

**WILMINGTON UNIVERSITY  
COLLEGE OF BUSINESS  
BASIC COURSE INFORMATION**

**COURSE TITLE:** Cost Accounting II

**COURSE NUMBER:** BAC 302

**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 understand pricing decisions and cost management.

**Learning Outcomes:** The student will:

- A-1 Discuss the three major influences on pricing decisions.
- A-2 Distinguish short-run from long-run pricing decisions.
- A-3 Price products using the target-costing approach.
- A-4 Apply the concepts of cost incurrence and locked-in costs.
- A-5 Price products using the cost-plus approach.
- A-6 Use life-cycle budgeting and costing when making pricing decisions.
- A-7 Describe two pricing practices in which noncost factors are important when setting prices.

**GOAL B:**

The student will understand the allocation of costs to departments, individual products, services, or jobs.

**Learning Outcomes:** The student will:

- B-1 Identify four purposes for allocating costs to cost products.
- B-2 Understand criteria to guide cost-allocation decisions.
- B-3 Discuss decisions faced when collecting costs in indirect-cost pools.
- B-4 Discuss why a company's revenues can differ across customers purchasing the same product.
- B-5 Apply the concept of cost hierarchy to customer costing.
- B-6 Discuss why customer-level costs differ across customers.
- B-7 Subdivide the sales-volume variance into the sales-mix variance and the sales-quantity variance.

- B-8 Subdivide the sales-quantity variance into the market-share variance and the market-size variance.

**GOAL C:**

The student will understand the allocation of support-department costs, common costs, and revenues.

**Learning Outcomes:** The student will:

- C-1 Distinguish the single-rate method from the dual-rate method.
- C-2 Understand how the uncertainty user managers face is affected by the choice between budgeted and actual cost-allocation rates.
- C-3 Allocate support-department costs using the direct method, the step-down method, and the reciprocal method.
- C-4 Allocate common costs using the stand-alone method and the incremental method.
- C-5 Explain the importance of explicit agreement between contracting parties when the reimbursement amount is based on costs incurred.
- C-6 Understand how bundling of products gives rise to revenue-allocation issues.
- C-7 Allocate the revenues of a bundled product to the individual products in that bundle.

**GOAL D:**

The student will understand the difference between joint products and byproducts, and the methods of allocating and accounting for each one.

**Learning Outcomes:** The student will:

- D-1 Identify the split-off point in a joint-cost situation.
- D-2 Distinguish joint products from byproducts.
- D-3 Explain why joint costs are allocated to individual products.
- D-4 Allocate joint costs using four methods.
- D-5 Explain why the sales value of the split-off method is preferred when allocating joint costs.
- D-6 Explain why joint costs are irrelevant in a sell-or-process-further decision.
- D-7 Account for byproducts using two methods.

**GOAL E:**

The student will be able to implement process costing systems used in the service, merchandising, and manufacturing sectors.

**Learning Outcomes:** The student will:

- E-1 Identify the situations in which process-costing systems are appropriate.

- E-2 Describe the five steps in process costing.
- E-3 Calculate equivalent units and understand how to use them.
- E-4 Prepare journal entries for process-costing systems.
- E-5 Use the weighted-average method of process costing.
- E-6 Use the first-in, first-out (FIFO) method of process costing.
- E-7 Incorporate standard costs into process-costing systems.
- E-8 Apply process-costing methods to situations with transferred-in costs.

**GOAL F:**

The student will distinguish between spoilage, reworked units, and scrap.

**Learning Outcomes:** The student will:

- F-1 Distinguish between spoilage, rework and scrap.
- F-2 Describe the accounting procedures for normal and abnormal spoilage
- F-3 Account for spoilage in process costing using the weighted-average method.
- F-4 Account for spoilage in process costing using the first-in, first-out (FIFO) method.
- F-5 Account for spoilage in process costing using the standard-costing method.
- F-6 Account for spoilage in job costing.
- F-7 Account for rework in job costing.
- F-8 Account for scrap.

**GOAL G:**

The student will understand the major features of a just-in-time production and prepare journal entries for the back flush costing system.

**Learning Outcomes:** The student will:

- G-1 Identify five categories of costs associated with goods for sale.
- G-2 Balance ordering costs with carrying costs using the economic-order-quantity (EOQ) decision model.
- G-3 Identify and reduce conflicts that can arise between the EOQ decision model and models used for performance evaluation.
- G-4 Use a supply-chain approach to inventory management.
- G-5 Distinguish materials requirements planning (MRP) systems from just-in-time (JIT) systems for manufacturing.
- G-6 Identify the features of a just-in-time production system.
- G-7 Use back-flush costing.
- G-8 Describe different ways back-flush costing can simplify traditional inventory-costing systems.