

# BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

## COURSE OUTLINE

COURSE NAME Cost and Managerial Accounting I & II

COURSE NUMBER FMGT 4290

DATE September 1994

Prepared by Helen Vallée

Taught to \_\_\_\_\_ Year

School Business

School \_\_\_\_\_

Program Financial Management

Program \_\_\_\_\_

Date Prepared August 1994

Option \_\_\_\_\_

Term \_\_\_\_\_ Hrs/Wk 7 Credits \_\_\_\_\_

No. of Weeks 13 Total Hours 91

Instructor(s) \_\_\_\_\_ Office \_\_\_\_\_ Local \_\_\_\_\_

Office Hours \_\_\_\_\_

### PREREQUISITES

Accounting II (FMGT 2100) or the equivalent

### COURSE OBJECTIVES

Upon successful completion of this course, the student will be able to understand the nature, scope and procedures of cost accounting as used for management planning, control and decision making.

### EVALUATION

Final Examination	30%
Mid-Term Exam #1	20%
Mid-Term Exam #2	20%
Mid-Term Exam #3	20%
Assignments	10%

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## **REQUIRED TEXT(S) AND EQUIPMENT**

Cost accounting — a managerial emphasis, C.T. Horngren, G. Foster and S.M. Datar.  
8th Edition, Prentice Hall

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## **COURSE SUMMARY**

At the end of this course, students should be able to:

1. Understand how accounting can facilitate planning, control and decision making.
2. Distinguish among service, merchandising and manufacturing sector companies.
3. Define and differentiate between a variety of terms used in cost and managerial accounting.
4. Analyze the effects of changes in prices, volumes and cost structures on organizational profitability.
5. Distinguish among actual costing, normal costing and budgeted costing methods.  
Outline the importance of customer costing.
6. Distinguish between job costing, process costing and activity based costing systems.
7. Illustrate the flow of costs through a job cost system.
8. Develop predetermined manufacturing overhead rates for application to jobs. Determine and implement alternative methods of dealing with under-or over-applied overhead.
9. Complete all the budgets and supporting schedules required in the preparation of a master budget.
10. Apply the concepts of responsibility accounting to management evaluation and control.
11. Prepare performance reports incorporating flexible budgets.
12. Develop standard costs for direct materials, direct labor, variable and fixed overhead and compute the appropriate variances.
13. Distinguish between variable and absorption costing and prepare income statements under each method.
14. Evaluate the effects of alternative denominator activity levels in absorption costing.

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## **COURSE SUMMARY cont'd**

15. Describe and implement alternative methods of disposing of variances at the year end.
16. Describe various methods for splitting mixed costs into their variable and fixed components.
17. Use the High-Low and Regression Analysis methods for splitting mixed costs into their variable and fixed components.
18. Apply learning curves in the estimates of future costs.
19. Provide relevant costs to assist management in decision making and pricing.
20. Distinguish between pricing decisions for the short run and for the long run.
21. Describe the target costing and cost plus approaches to pricing.
22. Explain how life-cycle product budgeting and costing assist in pricing decisions.
23. Identify and evaluate management control systems.
24. Use engineered and discretionary costs in preparing budgets and performance reports.
25. Explain how ordinary incremental budgets, priority incremental budgets and zero-base budgets differ.
26. Allocate costs from service departments to production departments using the direct, step-down and reciprocal methods.
27. Distinguish between departmental overhead rates and plant-wide overhead rates.
28. Allocate joint costs to joint products using the physical measures, sales value at split-off, relative sales value and constant gross profit percentage methods.
29. Provide information to assist management in deciding whether joint products should be processed beyond the split-off point.
30. Account for by-product revenues and costs.
31. Demonstrate the Weighted Average and FIFO methods of process costing.
32. Show how standard costs can be used in process costing.
33. Demonstrate how interdepartmental transfers affect Weighted Average and FIFO methods.

