

Learning Objectives

After studying this course, you will be able to:

- Recognize the nature and scope of cost accounting and cost management.
- Distinguish between cost accounting and its related fields such as managerial accounting and financial accounting.
- Identify the three broad purposes for which the manager needs cost information and the roles of the treasury function.
- Identify developments in the cost accounting and cost management discipline with total quality management and business process engineering.
- Identify examples of each of the basic cost elements involved in the manufacture of the product.
- Distinguish between variable costs and fixed costs and explain the difference in their behavior.
- Recognize the difference between direct and indirect costs.
- Recognize the usefulness of the contribution approach to income determination and differences between it and the traditional income statement.
- Recognize classifications for manufacturing costs.
- Identify types of companies that will benefit from process costing and what is involved in process costing.
- Recognize the problems associated with traditional overhead costing methods.
- Associate different cost drivers with different cost pools.
- Recognize activities in the value chain of business function in *activity-based management (ABM)*.
- Recognize how the cost-volume-profit analysis is used by management.
- Determine how to calculate the sales necessary to break even or to achieve a target income.
- Compute weighted-average contribution margins.
- Recognize the concept of a margin of safety.
- Recognize examples of variable costs, fixed costs, and mixed costs.
- Identify methods for estimating the cost-volume formula.

- Identify the major steps in budget preparation.
- Determine appropriate budget levels.

- Calculate different variances related to manufacturing costs.
- Recognize responsibility accounting and the managerial significance of these variances.
- Identify the value of the analysis provided by performance reporting.
- Recognize the two-way, three-way, and four-way variance analysis for factory overhead.
- Recognize how to calculate different variances associated with single and multi-product firms.

- Understand how to compute return on investment (ROI) and how changes in sales, expenses, and assets affect the investment center's performance.
- Identify how the residual income (RI) differs from ROI in measuring divisional performance.

- Identify how companies use the Corporate Balanced Scorecard to evaluate performance.
 - Recognize the considerations required to determine appropriate transfer prices.
 - Identify the costs that are relevant for a particular decision.
 - Recognize attributes in the *theory of constraints*.
 - Identify characteristics of the *target costing* process for a new product.
 - Identify the impact of the time value of money on capital budgeting decisions.
 - Recognize a number of capital budgeting techniques.
 - Recognize how income tax factors affect investment decisions.
 - Identify the different types of depreciation methods.
 - Recognize the effect of the Modified Accelerated Cost Recovery System (MACRS) on capital budgeting decisions.
 - Recognize how to choose the right system for cost accumulations.
 - Distinguish between the weighted-average and first-in, first-out (FIFO) process costing methods.
 - Recognize different methods of allocating service department costs to production department work.
 - Identify how total quality management (TQM) in a manufacturing environment is best exemplified.
 - Recognize how TQM can work well in a team environment and how quality can be used as a strategic weapon.
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- Recognize the carrying costs and ordering costs associated with inventory management.
 - Identify the objectives of the basic economic order quantity (EOQ) model.