

Dr. Michael Conostas CBA 403

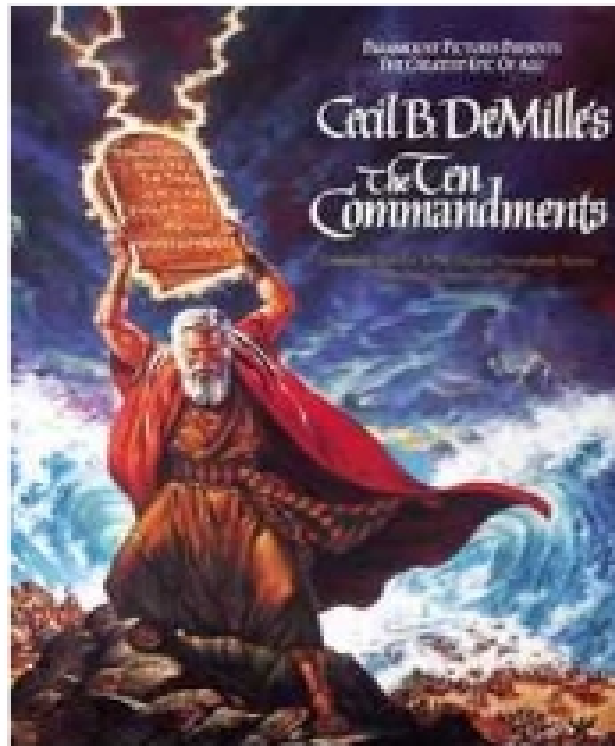
mconstas@csulb.edu

www.csulb.edu/~mconstas

Textbook:

Managerial Accounting

**ACCOUNTING 310
COST ACCOUNTING
Winter 2010**



ACCT 310 focuses on understanding: (i) the methods in which costs are allocated to a firm's product lines, and (ii) the best way to utilize cost information in managing a firm's operations. This emphasis on costs results from the fact that costs tend to be a facet of a firm's operations that may be misrepresented and/or not fully understood.

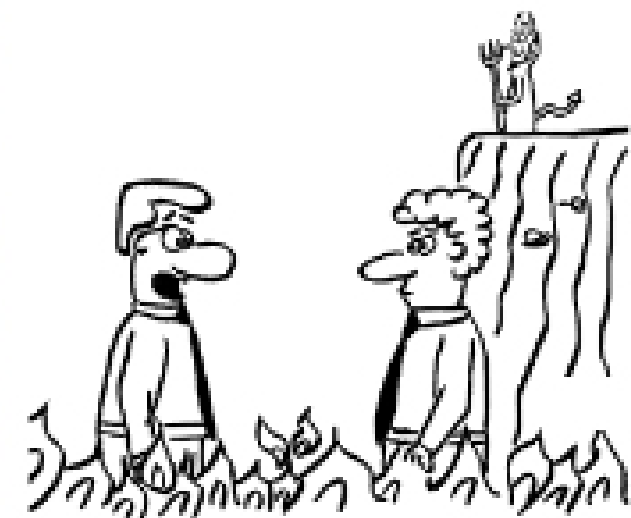
A firm's decision makers often think of costs and other financial statement figures as being absolute truths. Contrary to what most managers think, however, financial statements are not carved in stone on Mt. Sinai. They are open to interpretation without dire consequences.

Although firms know the source of their revenues, some of the costs associated with their product lines are less clear.

While material and labor costs are easy to determine, it is often difficult to identify the overhead associated with particular products and services. There is no Overhead Meter that produces an accurate measure of the overhead incurred in producing a good or service. As a result, conventions are used to assign overhead to a firm's output. These conventions may or may not be appropriate or provide an accurate measure of how overhead is incurred in different situations. Firms, therefore, may not be using accurate information when making decisions.

Moreover, in different contexts, it may be inappropriate for firms to consider certain costs when making decisions, even if the costs are accurately measured. When decisions are based on inappropriate or inaccurate cost information, they may be less than optimal.

This class is designed to sensitize managers to these issues. This is not a class on bookkeeping. The class reviews cost procedures in order to aid managers in their decision making.



"I still say those 10 Commandments are deceptively open to interpretation."

CATALOG DESCRIPTION

Use and interpretation of financial statements. Evaluation of accounting information systems. Accounting for and analysis of costs. Managerial use of accounting data for planning and decision making.

COURSE SUBJECT MATTER

Date	Chapter	Topic
01/04	Ch 6	<u>Cost-Volume-Profit Analysis.</u> A review of the procedures used to determine the sales and production volume necessary to avoid a loss or achieve a specified operating profit.
01/05	Ch 3 App 4B	<u>Job/Order Costing.</u> A discussion of the methods used to apply costs to custom-made or low-volume products and services. <u>Service Departments.</u> A discussion of the practice of grouping overhead into cost centers, and the methods used to allocate that cost center overhead to a firm's output.
01/06	Ch 4	<u>Process Costing.</u> An examination of the manner in which costs are applied to high-volume, standard products and services.
01/07	Ch 5 Ch 7	<u>Cost Behavior.</u> An examination of the manner in which costs are incurred. <u>Variable Costing.</u> An examination of the ability to use alternative Income Statement formats to aid in decision making.
01/11		<u>Midterm No.1</u> (Chapters 3,4,4B & 6)
01/12	Ch 8	<u>ABC Costing.</u> A review of different methods employed to allocate overhead to a firm's product lines.
01/13	Ch 9 Ch 10 & 11	<u>Budgeting.</u> A review of the preparation of budgets and the role that they play in the planning process. <u>Variiances.</u> A review of the procedures used to determine variances from budgeted production costs, and the modification of a firm's accounting system to report such variances.
01/14		<u>Midterm No. 2</u> (Chapters 5,7,8 & 9)
01/18		<u>Martin Luther King Jr. Birthday.</u>
01/19	Ch 13	<u>Relevant Costing.</u> A discussion of the procedures used to evaluate the profitability of alternative courses of action, and which revenues and costs should be considered in such an evaluation. <u>Constraints.</u> Linear Programming.
01/20	Ch 13 Ch 14	<u>Joint Costs.</u> A discussion of the methods of allocating costs to multiple products produced by one process. <u>Capital Budgeting.</u> A discussion of different methods that can be employed to evaluate the profitability of potential projects.
01/21		<u>Midterm No. 3</u> (Chapters 10,11,13, & 14)

CURRICULUM JUSTIFICATION

The curriculum is designed to teach (1) critical thinking skills through such managerial accounting topics as the role of cost accounting information for management and business strategy development. (2) As for business functions, the course covers topics such as cost accumulation systems for inventory valuation and income determination. (3) For quantitative and technical skills, the course addresses such profit planning tools such as cost-volume-profit analysis and budgeting.

COURSE OBJECTIVES

Learning goals – Critical Thinking: (a) Students will be able to understand the role of accounting information in management decision making and how management accounting contribute to business strategy development. (b) Students will be able to differentiate product vs. period costs, expired vs. unexpired costs, direct vs. indirect costs, and fixed vs. variable costs.

