

Colegio de San Juan de Letran
Intramuros, Manila

College of Business Administration and Accountancy
Accountancy Area
First Semester, School Year 2007-2008

- I. Course Code : **ACCOUNTING 106**
- II. Course Title : **COST ACCOUNTING AND COST MANAGEMENT**
- III. Course Credit : **6 UNITS**
- IV. Course Description :
This course is designed to orient the students to the cost accounting and cost management framework of business. Topics discussed are: overview of cost accounting; manufacturing cost accounting cycle; job and process cost systems; accounting, planning and control for materials, labor, and factory overhead; accounting for joint and by-product costs; and cost management systems (CMS) for the new manufacturing environment such as activity-based costing, target costing, total quality management, value reengineering, and theory of constraints
- V. Course Rationale :
The subject gives an overview on how cost of goods sold is being derived and the proper allocation of cost in the operation of the business. This matter guides in the formulation of prices for products and services.
- VI. Course Objectives :
- A. General Objective :
At the end of the course, the students are expected to have a thorough understanding on the concepts, principles and procedures of cost accounting in general.
- B. Specific Objectives : More specifically the students are expected to :
1. Cognitive :
Describe the nature, scope and functions of standard cost, job order, process cost and costing joint and by-products, intelligently.

2. Affective : Accept the relevance of cost accounting as a tool of management in decision-making.
3. Psychomotor : Perform skills in the procedures and technical standards in cost accounting and preparation of reports for management use.

VIII. Course Outline

Specific Objectives	Subject Matter	Values Integrated	Teaching Method	Instructional Materials	Evaluation	Time Frame	Expected Output
Identify the basic concepts of objectives and characteristics of cost accounting.	1. Nature & Scope of Cost Accounting 1.1 Definition, objective & characteristics of Cost Accounting.	Awareness Knowledge in accounting terminology	Lecture-discussion Board work Assignments	Textbook Problems Exercises	Exercises Quiz Recitation Major Exam	1 st week	Identified the basic concepts of objectives and characteristics of cost accounting.
Describe the significance of cost accounting department to the organization	1.2 Scope of Cost Accounting 1.3 The Cost Accounting Department 1.4 Relationship and sources of cost accounting data Concepts, uses and classification of costs.	Appreciation of subject Matter Efficiency and effectiveness in the preparation of Financial statements					Described the significance of cost accounting department to the organization.
Determine the efficient way to prepare the cost of goods manufactured and sold statement; Balance Sheet and Income Statement of a manufacturing concern.	2. Manufacturing Cost Accounting Cycle 2.1 Preparation of cost of goods manufactured & sold statements 2.2 Preparation of Balance Sheet and Income Statement of a manufacturing concern 2.3 Manufacturing worksheet with	Integrity & reliability in reporting. Awareness Knowledge in accounting terminology Appreciation of subject	Lecture-discussion Board work Assignments	Textbook Problems Exercises	Exercises Quiz Recitation Major Exam	2 nd -4 th week	Determined the efficient way to prepare the cost of goods manufactured and sold statement; Balance Sheet and Income Statement of a manufacturing

