

SAULT COLLEGE OF APPLIED ARTS & TECHNOLOGY  
SAULT STE. MARIE, ONTARIO

COURSE OUTLINE

Course Outline: BUDGET AND COST ACCOUNTING I  
Code No.: ACC 219  
Program: ACCOUNTING  
Semester: THREE  
Date: SEPTEMBER, 1987  
Author: B. CAMPBELL

New: \_\_\_\_\_ Revision: X

APPROVED: *B. Campbell*  
Chairperson

Sept 87  
Date

BUDGET AND COST ACCOUNTING I

ACC219

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Course Name

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Course Number

**Prerequisite:** ACC102

**PHILOSOPHY AND GOALS:**

This course will introduce the students to manufacturing accounting. Procedures for cost accumulation, cost allocation, and cost flow will be studied. The students will become familiar with the source documents and reports of a manufacturing firm.

**Textbook:** "Cost Accounting - A Managerial Emphasis", 6th edition,  
Horgren and Foster

"Practice Set - Kellum Manufacturing Co. - Job Order Cost  
Accounting

"Managerial Accounting and Control"

"Cases and Readings"

Mimick and Kantor

**Evaluation:**

Evaluation for this course will be based on three tests, the practice set, a cost accounting case, and a final examination. The weighting assigned will be as follows:

Tests (3)	30%
Cost Accounting Case	10%
Practice Set	10%
Final Exam	50%
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	100%

The final grade will be based on the following criteria:

- "A" - 80-100%
- "B" - 70- 79%
- "C" - 55- 69%
- \*"I" - 40- 50% (**Incomplete**)
- "R" - below 40% (**Repeat Course**)

\*A supplemental examination will be offered to students who receive an "I" grade. The privilege to sit for this supplementary examination will be dependent upon regular class attendance (75%) and completion of assigned work. A student failing to meet these conditions will be denied the right to write a supplementary examination.



BUDGET AND COST ACCOUNTING I (ACC 219)

UNIT	WEEKS	TOPICS AND DESCRIPTION
1	1-4 incl.	<p><u>Basic Cost Concepts</u></p> <ul style="list-style-type: none"><li>- responsibility accounting</li><li>- cost flows</li><li>- types and behaviour of costs</li><li>- direct costs and indirect costs</li><li>- inventorial costs</li><li>- costs associated with a manufacturing business</li><li>- preparation of the statement of goods manufactured</li></ul> <p><u>Cost/Volume/Profit Analysis</u></p> <ul style="list-style-type: none"><li>- cost relationships</li><li>- high/low approach for separating mixed costs</li><li>- profit planning using the cost/volume/profit equation</li><li>- the effect of taxes on cost/volume/profit analysis</li><li>- limitations of the CVP model</li><li>- profit planning with bonus incentives</li></ul>

UNIT	WEEKS	TOPICS AND DESCRIPTION
2	5-9 incl.	<p data-bbox="854 495 1062 517"><u>Job Costing</u></p> <ul data-bbox="854 557 1539 1093" style="list-style-type: none"><li>- defining a job cost system and a process cost system</li><li>- characteristics of a job cost system</li><li>- source documents associated with a job cost system</li><li>- cost flow in job costing</li><li>- procedure of cost accumulation in a job cost system</li><li>- assignment of fixed overhead to various jobs</li><li>- the use of an applied rate for fixed overhead</li><li>- the rationale of using an applied rate for fixed overhead</li><li>- disposition of over or under-applied overhead</li></ul> <p data-bbox="854 1126 1024 1149"><u>Budgeting</u></p> <ul data-bbox="854 1189 1484 1500" style="list-style-type: none"><li>- advantages and disadvantages of budgeting</li><li>- various types of budgets</li><li>- major features of budgets</li><li>- the master budget</li><li>- aspects of responsibility accounting</li><li>- budgeting for non-profit organizations</li><li>- administering the budget</li></ul> <p data-bbox="854 1541 927 1563"><u>TEST</u></p>



UNIT	WEEKS	TOPICS AND DESCRIPTION
3	10-14	<p data-bbox="829 483 1138 515"><u>Standard Costing</u></p> <ul data-bbox="829 548 1554 996" style="list-style-type: none"><li>- the purpose of developing standard costs</li><li>- criteria for setting cost standards</li><li>- comparing actual costs with the flexible budgets</li><li>- calculating cost variances for:<ul data-bbox="868 739 1079 840" style="list-style-type: none"><li>a) price</li><li>b) quantity</li><li>c) volume</li></ul></li><li>- combined overhead variances</li><li>- preparing the income statement under a standard cost system</li><li>- journal entries associated with a standard cost system</li></ul> <p data-bbox="829 1025 1101 1057"><u>Direct Costing</u></p> <ul data-bbox="829 1090 1554 1377" style="list-style-type: none"><li>- distinction between absorption costing and direct costing</li><li>- income statement format under direct costing</li><li>- analyzing the difference between absorption costing and direct costing income statement results</li><li>- comparing the two methods of income reporting</li></ul> <p data-bbox="829 1406 911 1438"><u>TEST</u></p> <p data-bbox="829 1471 1365 1503">Review and Final Examination</p>