Catalog Course Description:

A study of cost accounting terminology and concepts. Includes job order costing, process costing and standard costing; also includes accounting for over head and joint processing costs, as well as absorption and variable costing.

Entry Level Standards:

The student must have an understanding of generally accepted accounting principles and recording of financial data and must be at the college level in reading and mathematics.

Prerequisites

ACC 2120 or ACC 2030

Textbook(s) and Other Course Materials:

Required:
2. Diskettes, 3-1/2” with labels, two (2) and pocket folder
3. Calculator (NOTE: Programmable calculators may NOT be used during exams. In addition, no sharing of calculators will be allowed during exams.)
4. Accounting Paper; 8-1/2” x 11”, 2-column, 4-column, and 6-column.

Recommended:
1. Study Guide to accompany text.

I. Week/Unit/Topic Basis:

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<th>Week</th>
<th>Topic</th>
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<td>1</td>
<td>Cost Concepts and Behavior</td>
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<td>Planning and Budgeting</td>
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<td>3</td>
<td>Fundamentals of Product and Service Costing</td>
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<td>4-5</td>
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<td>8-9</td>
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II. Course Objectives*:

A. Exhibit knowledge of basic cost accounting concepts. I, II, VII
B. Develop an understanding of the master budget cycle. I, II, V, VI, VII, VIII
C. Demonstrate an understanding of job order cost accounting systems. I, II, III, VII, VIII
D. Develop an understanding of process cost accounting systems. I, II, V, VII, VIII
E. Exhibit knowledge of accounting for the costs of joint products and by-products. I, II, VII, VIII
F. Develop an understanding of techniques used for analyzing cost behavior patterns. I, VII, VIII
G. Demonstrate an understanding of the standard cost accounting systems and variances. I, II, VII, VIII

*Roman numerals after course objectives reference goals of the Computer Accounting program.

III. Instructional Processes*:

Students will:

1. Exhibit professional behavior by attending class regularly, arriving punctually with the appropriate materials, and being prepared for active class participation each day. (Active Learning Strategies, Transitional Strategies)
2. Use spreadsheet software on a personal computer. (Technological Literacy Outcome, Active Learning Strategies)
3. Strengthen their analytical skills by using a variety of decision-making techniques to evaluate financial information. (Active Learning Strategies, Mathematics Outcome)
4. Work in small groups with other students to arrive at group solutions to assigned problems. (Communication Outcome, Active Learning Strategies, Transitional Strategies)
5. Refine their reading skills and expand their vocabularies through completion of assigned readings. (Communication Outcome)
6. Prepare and discuss individual written assignments. (Communication Outcome, Mathematics Outcome, Technological Literacy Outcome)

*Strategies and outcomes listed after instructional processes reference TBR’s goals for strengthening general education knowledge and skills, connecting coursework to experiences beyond the classroom, and encouraging students to take active and responsible roles in the educational process.

IV. Expectations for Student Performance*:

Upon successful completion of this course, the student should be able to:
1. Explain the basic concepts of “costs” and “expenses.”

