



**College of Business and Economics**  
**Department of Accounting and Finance**

<b>Course Number</b>	AcFn2091
<b>Course Title</b>	<b>Cost and Management Accounting –I</b>
<b>Degree Program</b>	BA Degree in Accounting and Finance
<b>ETCTS Credits</b>	5
<b>Contact Hours (per week)</b>	3
<b>Course Objectives &amp; Competences to be Acquired</b>	<p>After successfully completing this course, the students should be able to:</p> <ul style="list-style-type: none"> <li>• Describe and make use of the basic principles and practices of cost accounting.</li> <li>• Differentiate cost accounting , management accounting and financial accounting</li> <li>• Apply appropriate costing system to determine the cost of various cost objects.</li> <li>• Apply for spoilage, reworked units, and scrap in job and process costing system.</li> <li>• Determine cost of the product or service using job order costing , process costing and Activity Based Costing</li> <li>• Distinguish variable and absorption costing as used in product costing.</li> <li>• Properly account for by products and joint product costs.</li> </ul>
<b>Course Description</b>	<p>Modern businesses needs frequent information about business activities to plan accurately for the future, control business results, and make a proper appraisal of the performance of persons working in an organization. The fulfillment of their goals requires details about the costs incurred and benefits (revenues) obtained which are provided by what is known as “Cost Accounting”. In Comparison, financial accounting does not provide management with detailed cost and revenue, information relevant to its needs.</p> <p>The course deals with detailed concepts about cost accounting practices, the theory and techniques of cost accounting. Cost behavior, cost identification and analysis, system for establishing costs, absorption and variable costing, cost allocation, managerial use of cost data, modern costing system (Activity Based Costing) nature and objective of management accounting.</p>
<b>Course Contents</b>	
<b>1. Introduction</b> <ul style="list-style-type: none"> <li>1.1 Purpose of an accounting system</li> <li>1.2 The role of an accountant</li> <li>1.3 Accounting and the management process</li> <li>1.4 Financial Accounting, cost accounting and Management accounting.</li> <li>1.5 Cost benefit philosophy and behavioral considerations in management Accounting systems</li> </ul>	

1.6 Management Accounting in service organizations 1.7 Ethical considerations in Management Accounting
<b>2. Introduction to cost terms and cost classifications</b> 2.1 Cost in general 2.2 Cost object and cost driver 2.3 Cost accumulation, assignment and trailing/Allocation. 2.4 Classification of costs
<b>3 Job, process and operation costing</b> 3.1 Concepts: costing system, cost pool, cost allocation bases 3.2 Job order costing system features 3.3 Accounting procedures for job order costing system. 3.4 Process costing system features 3.5 Job order costing system- - illustration 3.6 Process costing system 3.6.1. Illustration (WA & FIFO methods) 3.6.2. Spread sheet application of process costing 3.7 Problems of overhead application 3.8 Operations costing
<b>4 Spoilage, reworked units and scrap</b> 4.1 Spoilage, rework and scrap in general 4.2 Process costing and spoilage 4.3 Job order costing and spoilage 4.4 Reworked units 4.5 Accounting for scrap
<b>5 Income Effect of Alternative Product Costing Methods</b> 5.1 Variable and Absorption Costing 5.2 Role of various denominator levels in absorption costing 5.3 Adjusting inventories for external reporting
<b>6 Cost Allocation</b> 6.1. Cost Allocation –in General 6.2. General Purpose of Cost Allocation 6.3. Allocation for economic decisions and motivations 6.4. Cost allocation Methods 6.5. The contribution approach to cost allocation
<b>7 Cost Allocation-Joint products and by products</b> 7.1. Concepts – Joint. Byproducts Joint costs 7.2. Allocation of Joint costs 7.3. Accounting for byproducts
8. Practical application of cost accounting in Ethiopian manufacturing firms (to be done by students in the form of term paper)
<b><u>Text Book:</u></b> <ul style="list-style-type: none"> <li>• Horngren, Foster, &amp; Datar. Cost Accounting: A Managerial Emphasis. 9<sup>th</sup> Ed. 1997</li> <li>• Horngren, Sunden &amp; Stratton. Introduction to Management Accounting. 11<sup>th</sup> Ed. 1999</li> </ul> <b><u>Reference Books</u></b> <ul style="list-style-type: none"> <li>• C.T Homgren, Introduction to Management Accounting 4th to 8 th editions, 1999 USA</li> <li>• C.T. Homgren, Cost Accounting: A Managerial Emphasis 5th to 8th edition sprentice Hall Inc. 1982 to 1994</li> <li>• Homgren, foster, &amp; Datar, Cost Accounting A Managerial Emphasis. 10 th Ecition</li> <li>• L.E. Heitger Managerial Accounting 1th and 2 nd editions, McGraw Hill , 1998, India</li> </ul>

- GetuJemaneh, Management Accounting 1996.
- Ray H.Garrison, Managerial Accounting. 6th edition
- Caluinengler, Managerial Accounting 2nd edition
- L. Gayle Rayburn Principles of cost Accounting using a cost Mangement Approach 4th edition  
Richard DIR WIN Inc. 1989.
- Robert X. Kaplan Advanced Management Accounting 1st and 2nd edition prentice Haill, Inc,  
1982 and 1989 (Chapters 2, 11,12, and 13 only)