



BAKER COLLEGE
STUDENT LEARNING OUTCOMES

ACC3610A Cost Accounting
3 Semester Credit Hours

Student Learning Outcomes and Enabling Objectives

1. Use different cost accumulation systems such as job-order, process, and activity-based costing.
 - a. Define the nature of each system, understand the cost flows of the system, identify its appropriate use, and prepare appropriate journal entries.
 - i. Determine the most appropriate system.
 - ii. Assign costs using each system and alternative methods.
 - iii. Demonstrate the flow of costs through each system.
 - b. Apply the proper accounting for normal and abnormal spoilage under each system
 - c. Discuss the strategic value of cost information regarding products and services, pricing, overhead allocations, and other issues under each system
 - d. Identify and describe the benefits and limitations of each system
 - e. Distinguish actual from normal costing.
 - f. Evaluate the cost/benefit of implementing activity-based costing.
 - i. Explain how activity-based costing is used in activity-based management.
 - ii. Cost products or services using activity-based costing.
2. Apply cost measurement, estimation, and allocation concepts
 - a. Describe cost behavior patterns (fixed, variable, semi-variable, and step costs) in the long- and short-term
 - b. Illustrate how a change in assumptions regarding cost type or relevant range affects these costs
 - c. Discuss the reasons for estimating fixed and variable costs.
 - i. Estimate costs using engineering estimation
 - ii. Estimate costs using account analysis
 - iii. Estimate costs using statistical analysis
 - d. Interpret the results of regression output.

- e. Apply the principles of each of the basic types of costing systems: job, process, activity-based, and operations.
 - i. Determine the most appropriate system.
 - ii. Assign costs in each system.
 - f. Identify and define cost measurement techniques such as actual costing, normal costing, and standard costing;
 - i. Calculate costs using each of these techniques; identify the appropriate use of each technique; and
 - ii. Describe the benefits and limitations of each technique
 - g. Allocate service department costs using the direct, step, and reciprocal methods.
 - h. Determine the appropriate use of joint product and by-product costing
 - i. Demonstrate an understanding of concepts such as split-off point and separable costs
 - ii. Determine the allocation of joint product and by-product costs using the physical measure method, the sales value at split-off method, constant gross profit (gross margin) method, and the net realizable value method; and describe the benefits and limitations of each method.
3. Use cost accounting concepts to provide information for decision-making.
- a. Describe the ways managers use accounting information to make decisions, evaluate performance, and create value in organizations.
 - b. Produce a contribution format income statement.
 - i. Calculate contribution margin per unit and total contribution margin
 - ii. Explain how changes in activity affect contribution margin and net operating income.
 - c. Produce schedules of cost of goods manufactured and cost of goods sold and an income statement for job-order costing.
 - i. Apply overhead costs to jobs using a predetermined overhead rate.
 - ii. Compute the total cost and average cost per unit for a job.
 - iii. Compute under-applied or over-applied overhead cost and prepare the journal entry to close the balance in Manufacturing Overhead to the appropriate accounts.
 - d. Produce a production report for process costing.
 - i. Compute the equivalent units of production using the weighted-average method and prepare a quantity schedule.
 - ii. Compute the cost per equivalent unit using the weighted-average method.
 - iii. Assign costs to units using the weighted-average method.
 - iv. Prepare a cost reconciliation

- e. Produce a segmented income statement that differentiates traceable fixed costs from common fixed costs.
 - f. Produce summary income statements using variable costing and absorption costing
 - i. Describe the benefits and limitations of these measurement concepts
 - ii. Discuss how the use of variable costing or absorption costing affects the value of inventory, cost of goods sold, and operating income
 - iii. Calculate inventory costs, cost of goods sold, and operating profit using both methods.
4. Review the framework for management control systems.
- a. Discuss the role of a management control system.
 - b. Identify the advantages and disadvantages of decentralization.
 - c. Explain the relationship between organization structure and responsibility centers.
 - d. Analyze the effect of dual- versus single-rate allocation systems.
5. Analyze segment or business unit performance
- a. Understand how managers evaluate performance.
 - b. Evaluate divisional accounting income as a performance measure.
 - c. Interpret and use return on investment (ROI)
 - d. Interpret and use residual income (RI)
 - e. Interpret and use economic value added (EVA)
 - f. Rank and evaluate investment projects
6. Reconcile results against a budget and perform analysis of variances as needed
- a. Examine performance against operational goals using measures based on revenue, manufacturing costs, non-manufacturing costs, and profit depending on the type of center or unit being measured
 - b. Explain why performance evaluation measures should be directly related to strategic and operational goals and objectives; why timely feedback is critical; and why performance measures should be related to the factors that drive the element being measured, e.g., cost drivers and revenue drivers
 - c. Explain how to use sensitivity analysis to budget under uncertainty.
 - d. Describe the role of budgets in overall organizational plans.
 - e. Develop budget components and budgeted financial statements.
 - f. Analyze variances, identify causes, and recommend corrective actions
 - i. Determine the appropriate variance analysis method to measure the key cost drivers by analyzing business scenarios.