2. Explain the role of product costs, period costs, and expenses in financial statements.

3. Explain the process of cost allocation.

4. Prepare an income statement and a schedule of cost of goods manufactured and sold.

5. List the components of manufacturing cost, and diagram their flow through a production process.

6. Explain how variable, fixed, semi-variable, and step costs differ.

7. Explain the difference between opportunity costs, sunk costs, direct costs, and indirect costs.

8. Distinguish between and prepare a financial income statement and contribution margin income statement.

9. Understand the role of budgets in overall organization plans.

10. Describe and prepare a master budget including each of its components.

11. Estimate sales and cash flow.

12. Describe a typical organization’s process of budget administration.

13. Explain how to use sensitivity analysis to budget under uncertainty.

14. Explain the differences in job-order, process, and operations costing.

15. Explain how costs flow through the manufacturing cost accounts.

16. Explain how cost allocation is used in a cost management system.

17. Explain how a basic product costing system works.

18. Explain the operation of a two stage allocation system for product costing.

19. Assign costs to production jobs or products using a job-order costing system.

20. Prepare accounting journal entries to record job costs.

21. Use a predetermined overhead rate to assign indirect costs to production jobs.

22. Describe the difference between jobs and projects.

23. Recognize organizations that should use process costing and those that should use job order costing.

24. Explain why process-costing information is useful.

25. Explain the concept of equivalent units.

26. Use the five-step costing method to assign process costs to products.

27. Assign process costs to products using weighted-average process costing.
28. Account for costs transferred between processes. D
29. Assign process costs to products using first-in, first-out (FIFO) process costing. D
30. Compare and contrast the results from weighted-average and FIFO process costing. D
31. Explain why service costs are allocated. E
32. Allocate service department costs using the direct, indirect, and step methods. E
33. Explain why joint costs are allocated. E
34. Understand how to use the net realizable value and physical quantities join cost allocation methods. E
35. Use costs data in the sell-or-process-further decision. E
36. Explain how to account for by-products. E
37. Explain which of various joint cost allocation methods should be used under a variety of circumstances. E
38. Explain and graph the following basic cost patterns: variable, fixed, semi-variable, and step. F
39. Use cost volume profit analysis to analyze decisions. F
40. Understand the effect of cost structure on decisions. F
41. Build a basic CVP financial model. F
42. Build a financial model that reflects the affects of taxes, multiple products, and multiple cost drivers. F
43. Use differential analysis to analyze decisions. F
44. Understand how to apply differential analysis to pricing and production decisions. F
45. Understand several approaches for establishing prices based on costs for long run pricing decisions. F
46. Understand the theory of constraints. F
47. Use budgets for performance evaluation. B, G
48. Develop and use flexible budgets. B, G
49. Compute and interpret the sales activity variance. G
50. Prepare and use a profit variance analysis. G
51. Compute and use variable and fixed cost variances. G
52. Discuss how companies use standard costing systems to manage costs. G
53. Distinguish between perfect and practical standards. G
54. Compute and interpret direct material price and quantity variances and direct labor rate and
efficiency variances. G

55. Explain how to prorate variances to inventories and cost of goods sold. G

56. Compute and interpret mix and yield variances. G

57. Explain how companies use standard costs in product costing. G

58. Summarize some advantages attributed to standard costing. G

59. Explain how overhead is applied to work-in-progress inventory under standard costing. G

60. Compute and interpret variable overhead spending and efficiency variances and the fixed overhead budget and volume variances. G

61. Apply the variance analysis model to non-manufacturing costs. G

*Letters after performance expectations reference the course objectives listed above.

V. Evaluation:

A. Testing Procedures:

The instructor's policy on exams, quizzes, homework, attendance, and grades will be provided in a supplement to the course syllabus. A minimum of four major exams is recommended.

B. Laboratory Expectations:

Computer-based projects will be assigned in class. The student is expected to complete these assignments out of class as specified by the instructor.

C. Field Work:

None

D. Other Evaluation Methods:

This information, if applicable, will be provided by the instructor in full detail during the first week of class via syllabus supplement.

E. Grading Scale:

92 - 100 A
89 - 91 B+
82 - 88 B
79 - 81 C+
72 - 78 C
65 - 71 D
Below 65 F

VI. Policies:

A. Attendance Policy:

Pellissippi State Technical Community College expects students to attend all scheduled instructional activities. As a minimum, students in all courses must be present for at least 75 percent of their scheduled class and laboratory meetings in order to receive credit for the course.
[NOTE: No differentiation is noted for excused/unexcused absences. These will be treated as an absence.]

B. Academic Dishonesty:

Plagiarism, cheating, and other forms of academic dishonesty are prohibited. Students guilty of academic misconduct, either directly or indirectly through participation or assistance, are immediately responsible to the instructor of the class. In addition to other possible disciplinary sanctions which may be imposed through the regular Pellissippi State procedures as a result of academic misconduct, the instructor has the authority to assign an F or a zero for the exercise or examination or to assign an F in the course.

C. Accommodations for disabilities:

If you need accommodations because of a disability, if you have emergency medical information to share, or if you need special arrangements in case the building must be evacuated, please inform the instructor immediately. Please see the instructor privately after class or in his/her office. Students must present a current accommodation plan from a staff member in Services for Students with Disabilities (SSWD) in order to receive accommodations in this course. Services for Students with Disabilities may be contacted by going to Goins 127 or 131 or by phone: 694-6751 (Voice/TTY) or 539-7153.

D. Computer Usage Guidelines:

College-owned or -operated computing resources are provided for use by students of Pellissippi State. All students are responsible for the usage of Pellissippi State’s computing resources in an effective, efficient, ethical and lawful manner.