THE COLLEGE OF THE BAHAMAS
Course Outline

Title: Cost Accounting
Abbreviation and Number: ACCA313 AB Paper No.: 14-25
School: Business
Department: Accounting
Credits: 3
Course Sequence: ( ) Fall  ( X ) Spring  ( ) Fall and Spring
Hours Per Week: ( 3 ) Lecture  ( ) Seminar  ( ) Laboratory  ( ) Studio  ( ) Kitchen
( ) Other (Specify)
Pre-requisite(s): ACCA310
Co-requisite(s): None

COURSE DESCRIPTION
Students cover cost accounting procedures and techniques with an emphasis on determining and analysing relevant costs for business decision-making processes and operating efficiency. They focus on quantitative and qualitative methods in the context of manufacturing and service industries.

SPECIFIC OBJECTIVES
Upon successful completion of this course, students will be able to
1) evaluate the development and operations of cost accounting systems;
2) analyse costs associated with manufacturing and service activities;
3) apply cost accounting techniques to aid management planning, control and decision making;
4) examine the role of accounting systems in the management of data;
5) assess costing and control of materials and inventories;
6) use cost-volume-profit analysis in management decision-making, planning and control; and
7) develop budgets.

COURSE CONTENT
I. Accountant’s Role
A. Management support and financial accounting
B. Planning and control decisions
C. Problem-solving, scorekeeping and attention directing
D. Professional ethics

II. Cost Terms and Purposes
A. Cost objects
B. Direct, indirect, variable and fixed
C. Manufacturing, merchandising and service-sector companies
D. Inventories
E. Inventoriable and period

III. Cost-volume-profit (CVP) Analysis
A. Assumptions and features
B. Breakeven point
C. Target operating income
D. Income taxes
E. Sensitivity analysis
F. Fixed and variable costs
G. Multiple products and cost drivers
H. Contribution and gross margin
I. Absorption and variable costing income statements

IV. Job Costing
A. Nature
B. Actual and normal
C. Flow of costs
D. Adjustment Methods
   i. Under-allocated overhead costs
   ii. Over-allocated overhead costs

V. Activity-Based Costing and Management
A. Under and overcosting
B. Design approaches
C. Products or services
D. Department costing systems
E. Implementation

VI. Master Budget and Responsibility Accounting
A. Benefits
B. Operating budget
D. Responsibility centres

VII. Flexible Budgets, Variances and Management Control
A. Static versus flexible budgets
B. Variance analysis
C. Standard costing systems
D. Budgeted fixed overhead cost rate

VIII. Decision Making and Relevant Information
A. Steps
B. Relevant and irrelevant costs and revenues
C. Quantitative and qualitative factors
D. Potential problems in cost analysis
E. Opportunity-cost
F. Capacity constraints
G. Adding or dropping customers and segments

IX. Support Department, Common Cost and Revenue Allocation
A. Single and dual rate methods
B. Direct, step-down and reciprocal methods
C. Stand-alone or incremental method

X. Cost Allocation to Joint Product and By-Products
A. Nature
B. Split-off point in joint-cost
C. Methods of accounting
   i. Joint products
   ii. By-products

XI. Process Costing
A. Methods
B. Equivalent units
C. Journal entries
D. Weighted-average
E. First-in first-out (FIFO)
F. Standard costs

ASSESSMENT
Assignments .................................................. 10%
Case studies .................................................. 20%
Tests ............................................................. 30%
Final examination ........................................... 40%
Total .............................................................. 100%

REQUIRED TEXT

SUPPLEMENTARY READINGS/MATERIALS

JOURNALS
Accounting and Business Research
Accounting Today
Journal of Accountancy
Journal of Management Accounting
Management Accounting

WEBSITES
www.myaccountinglab.com
www.fasb.org
tax.cchgroup.com/gaaplibrary
www.accountingtools.com
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