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### **COURSE SUMMARY cont'd**

34. Account for spoilage in process costing using both the Weighted Average and FIFO methods.
35. Demonstrate the use of JIT costing, Operation costing and Backflush costing.
36. Identify critical success factors of project costing.
37. Divide the sales volume variance into quantity and mix or market size and market share variances.
38. Compute mix and yield variances for direct materials and direct labor.
39. Identify both financial and non-financial measures of quality.
40. Explain the roles of an accountant regarding materials requirements planning system.
41. Describe measures for evaluating JIT production performance.
42. Explain how performance measurement and compensation interrelate.

**COURSE OUTLINE**  
(continued)

<b>Class</b>	<b>Material Covered</b>	<b>Chapters</b>
Class 1	Introduction — Cost Terms and Purposes	1 & 2
Class 2	Cost-Volume-Profit Relationships	3
Class 3	Costing Systems for Service and Merchandising Sectors	4
Class 4	Costing Systems in the Manufacturing Sector	5
Class 5	Master Budget and Responsibility Accounting Review for Mid-Term Exam #1	6
Class 6	<b>Mid-Term Exam #1</b>	<b>1–5</b>
Class 7	Flexible Budgets and Standards — Part I	7
Class 8	Flexible Budgets and Standards — Part II	8
Class 9	Income Effects of Alternative Costing Methods	9
Class 10	Determining How Costs Behave	10
Class 11	Relevant Costs and the Decision Process	11
Class 12	Pricing and Product Profitability Decisions and Cost Management Review for Mid-Term Exam #2	12
Class 13	<b>Mid-Term Exam #2</b>	<b>6–11</b>
Class 14	Management Control Systems	13
Class 15	Cost Allocation: I	14
Class 16	Cost Allocation: II	15
Class 17	Cost Allocation: Joint Products and Byproducts	16
Class 18	Process Costing Systems	17
Class 19	Spoilage, Reworked Units and Scrap Review for Mid-Term Exam #3	18
Class 20	<b>Mid-Term Exam #3</b>	<b>12–17</b>
Class 21	Operation and Backflush Costing, Project Control	19
Class 22	Measuring Mix, Yield and Productivity	22
Class 23	Cost Management: Quality and Time	23
Class 24	Inventory Management and Just-in-Time	24

**COURSE OUTLINE**  
**(continued)**

<b>Class</b>	<b>Material Covered</b>	<b>Chapters</b>
<b>Class 25</b>	<b>Systems Choice: Performance Measurement and Compensation</b> <b>Course Review</b>	<b>26</b> <b>18, 19, 22, 23, 24, 26</b>
<b>Class 26</b>	<b>Final Exam</b>	

## ASSIGNMENT SCHEDULE

Chapters	Assignment	Due Date
2	2-23, 2-26, 2-27, 2-30	
3	3-21, 3-26, 3-32, 3-37	
4	4-16, 4-20, 4-24, 4-30	
5	5-17, 5-29, 5-30, 5-34	
6	6-24, 6-34, 6-35	
7	7-20, 7-24, 7-30, 7-40	
8	8-18, 8-21, 8-32, 8-37	
9	9-19, 9-23, 9-32, 9-33	
10	10-22, 10-23, 10-28, 10-34	
11	11-24, 11-25, 11-29, 11-36	
12	12-21, 12-24, 12-27, 12-29	
13	13-21, 13-26, 13-28, 13-30	
14	14-18, 14-21, 14-32, 14-33	
15	15-19, 15-22, 15-25, 15-30	
16	16-18, 16-22, 16-24, 16-27	
17	17-22, 17-23, 17-24, 17-34	
18	18-21, 18-22, 18-27, 18-30	
19	19-20, 19-23, 19-24, 19-29	
22	22-16, 22-19, 22-24, 22-28	
23	23-17, 23-20, 23-25, 23-33	
24	24-18, 24-23, 24-24, 24-28	
26	26-20, 26-24, 26-27, 26-29	

**Assignments are due the following class. Late assignments will *not* be accepted for credit unless prior arrangements have been made with the instructor.**