

**PALOMAR COLLEGE**  
**COURSE OUTLINE OF RECORD FOR**  
**A.A. DEGREE CREDIT COURSE**

Transfer course     A.A. degree applicable course  
(check all that apply)

**COURSE NUMBER AND TITLE:** ACCT 205 Cost Accounting

**UNIT VALUE:** 3

**MINIMUM NUMBER OF SEMESTER HOURS:** 48

**BASIC SKILLS REQUIREMENTS:**

Appropriate language and computational skills.

**ENTRANCE REQUIREMENTS**

**PREREQUISITE:** ACCT 108 Managerial Accounting

**COREQUISITE:**

**RECOMMENDED PREPARATION:**

**SCOPE OF COURSE:**

A study of the fundamental principles of cost accounting, including the elements of production costs, cost estimations, byproducts and joint products, spoilage and scrap materials, and systems of cost distribution such as standard cost, job order, and process flow.

**SPECIFIC COURSE OBJECTIVES:** Successful students will

1. demonstrate an understanding of the concepts relating to the theoretical and practical application of cost accounting as they relate to determination of product cost and decision making
2. analyze and evaluate the relationship of cost accounting theory and applications with other accounting concepts
3. distinguish between job order cost accounting and process cost accounting systems and will apply the principles and procedure of each in the determination of product cost
4. compute the equivalent unit of production for material cost and processing cost using the average cost method and the FIFO method

5. apply the principles of standard costs in the determination of product cost and in managerial decisions
6. prepare the necessary reports for use by management in managerial decisions and in internal control

### **CONTENT IN TERMS OF SPECIFIC BODY OF KNOWLEDGE:**

- I. Introduction to Cost Accounting
  - A. Uses of Cost Accounting
  - B. Elements of Manufacturing Cost
  - C. Flow of Costs
  - D. Cost Accounting Systems
- II. Accounting for Materials
  - A. Internal Control
  - B. Determining Cost of Materials Issued
    1. Methods of Material Costing
    2. Accounting Procedures
  - C. Scrap, Spoiled Goods, and Defective Work
- III. Accounting for Labor
  - A. Procedures for Controlling Labor Costs
  - B. Accounting for Labor Costs
  - C. Special Labor Cost Problems
- IV. Accounting for Factory Overhead
  - A. Identifying and Analyzing Factory Overhead Costs
  - B. Accounting for Actual Factory Overhead Costs
  - C. Applying Factory Overhead to Production
  - D. Computing Variances
- V. Job Order Cost Accounting
- VI. Process Cost Accounting
  - A. Primary Procedures
    1. Costs Flow Through Departments
    2. Cost of Production Reports
  - B. Additional Procedures
    1. Equivalent Units of Productions
      - a. Average Cost Method
      - b. FIFO Method
    2. Units Lost in Production
    3. Units Gained in Production
    4. Joint Products and By-Products
- VII. Standard Cost Accounting
  - A. Material and Labor Costs
    1. Accounting for Actual Costs
    2. Accounting for Standard Costs
    3. Determination and Disposition of Variances

- 4. Analysis of Variances
- B. Factory Overhead
  - 1. Budgeting Process
  - 2. Two-Variance Method of Analysis
  - 3. Three-Variance Method of Analysis

VIII. Cost Analysis for Management Decision Making

- A. Direct Costing versus Absorption Costing
- B. Cost-Volume-Profit Analysis
  - 1. Break-Even Analysis
  - 2. Contribution Margin Ratio
  - 3. Margin of Safety
- C. Cost for Decision Making
- D. Differential Cost Analysis

**REQUIRED READING:**

Schmiedicke, Robert E., et al., eds. Principles of Cost Accounting. 12th edition. Cincinnati: South-Western Publishing Co., 2000.

**SUGGESTED READING:**

Schmiedicke, Robert E., et al., eds. Principles of Cost Accounting Study Guide. Cincinnati: South-Western Publishing Co., 2000.

**REQUIRED WRITING:**

Computational skills demonstrated in solving exercises and problems are more appropriate than writing assignment. The solutions of the exercises and problems should illustrate an understanding of the accounting principles and concepts involved.

**OUTSIDE ASSIGNMENTS:**

**Students are expected to spend a minimum of three hours per unit per week in class and on outside assignments, prorated for short term classes.**

**INSTRUCTIONAL METHODOLOGY:**

Lecture, discussion, demonstrations using the chalkboard and/or the data display, duplicated materials, simulated business problems, specimen business papers, and accounting records as well as other types of visual aids.

**Check all that apply:**

- lecture
- laboratory
- lecture-laboratory combination
- directed study

**This course may be offered as a distance learning course and meets Title 5 regulations 55370, 55372, 55374, 55376, 55378, and 55380.**

Yes  No

**If yes, check all that apply.**

- Television Course (Video one-way, e.g. ITV, video cassette, etc.)
- Online Course (Text one-way, e.g. newspaper, correspondence, electronic file, etc.)
- Two-Way Video Conferencing (Two-way interactive video and audio)
- One-Way Video Conferencing (One-way interactive video and two-way interactive audio)
- Computer Assisted Instruction (A specialized form of mediated instruction relying primarily on student access to information and prepared lessons or teaching materials through a computer terminal, but not under immediate supervision of a qualified instructor.)

**GRADING POLICY AND STANDARDS** (include methods of determining whether the stated objectives have been met by students):

Publishers' and teacher-prepared objective and application and/or performance type questions and problems are used for testing. Students are evaluated on the basis of test scores, successful completion of assignments, and/or class participation. The course is taught by many instructors and each one is free to emphasize selected elements of the criteria. A typical grading policy is the following:

**FINAL GRADE:** Possible points

- |                                    |                   |
|------------------------------------|-------------------|
| 1. 3 tests @ 100 points each       | 300 points        |
| 2. 5 quizzes @ 20 points each      | 100 points        |
| 3. Assigned exercises and problems | 100 points        |
| 4. Comprehensive final             | <u>200</u> points |
| Total maximum points               | 700 points        |

Percentage required for a grade of:

- A.....91 - 100
- B.....81 - 90
- C.....71 - 80
- D.....61 - 70
- F.....60 and below

**IS COURSE REPEATABLE FOR REASON(S) OTHER THAN DEFICIENT GRADE?**

Yes  No  Number of times course may be taken for credit: 1.

If yes, identify specific provision of Title 5 Division 2 section(s) 55761-55763 and 58161 which qualifies course as repeatable:

**CONTACT PERSON:** Gil Noble, ext. 2335

SIGNATURES ON FILE