

Macao Polytechnic Institute

School of Business

Bachelor of Accounting

Module Outline

Academic Year 2020 / 2021

Semester 1

Learning Module	Cost Accounting	Class Code	ACCT3130-311		
Pre-requisite(s)	Nil				
Medium of Instruction	English	Credit	3		
Lecture Hours	45 hrs	Lab/Practice Hours	0 hrs	Total Hours	45 hrs
Instructor	Myriam Vong	E-mail	imvong@ipm.edu.mo		
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Description

This course introduces students to costing principles and techniques, and elements of management accounting which are used to make and support decision-making. Topics covered in this course include the nature and purpose of cost and management accounting, cost classification, behaviour and purpose, business uncertainties, cost accounting techniques under job and process costing, budgeting and standard costing, and short term decision-making techniques.

Learning Outcomes (Course Intended Learning Outcomes)

After completing the learning module, students will be able to:

1. Measure various quantitative techniques and methods for cost analysis.
2. Determine the impact of cost and management accounting system changes that affect the flexible budgeting and variance analysis for planning and control.
3. Justify the uses of traditional volume-based costing systems and activity-based costing system in cost analysis.
4. Assess cost-volume-profit analysis for production and sales decision analysis in numerical based situation.
5. Evaluate the uses of costing systems for job, joint product, byproduct, and process costing.

Alignment of Program and Course Intended Learning Outcomes:

PILO	CILOS				
	1	2	3	4	5
1. Integrate the contemporary theories, principles of accounting and business disciplines relevant to general business practice.	✓				
2. Assess general business scenarios with mathematical and statistical skills.				✓	
3. Apply critical thinking and logical analysis skills and techniques to solve business problems.			✓	✓	
4. Interpret and analyze accounting information for internal control, planning, performance evaluation, and coordination to continuously improve business process.					
5. Apply accounting or business software for business analysis.					
6. Develop queries to assess management information from database to improve efficiency and effectiveness.					
7. Synthesize the latest requirement of international accounting and auditing standards in preparing financial statements and auditing reports.		✓			
8. Utilize appropriate written and spoken forms to communicate effectively with stakeholders in various cultural environment.					✓
9. Recommend an appropriate course of action by ethically examining the economic, environmental, political, legal and regulatory contexts of global business practice.					
10. Utilize the latest empirical findings and academic studies to support the recommendation of business projects.					

Content

Topics	Duration
<p><i>Topic 1: Cost Management and Strategy (Chapter 1)</i></p> <ul style="list-style-type: none"> ● Explain the use of cost management information in an organization. ● Explain the contemporary business environment and how it has influenced cost management. ● Explain the management techniques and how they are used in cost management. ● Explain the different types of competitive strategies. ● Describe the professional environment of the management accountant. ● Understand the principles and rules of professional ethics. 	3 hrs
<p><i>Topic 2: Basic cost management concepts (Chapter 3)</i></p> <ul style="list-style-type: none"> ● Recognize the strategic role of basic cost management concepts. ● Explain the cost driver concepts. ● Explain the cost concepts used in product and service costing. ● Demonstrate how costs flow through the accounts and prepare and interpret an income statement for both a manufacturing and merchandizing company. 	3 hrs
<p><i>Topic 3: Job Costing (Chapter 4)</i></p> <ul style="list-style-type: none"> ● Explain the types of costing systems. ● Explain the strategic role of costings. ● Explain the flow of costs in a job costing system. ● Explain the application of factory overhead costs in a job costing system. ● Calculate underapplied and overapplied overhead and show how it is account for. ● Apply job costing to a service industry. ● Explain an operation costing system. ● Explain how to handle spoilage, rework, and scrap in a job costing system. 	3 hrs
<p><i>Topic 4: Activity-Based Costing and customer profitability analysis (Chapter 5)</i></p> <ul style="list-style-type: none"> ● Explain the strategic role of activity-based costing (ABC). ● Describe ABC, the steps in developing an ABC system, and the benefits of an ABC system. ● Determine product costs under both volume-based method and the activity-based method and contrast the two. ● Explain activity-based management (ABM) ● Describe how ABC/M is used in organizations. 	4.5 hrs