	<p>separate column for the cost of goods manufactured</p> <p>2.4 Different parts of the statement of cost of goods manufactured and sold and supporting schedules thereto</p> <p>2.5 Valuation of the inventory of finished goods and calculation of the unit cost of goods manufactured & sold.</p> <p>2.6 Flow of Cost</p>	<p>Matter</p> <p>Efficiency and effectiveness in the preparation of Financial statements</p> <p>Integrity & reliability in reporting.</p>					concern
<p>Discuss the procedures for materials procurements and give examples on material costing under perpetual method.</p>	<p>3. Accounting for materials- Material Accounting & Management</p> <p>3.1 Material Costing Method</p> <p>3.2 Perpetual</p> <p>3.2.1 First In – First Out</p> <p>3.2.2 Moving Average Cost</p> <p>3.2.3 Last In – Last Out</p>	<p>Awareness Knowledgeable in Accounting Terminology</p> <p>Appreciation of subject Matter</p>	<p>Lecture-discussion</p> <p>Board work</p> <p>Assignments</p>	<p>Textbook Problems</p> <p>Exercises</p>	<p>Exercises</p> <p>Quiz</p> <p>Recitation</p> <p>Major Exam</p>	<p>5th—6th week</p>	<p>Discussed the procedures for materials procurements and give examples on material costing under perpetual method</p>
<p>Identify allowable deductions from the payroll and conform to the</p>	<p>4. Accounting for Labor-Labor Mgt.</p> <p>4.1 Labor Costing –</p>	<p>Efficiency and effectiveness in the</p>	<p>Lecture-discussion</p> <p>Board work</p>	<p>Textbook Problems</p> <p>Exercises</p>	<p>Exercises</p> <p>Quiz</p> <p>Recitation</p>	<p>7th – 9th - week</p>	<p>Identified the allowable deductions from</p>

legal requirements regarding labor.	forms And labor 4.2 Accounting for payroll distribution, deductions including employees' share for SSS, Medicare, W/holding taxes, etc. 4.3 Accounting for compliance of legal requirements (allowance, 13 th month pay, vacation and sick leave, etc.)	preparation of Financial statements Integrity & reliability in reporting	Assignments		Major Exam		the payroll and conform to the legal requirements regarding labor.
<i>COMMUNITY SERVICE INTEGRATION</i> <i>Give the students the opportunity to impart knowledge on materials and labor accounting to the adapted community.</i>	Materials Accounting and Labor Costing	<i>Integrity & Reliability in Reporting Awareness Honesty</i>	Lecture-Discussion	<i>Actual Problems on Materials and Labor Costing</i>	Quiz		<i>Gave the students the opportunity to impart knowledge on materials and labor accounting to the adapted community.</i>
MID-TERM EXAMINATION							
Explain the meaning of factory overhead and list	5. Accounting for factory overhead	Awareness Knowledge in	Lecture-discussion	Textbook Problems	Exercises Quiz	10 th -11 th week	Explained the meaning of

down examples.

State the factors to be considered in the selection of overhead rates.

5.1 Nature of factory overhead

5.2 Use of predetermined factory overhead rate

5.3 Factors to be considered in the selection of overhead rates.

5.4 Calculation of factory overhead rate

5.5 Applied factory overhead over or under applied a variance analysis

5.6 Concept of departmentalization

5.7 Producing Service department

5.8 Direct and indirect expenses in producing and service department

5.9 Distributing service department costs.

5.10 Use of departmental factory overhead rates

5.11 Actual factory overhead departmentalized

5.12 Departmentalized Expense Analysis

Accounting terminology

Appreciation of subject Matter

Efficiency and effectiveness in the preparation of Financial statements

Integrity & reliability in reporting.

Board work Assignments

Exercises

Recitation Major Exam

factory overhead and list down examples.

[Stated](#) factors to be considered in the selection of overhead rates.

Sheet.

<p>Discuss the meaning of Process Cost system, procedures on process cost accumulation, procedures for materials, labor and factory overhead costs.</p>	<p>6. Process Costing System 6.1 Process cost accumulation procedures 6.2 Product Flow 6.3 Procedures for material labor and factory overhead cost 6.4 Cost of production reports 6.4.1 Computation of unit cost for each element of cost determining equivalent unit of production 6.4.1.1 Average Method 6.4.1.2 First In, First Out 6.4.1.3 Lost units-normal and abnormal, timing for lost units 6.4.2 Accounting for lost units 6.4.2.1 Normal vs. Abnormal</p>	<p>Awareness Knowledge in accounting terminology</p> <p>Appreciation of subject Matter</p> <p>Efficiency and effectiveness in the preparation of Financial statements</p> <p>Integrity & reliability in reporting.</p>	<p>Lecture-discussion Board work Assignments</p>	<p>Exercises Quiz Recitation Major Exam</p>	<p>12th-14th week</p>	<p>Discussed the meaning of Process Cost system, procedures on process cost accumulation procedures for materials, labor and factory overhead costs.</p> <p>Interpreted Cost of Production Reports. Interpreting unit cost for each element of cost using average method, FIFO and lost units</p>
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6.4.2.2 Stage of Production when lost.
 6.4.2.2.1 At the beginning of the production process
 6.4.2.2.2 During the production process
 6.4.2.2.3 At the end of the production process

