

**COURSE DATA****Data Subject**

<b>Code</b>	35800
<b>Name</b>	Cost accounting
<b>Cycle</b>	Grade
<b>ECTS Credits</b>	9.0
<b>Academic year</b>	2022 - 2023

**Study (s)**

<b>Degree</b>	<b>Center</b>	<b>Acad. year</b>	<b>Period</b>
1313 - Degree in Business Management and Administration	Faculty of Economics	2	Annual
1330 - Degree in Business Management and Administration (Ontinyent)	Faculty of Economics	2	Annual
1921 - D.D. in Business Management Administration-Law	Doubles Studies Faculty of Law - Faculty of Economics	2	Annual
1926 - D.D. in Tourism-Business Management Administration	Faculty of Economics	2	Annual

**Subject-matter**

<b>Degree</b>	<b>Subject-matter</b>	<b>Character</b>
1313 - Degree in Business Management and Administration	5 - Management accounting	Obligatory
1330 - Degree in Business Management and Administration (Ontinyent)	5 - Contabilidad de Gestión	Obligatory
1921 - D.D. in Business Management Administration-Law	3 - Year 2 compulsory subjects	Obligatory
1926 - D.D. in Tourism-Business Management Administration	3 - Asignaturas de segundo curso	Obligatory

**Coordination**

<b>Name</b>	<b>Department</b>
AYUSO MOYA, AMPARO	44 - Accountancy



## SUMMARY

**COST ACCOUNTING** is a foundation course, taught in the second year of the Degree in **BUSINESS AND ADMINISTRATION**. This course is linked to the area of Business Administration, and comprises 12 ECTS credits.

The course focuses on a global view of Cost Accounting; it is designed for students taking Cost Accounting for the first time. The course will take both a practical and theoretical approach.

Cost accounting provides key data to managers for planning and controlling, as well as data on costing products, services, and customers. By focusing on basic concepts, analyses, uses, and procedures instead of procedures alone, we recognize cost accounting as a managerial tool.

The learning experience will include lectures, discussion classes, problem solving classes, self-study problems, through in-class learning, group work and individual work.

## PREVIOUS KNOWLEDGE

### Relationship to other subjects of the same degree

There are no specified enrollment restrictions with other subjects of the curriculum.

### Other requirements

FROM OTHER SUBJECTS:

Basic Financial Accounting

OTHER REQUIREMENT:

No Require

## OUTCOMES

### 1313 - Degree in Business Management and Administration

- Demonstrate capacity for analysis and synthesis.
- Be able to solve problems.
- Be able to make decisions.
- Be able to work in a team.
- Have critical and self-critical capacity.
- Show motivation for quality.
- Be able to coordinate activities.
- Be able to prepare and interpret accounting information, both financial, for external users, and internal, for management control and decision making.



- Be able to identify, measure and value business costs in order to design and implement cost allocation models and methods.
- Be able to apply and introduce continuous improvement procedures in all areas of the organisation.

## LEARNING OUTCOMES

Upon completion of the course, students will be able to:

- Identify and calculate different types of costs (direct, indirect, variable and fixed costs)
- Determine the product cost by means of full-costing and direct-costing methods
- Distinguish between job-costing, process-costing and joint-costing systems
- Determine the product cost by means of historical (actual) and standard cost systems

## DESCRIPTION OF CONTENTS

### 1. Cost accounting: basic concepts.

- 1.1. The accounting information for internal and external reporting.
- 1.2. Financial accounting for external use and managerial accounting information is for internal use.
- 1.3. Cost Accounting: Definition and objectives.
- 1.4. Costs and Expenses.
- 1.5. Purchases, expenses and costs of the period. Acquisition price vs. Production cost.
- 1.6. Accounting link models between internal and external spheres: monism and dualism.
- 1.7. External result and internal result: differences.

### 2. Type of cost, cost assignment and methods.

- 2.1. The combination of factors for production. Limiting factors and production capacity.
- 2.2. Classification of production factors.
- 2.3. Production classes: single, multiple and joint.
- 2.4. Logical phases of cost analysis: classification, location and imputation.
- 2.5. Statistics of costs or activity.
- 2.6. Cost allocation models: the cost carrier.

### 3. Type of cost (1): materials.

- 3.1. Types of materials.
- 3.2. Treatment of materials. Material Costing and Inventory
- 3.3. Material Costing for Initial Inventory Acquisition.
- 3.4. Inventory management.
- 3.5. Material Costing for Subsequent Valuation.
- 3.6. Inventory management strategies.



#### **4. Types os cost (2): labour cost and machinery.**

- 4.1. Labor and other personnel costs: direct and indirect retribution.
- 4.2. Remuneration over time worked and over quantity produced (Remuneration systems for yields).
- 4.3. Calculation of cost - hour of labor.
- 4.4. Control and record labor cost.
- 4.5. The learning function
- 4.6. Amortization of productive equipment based on time, use, and mixed procedures. The fixed or variable behavior of the amortization.
- 4.7. The calculation of the fee / amortization rate and its accounting treatment.
- 4.8. Other costs of the productive team.
- 4.9. Supplies and other external services.
- 4.10. Other incorporable costs: financial costs and costs - opportunity.

#### **5. Cost allocation.**

- 5.1 The organization of the company.
- 5.2 Concept of center.
- 5.3 Cost allocation base, the costs drivers, costs allocation rate.
- 5.4 Types of departments.
- 5.5 Method for allocating overheads in departments.
- 5.6 Method of allocation cost support departments.
- 5.7 Activity Based Costing (ABC).