<ul style="list-style-type: none"> ● Use and activity-based approach to analyze customer profitability. ● Identify key factors for successful ABC/M implementation. 	
<p><i>Topic 5: Process costing (Chapter 6)</i></p> <ul style="list-style-type: none"> ● Identify the types of organizations for which a process costing system best supports the organization's competitive strategy. ● Explain and calculate equivalent units. ● Describe the five steps in process costing. ● Demonstrate the weighted-average method and FIFO method of process costing. ● Analyze process costing with multiple departments. ● Prepare journal entries to record the flow of costs in process costing system. ● Explain how process costing systems are implemented and enhanced in practice. ● Account for spoilage in process costing 	4.5 hrs
<p><i>Topic 6: Cost Allocation: departments, joint products, and by-products (Chapter 7)</i></p> <ul style="list-style-type: none"> ● Identify the strategic role and objectives of cost allocation. ● Explain the ethical issues of cost allocation. ● Use the three phases of department cost allocation. ● Explain the implementation issues of the different department cost allocation methods. ● Explain the use of cost allocation in service firms. ● Use the three joint product costing methods. ● Use the four by-product costing methods 	4.5 hrs
<p><i>Topic 7: Cost estimation (Chapter 8)</i></p> <ul style="list-style-type: none"> ● Explain the strategic role of cost estimation. ● Apply the six steps of cost estimation. ● Use the high-low and regression analysis method of cost estimation. ● Explain the implementation issues of the cost estimation methods 	3 hrs
<p><i>Topic 8: Short-term profit planning: CVP analysis (Chapter 9)</i></p> <ul style="list-style-type: none"> ● Explain CVP analysis, the CVP model, and the strategic role of CVP strategic. ● Apply CVP analysis for breakeven planning and activity-based costing. ● Explain different approaches for dealing with risk and uncertainty in CVP analysis. ● Adapt CVP analysis for multiple product / services and not-for-profit-organizations. ● Identify the assumptions and limitations of CVP analysis 	4.5 hrs

<p><i>Topic 9: Operational performance measurement: Sales, Direct Cost variances and the role of nonfinancial performance measures (Chapter 14)</i></p> <ul style="list-style-type: none"> ● Explain the essence of control systems in general and operational control systems in particular. ● Define and interpret and the total operating income variance for a given period. ● Develop a general framework for subdividing the total operating income variance into component variances. ● Develop standard costs for product costing, performance evaluation and control. ● Record manufacturing cost flows and associated variances in a standard cost system. ● Discuss major operating functions and the need for nonfinancial performance indicators. 	4.5 hrs
<p><i>Topic 10: Operational performance measurement: indirect cost variances and resource-capacity management (Chapter 15)</i></p> <ul style="list-style-type: none"> ● Distinguish between the product-costing and control purposes of standard costs for factory (manufacturing) overhead. ● Use flexible budgets to calculate and interpret standard cost variances for factory (manufactory) overhead. ● Record overhead costs and associated standard cost variances. ● Dispose of standard cost variances at the end of a period. ● Apply standard costs to service organizations. ● Analyze overhead variances in a traditional activity-based costing system. ● Understand decision rules that can be used to guide the variance-investigation decision. 	4.5 hrs
<i>Mid-term Assessment</i>	<i>3 hrs</i>
<i>Final Examination</i>	<i>3 hrs</i>

Teaching Method

This course adopts the following teaching approaches for students to actively learn the necessary knowledge, skills and techniques and to apply them in such case studies, in-class discussion.

Iterative lecturers

- Lectures: in-depth coverage of advanced management accounting is presented with PowerPoint slides and other additional illustration materials as necessary.
- Q&A: time is allowed to raise questions from both instructor and students.

In-class discussion, exercise and/or quizzes

- In-class exercises and Q&As will be discussed to direct student attention to the issues.
- Quizzes: students will take quizzes to motivate them to review what they have learned.

Assignments and case studies

Students are required to complete assigned problems and case studies. No late submission will be accepted.

Alignment of CILOS with Teaching Methods:

	CILOs				
	1	2	3	4	5
Interactive lectures	✓	✓	✓	✓	✓
In-class discussion, exercises and/or quizzes	✓	✓	✓	✓	✓
Assignments and case studies	✓	✓	✓	✓	✓

Attendance

Attendance requirements are governed by the “Academic Regulations Governing Bachelor’s Degree Programmes of Macao Polytechnic Institute”. Students who have less than the required attendance for the enrolled subject are not eligible to attend the final or re-sit examinations and will be given an “F” as their final grade.

Assessment

This learning module is graded on a 100 point scale, with 100 being the highest possible score and 50 being the passing score.

Types of assessment Task/Activities	Weighting (%)	Remarks	CILOs				
			1	2	3	4	5
Q&A/participation/quizzes	5%	Progressive assessment	✓	✓	✓	✓	✓
Assignments and case studies	15%	Progressive assessment	✓	✓	✓	✓	✓
Midterm-term	30%	Summative assessment	✓		✓		✓
Final exam	50%	Summative assessment	✓	✓	✓	✓	✓
Total	100%						

Plagiarism Policy

It is student's responsibility to ensure that his/her assignment has been checked by Turnitin software, and the similarity score given by Turnitin software cannot be higher than 30%. However, a special case can be determined by the instructor.

Teaching Material(s)

Course textbook:

Edward J. Blocher, David E. Stout, Paul E. Juras, Steen Smith, (2019), "*Cost Management: A strategic Emphasis*", 8th ed., McGraw Hill

References

1. Horngren, C.T., Datar, S.M & Rajan, M.V. (2019) "*Cost Accounting: A Managerial Emphasis*", 16th ed., Prentice Hall
2. Drury, C. ,(2018), *Management and Cost Accounting*, 10th ed., South-Western Cengage Learning.
3. Garrison, R.H., Noreen E.W. and Brewer, P.C., (2018) *Managerial Accounting*, 16th ed., McGraw-Hill.