6.5 Journal Entries for cost transferred in the department: Cost incurred during the period; Cost transferred out to the subsequent department as well as the abnormal lost units.

Distinguish by-product from joint product.

7. By-product and joint products
 7.1 Definition of by-product and joint product

Awareness Knowledge in accounting terminology

Lecture-discussion Board work Assignments

Exercises Quiz Recitation Major Exam

15th-16th week

Distinguished by-product from joint product

	7.2 Method of costing by-products	Appreciation				
	7.3 Methods of allocation joint production cost to joint products	Efficiency and effectiveness in the preparation of Financial statements				
	Financial Statement preparation					
Illustrate the methods of costing by-products. Present the basic concepts of standard cost and variance analysis.	8. Standard Cost of Variance Analysis	Integrity & reliability in reporting.	Lecture-discussion Board work Assignments	Exercises Quiz Recitation Major Exam	17 th -18 th week	Illustrated the methods of costing by-products. Present the basic concepts of standard cost and variance analysis.
Enumerate different accounts and develop Income Statement under standard costing.	8.1 Basic concepts and standards 8.2 Purpose of standard cost 8.3 Costing production under standard cost system 8.4 Methods of computing and analyzing variance from standard mix and standard yield. 8.5 Journal entries under standard cost system 8.6 Preparation of					Enumerated different accounts and developing Income Statement under standard costing.

	Income Statement under standard cost.					
<p>COMMUNITY SERVICE INTEGRATION</p> <p>Give the students the opportunity to impart their knowledge on Financial Statements preparation for a manufacturing concern</p>	<p><i>Concepts, principles & procedures of cost accounting in general.</i></p>	<p><i>Values of accuracy and attention to details</i></p>	<p>Lecture-discussion <i>Project study on how to prepare financial statements of a manufacturing firm.</i></p>	<p>Illustration <i>Exercises</i></p>	<p><i>Seatwork Examination</i></p>	<p>Gave the students the opportunity to impart their knowledge on Financial Statements preparation for a manufacturing concern</p> <p><i>Achieved competence on accounting for business transactions of a manufacturing firm.</i></p>
<p>FINAL EXAMINATION</p>						

VIII. Grading System :

Midterm Grade:		Pre-final Grade:	
Class Standing	- 25%	Class Standing	- 25%
Quizzes	- 25%	Quizzes	- 25%
Mid-term Exams	- 10%	Mid-term Exams	- 10%
Compre Exams	- <u>40%</u>	Compre Exams	- <u>40%</u>
	100%		100%

$$\text{Final Grade} = (\text{Mid-term Grade} + \text{Pre-Final Grade}) / 2$$

IX. References:

Main References: Matz, Usry and Macuja. **Cost Accounting, 2004 edition**
Matz and Usry. **Cost Accounting, 2004 edition**

Other References:

Textbook : Matz, Usry and Carter, **Cost Accounting, 2004 edition**
Kimwell, M., Constructive Accounting, 2006 edition

X. Course Requirement:

XI. Course Policies

Policies on attendance, tardiness and academic dishonesty are found in the Student Handbook.
In case of missed examination and assignments, the student is given the chance to make-up within a week from the day he/she reported; otherwise, it will be equivalent to 50%.