#### **6. Job costing system.**

- 6.1. Characteristics of Job order systems.
- 6.2. The general cost accumulation model.
- 6.3. Budgeted indirect costs.

#### **7. Variable costing.**

- 7.1 Variable costing
- 7.2 Comparison of variable costing and full costing.
- 7.3 Cost-Volume-Profit analysis.
- 7.4 The breakeven point.

#### **8. Process costing system.**

- 8.1. Approaches to Process costing
- 8.2. Equivalent Units (Weighted Average)
- 8.3. Under the weighted average method, equivalent units are calculated based on 2 things: units completed and transferred out and units in ending work in process inventory.



## 9. Quality cost: Failure Costs.

- 9.1. Cost of Quality.
- 9.2. Failure costs and preventive cost.
- 9.3. Spoilage of material that occurs during the manufacturing process.
- 9.4. Spoilage vs. By-products.

## 10. Joint production process

- 10.1. Concept of joint production: co-products and by-products.
- 10.2. Approaches to allocating joint costs
- 10.3. Accounting for byproducts

## 11. Budgeting system.

- 11.1. Introduction to Budgeting and Budgeting Processes.
- 11.2. Static budget and flexible budget.
- 11.3. Master Budgets.

## 12. Standard Cost Systems.

- 12.1 The role of Standard Cost in management. The target cost.
- 12.2 Price Variance and Efficiency Variance.
- 12.3 Variance analysis
- 12.4 Standard Cost Income Statement

## WORKLOAD

ACTIVITY	Hours	% To be attended
Theory classes	60,00	100
Classroom practices	30,00	100
Development of individual work	15,00	0
Study and independent work	60,00	0
Readings supplementary material	10,00	0
Preparation of evaluation activities	15,00	0
Preparing lectures	15,00	0
Resolution of case studies	20,00	0
<b>TOTAL</b>	<b>225,00</b>	





## TEACHING METHODOLOGY

There will be a two-hour lecture plus a two-hour practice session per week, thus totalling four classroom hours per week. Students in the class will be split into two sub-classes (sub-groups) for practice sessions.

Teaching and Learning Methods: Lectures

- The students will read in advance the assigned readings from the textbook.
- The teacher will combine the lectures with the active participation of students.

Teaching and Learning Methods: Practice sessions

- Teacher will solve worked out exercises and she will propose the preparation of new ones for the next classes.
- Students will prepare in advance exercises to work in the classroom.

## EVALUATION

The course assessment has two components:

- A written exam, representing the 80% of final grade.
- Continuous assessment, representing the 20% of the final grade.

To calculate the final grade, the continuous assessment grade will be considered only if the student has obtained 5 out of 10 in the written exam.

If the student chooses not to make continuous assessment, the student will have the highest score of the written exam (8 maximum) and he/she would need to get 5 out of 8 in the examination to pass the course.

The written exam, composed by theoretical and practical questions, can be passed through two ways:

### 1. Partial exams:

First partial exam will be the mid-term exam, in January, covering chapters 1 to 7. Second partial will be dated simultaneously first call and will cover chapters 8 to 12.

To pass the subject it is necessary to get, as an average grade of both partial exams, 5 out of 10 points. Besides, it is required to raise a minimum grade of 4 point out of 10 in each partial exam.

Grades obtained through partial exams will be considered to calculate the definitive average grade only in the first call. In any case the grade will be kept for the second call.

### 2. Final exams (First call and Second call)

Final exams assess chapters 1 to 12. To pass the subject through final exam it will be necessary to obtain 5 out of 10 points.



The final grade of the students who have obtained a grade lower than 5 points out of 10 in the synthesis test (written exam), will be 80 % of the exam grade.

Continuous assessment activities ARE NOT RECOVERABLE (So, the same scored obtained in the first call will be maintained in the second call).

## REFERENCES

### Basic

- ALCOY, P., AYUSO, A., BARRACHINA, M., CRESPO, C., GARRIGOS, R., TAMARIT, C., URQUIDI, A. (2011): Casos prácticos resueltos de contabilidad de costes. Coordinadores: Vicente Ripoll, Pablo Alcoy y Cristina Crespo. Ed. Profit.
- ALVAREZ, AMAT, BALADA, BLANCO, CASTELLO, LIZCANO Y RIPOLL (1994): "Introducción a la contabilidad de gestión (cálculo de costes)". McGraw Hill.
- HORGREN, CH.T., et al.: COST ACCOUNTING. (2017) Compiled by Amparo Ayuso Moya and Cristina Crespo Soler. 2015. Pearson Custom Publishing.
- SERRA SALVADOR, V. (2003): "Contabilidad de costes. Cálculo, análisis y control". Tirant Lo Blanch. Colección Manuales.
- APARISI CAUDELI, J. A.; GANDIA CABEDO, J.L.; HUGUET BENAVENT, D. Y MONTAGUD MASCARELL, M.D. (2017). Supuestos prácticos de Contabilidad de Costes. Ed. Ezcurra

### Additional

- MONTESINOS JULVE, VICENTE y BROTO RUBIO, JESÚS (1991): Ejercicios y soluciones de contabilidad de costes. Segunda edición. Editorial Ariel.
- ORIOL, A. et al. (2014): "Contabilidad de Dirección para la toma de decisiones. Contabilidad de gestión y de costes". Coordinadores: Carlos Mallo y Alfredo Rocafort. PROFIT editorial.