a topic, at the end of the class.

Students are expected to attend every class session unless unavoidably absent due to illness.

Appearance, grammar, spelling and proper sentence structure will be graded.

4. WEEKLY SCHEDULE

Week 1	The Accountant's Role in the Organization
	<ul style="list-style-type: none"> ✓ Management Accounting, Financial Accounting, and Cost Accounting ✓ Strategic Decisions and the Management Accountant ✓ Decision Making, Planning, and Control: The Five-Step Decision-Making Process ✓ Key Management Accounting Guidelines ✓ Organization Structure and the Management Accountant
Week 2	An Introduction to Cost Terms and Purposes
	<ul style="list-style-type: none"> ✓ Costs and Cost Terminology ✓ Direct Costs and Indirect Costs ✓ Cost-Behavior Patterns: Variable Costs and Fixed Costs ✓ Types of Inventory, Inventoriable Costs, and Period Costs ✓ Illustrating the Flow of Inventoriable Costs and Period Costs ✓ A Framework for Cost Accounting and Cost Management

Week 3

Cost-Volume-Profit Analysis

- ✓ Essentials of CVP Analysis
- ✓ Cost-Volume-Profit Assumptions
- ✓ Breakeven Point and Target Income
- ✓ Using CVP Analysis for Decision Making
- ✓ Sensitivity Analysis and Uncertainty
- ✓ Cost Planning and CVP

Week 4

Job Costing

- ✓ Job-Costing and Process-Costing Systems
- ✓ Actual Costing
- ✓ A Normal Job-Costing System in Manufacturing
- ✓ Budgeted Indirect Costs and End-of-Accounting-Year Adjustments
- ✓ Variations from Normal Costing: A Service-Sector

Week 5

Flexible Budgets, Direct-Cost Variances, and Management Control

- ✓ The Use of Variances
- ✓ Flexible Budgets
- ✓ Price Variances and Efficiency Variances for Direct-Cost Inputs
- ✓ Implementing Standard Costing
- ✓ Management Uses of Variances
- ✓ Variance Analysis and Activity-Based Costing

Week 6

Flexible Budgets, Overhead Cost Variances, and Management Control

- ✓ Planning of Variable and Fixed Overhead Costs
- ✓ Variable Overhead Cost Variances
- ✓ Developing Budgeted Fixed Overhead Rates
- ✓ Production-Volume Variance
- ✓ Integrated Analysis of Overhead Cost Variances
- ✓ Financial and Nonfinancial Performance Measures

Week 7

Inventory Costing and Capacity Analysis

- ✓ Inventory Costing for Manufacturing Companies
- ✓ Explaining Differences in Operating Income
- ✓ Performance Measures and Absorption Costing
- ✓ Comparison of Alternative Inventory-Costing Methods
- ✓ Choosing a Capacity Level

Week 8

Decision Making and Relevant Information

- ✓ Information and the Decision Process
- ✓ The Concept of Relevance
- ✓ Insourcing-versus-Outsourcing and Make-versus-Buy Decisions
- ✓ Opportunity Costs and Outsourcing
- ✓ Product-Mix Decisions with Capacity Constraints
- ✓ Decisions and Performance Evaluation

Week 9

Cost Allocation, Customer-Profitability Analysis, and Sales-Variance Analysis

- ✓ Cost Allocation and Costing Systems
- ✓ Customer Revenues and Customer Costs
- ✓ Using the Five-Step Decision-Making Process to Manage Customer Profitability

COURSE SYLLABUS



- ✓ Sales Variances
- ✓ Sales-Mix and Sales-Quantity Variances

Week 10

Process Costing

- ✓ Illustrating Process Costing
- ✓ Weighted-Average Method
- ✓ First-In, First-Out Method
- ✓ Standard-Costing Method of Process Costing
- ✓ Transferred-In Costs in Process Costing

Week 11

Inventory Management, Just-in-Time, and Simplified Costing Methods

- ✓ Inventory Management in Retail Organizations
- ✓ Just-in-Time Purchasing
- ✓ Inventory Management and MRP

Week 12

Capital Budgeting and Cost Analysis

- ✓ Two Dimensions of Cost Analysis
- ✓ Stages of Capital Budgeting
- ✓ Discounted Cash Flow
- ✓ Sensitivity Analysis
- ✓ Relevant Cash Flows in Discounted Cash Flow Analysis

Week 15

Presentation of the Project

- ✚ Group Presentation of the Project

6. EVALUATION/GRADING

Your grade will be determined by performance on tests, problems, short essays and quizzes.

Activity	Percentage Value
Class Participation	20%
Quizzes (including the understanding how to manage the SAP's General Accounting and Cost Accounting modules and the basics of IFRS)	30%
BLACKBOARD activities	15%
CEPA	5%
Final Research Project	30%

7. COURSE MATERIAL

Text: Horngren et al., Cost Accounting a Managerial Emphasis (16th edition) 2017, Pearson Prentice Hall, Upper Saddle River, NJ, USA.

8. ACADEMIC DISHONESTY POLICY

Students are expected to conduct themselves in accordance with the normally accepted standards of academic life. That implies that they will conduct themselves with due regard for the rights of others and, in particular, that their behavior will not interfere with the ability of the academic community to carry out its usual academic functions. It also implies that they will observe the usual standards of integrity with regard to the preparation of essays and the taking of examinations. Students are also expected to comply with those reasonable rules of procedure promulgated by a faculty member for the conduct of his or her class or by the college or school for the conduct of its business.