

AC 544
Cost Accounting
3 Credits

Instructor: Erin Bandola
Phone: 780 871 5433
Original Developer: Cliff McAuley
Current Developer: Erin Bandola
Reviewer: Rob Koebel
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2602 - 59 Avenue, Lloydminster, Alberta, Canada T9V 3N7. Ph: 780 871 5700
5707 College Drive, Vermilion, Alberta, Canada T9X 1K5. Ph: 780 853 8400
Toll-free in Canada: 1 800 661 6490



AC 544 Version: 24



Cost Accounting

Calendar Description

Cost accounting concentrates on the process of cost determination, recording, analysis, and reporting. Cost accounting presents information on the costs of products, services, and company departments. Cost accounting is a part of, and supports both the financial and managerial reporting activities. Topics include job-order and process costing; standard costs: material, labour and overhead; direct costing; and activity-based costing system.

Rationale

This is a required course for the Business Administration Accounting major students. Cost accounting is the process of accumulating the costs of manufacturing and other functional processes and identifying these costs with units produced or some other object. It is a unique sub-field of managerial accounting that interfaces with both managerial and financial accounting.

Manufacturing firms encounter cost considerations in production, marketing, and other activities. Service organizations also experience many cost accounting challenges. In financial reporting, a cost per unit for the finished product must be determined for use in valuing ending inventory and in determining the cost of goods sold. An organization's management needs similar cost data to control the manufacturing process. Management needs these data broken down for each manufacturing operation and for each component that makes up the finished product. Cost data may be accumulated by product, by department, and sometimes even by individual worker within the department. For example, it is not enough to know that the cost to produce a finished product is too high; management must be able to identify where and why it is costing too much and what can be done to control costs.

Students who expect that their careers will involve cost decisions, either as preparers or as managers, should study Cost Accounting.

Prerequisites

AC 444

Co-Requisites

None

Course Learning Outcomes

Upon successful completion of this course, students will be able to

1. ascertain when job order or process costing systems are appropriate for use in manufacturing applications.
2. apply job order costing concepts.
3. apply activity-based costing as an aid in decision-making.
4. ascertain the income effects of alternative inventory costing methods
5. apply joint and by-product costing concepts.
6. apply process costing concepts.
7. account for spoilage in process costing applications.
8. account for reworked units, scrap, and waste.
9. apply variable and absorption costing concepts to the preparation of financial statements and the valuation of inventory.
10. determine the allocation of costs between departments.
11. determine costs of quality and apply the theory of constraints to management decisions.
12. calculate transfer prices between responsibility centers.

Resource Materials

Required Text:

Garrison, R.H., et. al. (2018). *Managerial Accounting* (11th Canadian Edition). Toronto, ON:

McGraw-Hill Ryerson Limited.

Reference Text:

None

Conduct of Course

The student should come to class prepared to either discuss or apply the topic at hand. This requires a familiarity with the content of the topic to be discussed in class by pre-reading the required material as set out in the course schedule or as assigned by the instructor.

Assignments are required to be handed in as set out by the instructor.

Class time is comprised of a combination of interrelated lectures and work sessions supplemented with handout materials, use of white boards, and other media as deemed appropriate. Students are encouraged to ask questions for the purpose of clarifying and/or augmenting class material.

The focus is on developing the ability of the student to analyze situations, find the problems, and propose solutions. Flexibility and an open-minded approach are much more successful than memorizing set examples.

The course is based on current practice in the real world of business and stresses applications more than theory or procedure.

Evaluation Procedures

The major components and their respective percentage weights are as follows:

Midterm Exams (2)	50%
Final Exam	35%
Assignments/Quizzes	<u>15%</u>
Total	100%

Grade Equivalents and Course Pass Requirements

A minimum grade of D (50%) (1.00) is required to pass this course.

Letter	F	D	D+	C-	C	C+	B-	B	B+	A-	A	A+
Percent Range	0-49	50-52	53-56	57-59	60-64	65-69	70-74	75-79	80-84	85-89	90-94	95-100
Points	0.00	1.00	1.30	1.70	2.00	2.30	2.70	3.00	3.30	3.70	4.00	4.00

Students must maintain a cumulative grade of C (GPA - Grade Point Average of 2.00) in order to qualify to graduate.

Attendance

Regular attendance is essential for success in any course. Absence for any reason does not relieve a student of the responsibility of completing course work and assignments to the satisfaction of the instructor. Poor attendance may result in the termination of a student from a course(s). The instructor will recommend that the Registrar withdraw any student who does not meet the established attendance requirements. A failing grade of RW (Required to Withdraw) will appear on the student's transcript.

In cases of repeated absences due to illness, the student may be requested to submit a medical certificate.

Instructors have the authority to require attendance at classes.

Course Units/Topics

Unit	Unit Content	Chapter Reference
1	Systems Design: Job Order Costing	5
2	Activity-based Costing: A Tool to Aid Decision Making	7
3	Variable Costing: A Tool for Management	8
4	Joint Products and By-products	Instructor Material
5	Systems Design: Process Costing	6, 6A
6	Spoilage, Rework and Scrap	Instructor Material
7	Reporting for Control	11



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