WILMINGTON UNIVERSITY  
COLLEGE OF BUSINESS  
BASIC COURSE INFORMATION

COURSE TITLE: Cost Accounting I
COURSE NUMBER: BAC 301

I. RATIONALE:
Cost accounting provides important data for planning, controlling, and costing products and services. Increasingly, knowledge of cost accounting transforms accountants into an integral part of the decision-making team, rather than number providers.

II. MAJOR INSTRUCTIONAL GOALS:

GOAL A: The student will gain an understanding of where an accountant fits in an organization.

Learning Outcomes: The student will:

A-1 Describe how cost accounting supports managerial and financial accounting.
A-2 Understand how management accountants affect strategic decisions.
A-3 Understand how management accounting fits into an organization’s structure.
A-4 Understand what professional ethics mean to management accountants.

GOAL B: The student will understand indirect costs, variable costs, fixed costs, cost drivers, capitalized costs, inventory costs, and period costs.

Learning Outcomes: The student will:

B-1 Define and illustrate a cost object.
B-2 Distinguish between direct costs and indirect costs.
B-3 Explain variable costs and fixed costs.
B-4 Distinguish among manufacturing companies, merchandising companies, and service-sector companies.
B-5 Describe the three categories of inventories commonly found in manufacturing companies.
B-6 Distinguish inventoriable costs from period costs.
GOAL C:
The student will calculate break-even and target operating income.

Learning outcomes: The student will:

C-1 Understand the assumptions of cost-volume-profit (CVP) analysis.
C-2 Determine the breakeven point and output level needed to achieve a target operating income.
C-3 Understand how income taxes affect CVP analysis.
C-4 Explain CVP analysis in decision-making and how sensitivity analysis helps managers cope with uncertainty.
C-5 Use CVP analysis to plan variable and fixed costs.
C-6 Apply CVP analysis to a company producing different products.
C-7 Distinguish contribution margin from gross margin.

GOAL D:
The student will be able to implement job-costing systems used in the service, merchandising, and manufacturing sectors.

Learning outcomes: The student will:

D-1 Describe the building-block concepts of costing systems.
D-2 Distinguish job costing from process costing.
D-3 Outline the seven-step approach to job costing.
D-4 Distinguish actual costing from normal costing.
D-5 Track the flow of costs in a job-costing system.
D-6 Apply variations from normal costing.

GOAL E:
The student will be able to implement activity-based costing and activity-based management used in the service, merchandising, and manufacturing sectors.

Learning Outcomes: The student will:

E-1 Explain undercosting and overcosting of products or services.
E-2 Present three guidelines for refining a costing system.
E-3 Distinguish between simple and activity-based costing systems.
E-4 Describe a four-part cost hierarchy.
E-5 Cost products or services using activity-based costing.
E-6 Explain how activity-based costing systems are used in activity-based management.
E-7 Compare activity-based costing systems and department costing systems.
E-8 Evaluate the costs and benefits of implementing activity-based costing systems.

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GOAL F:
The student will construct the master budget and related supporting schedules.

**Learning Outcomes:** The student will:

F-1 Describe what the master budget is and explain its role.
F-2 Describe the advantages of budgets.
F-3 Prepare the operating budget and its supporting schedules.
F-4 Use computer-based financial planning models in sensitivity analysis.
F-5 Explain kaizen budgeting and how it is used for cost management.
F-6 Prepare an activity-based budget.
F-7 Describe responsibility centers and responsibility accounting.
F-8 Explain how controllability relates to responsibility accounting.

GOAL G:
The student will understand direct-cost variances and how management uses variances to evaluate performance.

**Learning Outcomes:** The student will:

G-1 Distinguish a static budget from a flexible budget.
G-2 Develop flexible budgets and compute flexible-budget variances and sales-volume variances.
G-3 Explain why standard costs are often used in variance analysis.
G-4 Compute price variances and efficiency variances for direct-cost categories.
G-5 Understand how managers use variances.
G-6 Perform variance analysis in activity-based costing systems.
G-7 Describe benchmarking and how it is used in cost management.

GOAL H:
The student will understand overhead-cost variances and management control over variances.

**Learning Outcomes:** The student will:

H-1 Explain the similarities and differences in planning variable overhead costs and fixed overhead costs.
H-2 Identify the features of standard costing.
H-3 Compute the variable overhead efficiency variance and the variable overhead spending variance.
H-4 Explain how the variable overhead efficiency variance differs from the efficiency variance for a direct cost.
H-5 Compute a budgeted fixed overhead cost rate.
H-6 Explain two concerns when interpreting the production-volume variance as a measure of the economic cost of unused capacity.
H-7 Show how the 4-variance analysis approach reconciles the actual overhead incurred with the overhead amounts allocated during the period.
H-8 Calculate overhead variances in activity-based costing.

GOAL I:
The student will explain inventory analysis and capacity analysis.

Learning outcomes: The student will:

I-1 Identify what distinguishes variable costing from absorption costing.
I-2 Prepare income statements under absorption costing and variable costing.
I-3 Explain differences in operating under absorption costing and variable costing.
I-4 Understand how absorption costing can provide undesirable incentives for managers to build up finished goods inventory.
I-5 Differentiate throughput costing from variable costing and variable costing.
I-6 Describe the various capacity concepts that can be used in absorption costing.
I-7 Understand the major factor management considers in choosing a capacity level to compute the budgeted fixed manufacturing cost rate.
I-8 Describe how attempts to recover fixed costs of capacity may lead to price increases and lower demand.
I-9 Explain how the capacity level chosen to calculate the budgeted fixed overhead cost rate affects the production-volume variance.