

SAULT COLLEGE  
of Applied Arts and Technology  
Sault Ste. Marie

COURSE OUTLINE

BUDGETING & COST ACCOUNTING I

ACC 105-4

revised January 7, 1980

## BUDGETING & COST ACCOUNTING I

ACC 105-4

Textbook: Cost Accounting; "A Managerial Emphasis", Charles T. Horgren

Reference Testbooks: Managerial Accounting, E. Ray Garrison  
Fundamentals of Management Accounting, Anthony and Welsch

### Aims and Objectives:

To introduce the student to cost terms and the basic accounting procedures for a manufacturing business. Budgets and profit planning will be studied in detail.

Pre-Requisite: Successful completion of ACC 101

### Student Evaluation:

There will be four regular tests and one final comprehensive test at the end of the semester. The weighting of the tests is as follows:

Regular Tests	50%
Final Test	50%

Grading will be based on the following criteria:

80 and over	A
70 - 79	B
55 - 69	C
40 - 55	I (Incomplete)
Below 40	R (Repeat Course)

Students receiving an "Incomplete" grade will be required to attend a make-up period at the conclusion of the semester.

### Table of Contents

<u>Week No.</u>	<u>Unit</u>	<u>Topic</u>
1	1	<u>Voucher System for Internal Control</u> - purchasing routine for a medium to large size business - the voucher system for payments - recording purchases at gross and net amounts - the use of the voucher register and the cheque register - preparing the schedule of the voucher's payable - other methods of internal control procedures

<u>Week No.</u>	<u>Unit</u>	<u>Topic</u>
2&3	1	<u>Manufacturing Accounting</u> <ul style="list-style-type: none"><li>- elements of manufacturing costs</li><li>- types of inventories associated with a manufacturing firm</li><li>- the manufacturing statement</li><li>- problems associated with inventory valuation for a manufacturing firm</li><li>- the role of the accountant in a manufacturing environment</li><li>- the accountant as a decision-maker</li></ul> TEST
4	2	<u>Cost Terms &amp; Purposes</u> <ul style="list-style-type: none"><li>- variable and fixed costs</li><li>- mixed costs</li><li>- unit and total costs</li><li>- direct and indirect costs</li><li>- perpetual and periodic inventories</li></ul>
5&6	2	<u>Cost-Volume-Profit Relationships</u> <ul style="list-style-type: none"><li>- breakeven point</li><li>- relevant range of fixed costs</li><li>- target profit before and after taxes</li><li>- contribution margin in decision making</li></ul> TEST
7&8	3	<u>Budgeting</u> <ul style="list-style-type: none"><li>- purpose and advantages of budgeting</li><li>- human aspects in budgeting</li><li>- operational budgets</li><li>- financial budgets</li><li>- procedures used in budget preparation</li><li>- preparation of performance reports</li></ul>
9	3	<u>Flexible Budgeting</u> <ul style="list-style-type: none"><li>- comparison of the flexible budget to the static budget</li><li>- preparing and using a flexible formula in budgets</li><li>- the use of standard costs as a base</li><li>- control of costs through flexible budgets</li><li>- preparation of performance reports using a flexible budget</li></ul> TEST

<u>Week No.</u>	<u>Unit</u>	<u>Topic</u>
10&11	4	<u>Inventory Planning &amp; Control</u> <ul style="list-style-type: none"><li>- inventory records and control procedures</li><li>- relevant costs</li><li>- selection of economic order quantities</li><li>- safety stocks, stock out costs, carrying costs</li><li>- ABC classification method</li></ul>
12&13	4	<u>Accounting for Payroll</u> <ul style="list-style-type: none"><li>- preparation of a payroll</li><li>- withholding taxes and other withholdings</li><li>- employer's payroll taxes</li><li>- employee's earnings record</li><li>- methods of timekeeping</li><li>- accounting for incentive plans</li></ul> TEST
14		REVIEW