
COURSE OUTLINE

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Course Name and Number	COST AND MANAGEMENT ACCOUNTING II (2000-2001) 20704801
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Total (Credit) Hours	64
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Prerequisite(s)

90440600	Introductory Cost Accounting	and		
90127101	Spreadsheet Applications	or	90127103	Business Computing Applications 2

Course Description

This course examines alternate approaches to the handling of fixed manufacturing overhead. In addition, it introduces the methods of pricing products and services, of accounting for quality costs, of allocating service department costs to user departments, of allocating joint costs to products and services, and of measuring performance for businesses. Extensive use is made of electronic worksheets in completing assignments.

Course Outcomes

Successful completion of this course will enable the student to

1. Explain and demonstrate the differences between absorption costing and variable costing.
1. Understand the various methods of pricing a product based on cost data.
2. Identify the four types of quality costs and prepare and interpret a quality cost report
3. Explain the purpose of and illustrate common methods used in the allocation of service department costs.
4. Explain the purpose of and illustrate common methods used in the allocation of joint-product costs.
5. Calculate the ROI and residual income methods of measuring performance
6. Design and demonstrate computer templates in Excel for a variety of applications relating to the foregoing topics .

COURSE OUTLINE

2

Course Name COST AND MANAGEMENT ACCOUNTING II
and Number 20704801

Unit Outcomes	Resources/Tests/Assignments	
	Estimate time <u>In hours</u>	Chapter
Successful completion of the following units will enable the student to		
1.0 Variable Costing: A Tool for Management	9	7
1.0 Identify the fundamental difference between variable costing and absorption costing.		
2.0 Construct income statements using variable costing and absorption costing.		
3.0 Reconcile differences in operating income produced by the two methods by describing how fixed overhead costs are deferred in inventory and released from inventory under absorption costing.		
4.0 Explain the effect of changes in production on the net income reported under both variable and absorption costing.		
5.0 Explain the advantages and limitations of both the variable and absorption costing methods.		
6.0 Explain how the use of JIT reduces the difference in net income reported under the variable and absorption costing methods		
2.0 Pricing of Products and Services	5	13, pp. 636-644
1.0 Define the terms markup and Cost Plus Pricing		
2.0 Compute the profit maximizing price of a product or service using the price elasticity of demand and variable cost		
3.0 Compute the selling price of a product using the absorption costing approach		
4.0 Compute the mark-up percentage under the absorption costing approach		
5.0 Compute the target cost for a new product or service		
6.0 Compute the billing rate and loading charge in time and material pricing		
3.0 Accounting for Quality	5	2, pp. 54-60 3, pp. 111-112
1.0 Identify the four types of quality costs and explain		

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Unit Outcomes	Resources/Tests/Assignments	
	Estimate time <u>In hours</u>	Chapter
how they interact		
2.0 Prepare and interpret a quality cost report		
3.0 Explain how managers use quality cost information		
4.0 Describe the meaning of ISO 9000 standards		
5.0 Record journal entries for defective units and scrap		
Term Test # 1 - Units 1, 2, and 3	2	
4.0 Service Department Costing and Other Allocations	6	Appendix A
1.0 Allocate Service Department Costs Using the Direct Method		
2.0 Allocate service department costs using the step method		
3.0 Allocate service department costs to other departments using the reciprocal method		
4.0 Allocate variable and fixed service department costs separately at the beginning of a period and the end of a period		
5.0 Understand the pitfalls in allocating fixed costs		
Understand the pitfalls of using sales \$ as an allocation based		
6.0 Describe the retainer fee approach and indicate when it is appropriate		
5.0 Allocation of Joint Products and By-products	9	Supplement, Horngren, Chap 15
1.0 Identify the split-off point(s) in a joint cost situation.		
2.0 Distinguish between joint products, main products and by-products.		
3.0 Discuss the reasons for allocating joint costs to individual products.		
4.0 Describe and demonstrate four methods of allocating joint costs.		
5.0 Identify the criterion used to support market-based		

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Unit Outcomes	Resources/Tests/Assignments	
	Estimate time <u>In hours</u>	Chapter
joint cost allocation methods.		
6.0 Segment Reporting, ROI, and Residual Income		
1.0 Prepare a segmented income statement using the CM format	9	12
2.0 Identify three business practices that hinder proper cost assignment		
3.0 Analyze variances from revenue targets and marketing expenses		
4.0 Compute the return on investment and understand what changes affect ROI		
5.0 Compute residual income and understand the strengths and weaknesses of this method		
Term Test #2 Units 4, 5, and 6	3	

