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.
IDEA Objectives:  E = 2, 3, 4  
I = 1

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.