- ii. Calculate and interpret variances and determine which variances to investigate.
 - iii. Use market share, sales mix, and quantity variances to evaluate marketing performance.
 - iv. Evaluate production performance using product mix and yield variances.
 - g. Analyze a flexible budget based on actual sales (output) volume
 - i. calculate the sales-volume variance and the sales-price variance by comparing the flexible budget to the master (static) budget
 - ii. calculate the flexible-budget variance by comparing actual results to the flexible budget
 - iii. investigate the flexible-budget variance to determine individual differences between actual and budgeted input prices and input quantities
 - h. Break down variances, identify causes, and recommend corrective actions
 - i. demonstrate an understanding of price (rate) variances and calculate the price variances related to direct material and direct labor inputs
 - ii. demonstrate an understanding of efficiency (usage) variances and calculate the efficiency variances related to direct material and direct labor inputs
 - iii. demonstrate an understanding of spending and efficiency variances as they relate to fixed and variable overhead
 - iv. calculate a sales-mix variance and explain its impact on revenue and contribution margin
 - v. calculate and explain a mix variance
 - vi. calculate and explain a yield variance
 - vii. demonstrate how price, efficiency, spending, and mix variances can be applied in service companies as well as manufacturing companies
 - viii. analyze factory overhead variances by calculating variable overhead spending variance, variable overhead efficiency variance, fixed overhead spending variance, and production volume variance
- 7. Recommend appropriate responsibility centers given a business scenario
 - a. Analyze a contribution margin report and evaluate performance
 - b. Identify segments that organizations evaluate, including product lines, geographical areas, or other meaningful segments
 - c. Explain why the allocation of common costs among segments can be an issue in performance evaluation
 - d. Identify methods for allocating common costs such as stand-alone cost allocation and incremental cost allocation

- e. Define transfer pricing and identify the objectives of transfer pricing
 - f. Identify the methods for determining transfer prices and list and explain the advantages and disadvantages of each method
 - g. Identify and calculate transfer prices using variable cost, full cost, market price, negotiated price, and dual-rate pricing
 - h. Explain how transfer pricing is affected by business issues such as the presence of outside suppliers and the opportunity costs associated with capacity usage
 - i. Describe how special issues such as tariffs, exchange rates, taxes, currency restrictions, expropriation risk, and the availability of materials and skills affect performance evaluation in multinational companies
 - j. Determine which financial and non-financial measures are appropriate to analyze specific aspects of an entity's performance and risk profile (e.g., Return on Equity, Return on Assets, Contribution Margin, etc.).
8. Use cost accounting and performance measurement to support business strategy
- a. Explain why and how companies use non-financial performance measures.
 - b. Demonstrate an understanding of the reasons why performance measures differ across levels of the organization.
 - c. Demonstrate an understanding of how the balanced scorecard helps organizations recognize and deal with their conflicting responsibilities.
 - d. Apply benchmarking to support continuous improvement.
 - e. Identify examples of non-financial performance measures and discuss the potential for improved performance resulting from improved activity management.
 - f. Explain why employee involvement is important for an effective performance measurement system.
 - g. Discuss the four generic approaches to managing uncertainty.
 - h. Identify and apply the typical approaches to controlling discretionary fixed costs.
9. Evaluate and recommend pricing strategies under specific market conditions.
- a. Identify different pricing methodologies, including market comparable, cost-based, and value-based approaches.
 - b. Differentiate between a cost-based approach (cost-plus pricing, markup pricing) and a market-based approach to setting prices.
 - c. Calculate selling price using a cost-based approach.
 - d. Demonstrate an understanding of how pricing a product or service is affected by the demand for and supply of, the product or service, as well as the market structure within which it operates.
 - e. Explain the basic issues associated with transfer pricing.

- f. Identify the behavioral issues and incentive effects of negotiated transfer prices, cost-based transfer prices, and market-based transfer prices.
 - g. Describe the role of transfer prices in segment reporting.
10. Recommend a course of action for management accountants or financial managers to take when confronted with an ethical dilemma in the business environment
- a. Use the standards outlined in IMA's Statement of Ethical Professional Practice to evaluate a given business situation for its ethical implications.
 - i. identify and describe the four overarching ethical principles
 - ii. identify and describe relevant standards that may have been violated in a given business situation and explain why the specific standards are applicable
 - b. Use the standards outlined in IMA's Statement of Ethical Professional Practice to evaluate and propose resolutions for ethical issues such as fraudulent reporting, manipulation of analyses, results, and budgets.

Big Ideas and Essential Questions

Big Ideas

- **Cost accumulation, measurement, and allocation**
- **Forecasting and projection**
- **Investment decisions: capital budgeting**
- **Professional ethics for management accountants and financial managers**

These SLOs are approved for experiential credit.

Effective: Fall 2021