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## Course Information

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**Course Title:** Cost Accounting Fundamentals #361319

**Number of continuing education credit hours recommended for this course:**

In accordance with the standards of the National Registry of CPE Sponsors, CPE credits have been granted based on a 50-minute hour.

**CPA:** 14 (All states)

National Registry of CPE Sponsors ID Number: 107615.

Sponsor numbers for states requiring sponsor registration

Florida Division of Certified Public Accountancy: 4761 (Ethics #11467)

Hawaii Board of Accountancy: 14003

New York State Board of Accountancy: 002146

Pennsylvania Board of Accountancy: PX178025

Ohio State Board of Accountancy: M0021

Texas State Board of Accountancy: 009349

**Course Description:**

Cost accounting is an essential management tool that can uncover profitability improvements and provide support for key business decisions. The *Cost Accounting Fundamentals* course shows how to improve a business with constraint analysis, target costing, capital budgeting, price setting, and cost of quality analysis. The course also addresses the essential tasks of inventory valuation and job costing, and shows how to create a cost collection system for these activities. In short, this course contains the essential tools needed to foster more profitable decision-making by management.

**Program Delivery Method:** NASBA QAS Self-Study (Interactive)

**Subject Codes/Field of Study:** Accounting

**Course Level, Prerequisites, and Advance Preparation Requirements**

Program level: Overview

Prerequisites: Basic familiarity with accounting practices.

Advance Preparation: None

## Course Content

Publication/Revision date: 2/22/2019.

Author: Steven M. Bragg, CPA.

Final exam (online): Seventy questions (multiple-choice).

## Instructions for taking this course

You must complete this course within one year of the date of purchase (if you do not complete the course within one year, contact us to determine whether an updated edition of the course is available, in which case we will provide you with a PDF of the updated course and the online exam at no charge).

A passing grade of at least 70% is required on the final exam for this course. You may retake the exam if you do not pass it on the first attempt (no charge).

Complete the course by following the learning objectives listed below, studying the text, and studying the review questions at the end of each major section (or at the end of the course). Once you have completed studying the course and you are confident that the learning objectives have been met, answer the final exam questions (online).

## Instructions for Taking the Final Exam Online

- Login to your account online at [www.bhfe.com](http://www.bhfe.com).
- The exam may be started, stopped, then resumed at a later date.
- The exam is "open book," it is not timed, and it may be retaken if not passed on the first attempt (no charge).
- Results (correct, incorrect answers) and certificate appear immediately upon passing the exam.

**Have a question?** Call us at 800-588-7039 or email us at [contact@bhfe.com](mailto:contact@bhfe.com).

# Learning Objectives

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- Cite the situations in which the cost accountant has a role.
- Specify the working relationships of the cost accountant.
- Cite the types of costs involved in the study of cost accounting.
- Recognize the methods available for deriving inventory costs and the cost of goods sold.
- State the entries used to compile job costs.
- Differentiate between the calculations used for the different forms of process costing.
- Specify how to calculate the different variances associated with standard costs.
- Identify the various methods for allocating joint costs, as well as the effects of allocations on profitability.
- Specify the proper accounting for various types of spoilage, rework, and scrap.
- Recognize the types of costs to include in the formulation of a product price, and the circumstances under which these costs may be included or excluded.
- Identify the process by which target costs are derived, and how that target can be met.
- Specify how transfer pricing works, and the situations in which to use different transfer pricing methods.
- State the circumstances under which direct costing can be used as an analysis tool.
- Recognize the process for compiling activity-based costs, as well as how allocation bases, cost pools, and activity drivers are used.
- Recognize the components of constraint analysis, and how to use this analysis to improve profits.
- Recognize the various methods for reviewing a capital budgeting proposal.
- Cite the methods used to accumulate costs, and the circumstances in which they are most useful.
- Identify the extent to which costs can change in reaction to different circumstances.
- Identify the types of costs associated with the quality concept.

## About the Author

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**Steven Bragg, CPA**, has been the chief financial officer or controller of four companies, as well as a consulting manager at Ernst & Young. He received a master's degree in finance from Bentley College, an MBA from Babson College, and a Bachelor's degree in Economics from the University of Maine. He has been a two-time president of the Colorado Mountain Club, and is an avid alpine skier, mountain biker, and certified master diver. Mr. Bragg resides in Centennial, Colorado.

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# Preface

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*Cost Accounting Fundamentals* describes the key cost accounting concepts that most concern the practicing cost accountant, and illustrates them with numerous examples to improve comprehension. The book is designed for both professional accountants and students, since both can benefit from its detailed descriptions of inventory valuation methods, product pricing techniques, cost analysis methods, and more. *Cost Accounting Fundamentals* addresses five major cost accounting topics, which are:

- Part I – Job Overview. Chapters 1 and 2 describe the nature of cost accounting and the details of the cost accountant job description.
- Part II – Inventory Valuation. Chapters 3 through 9 describe the various methods used to value inventory, including job costing, process costing, standard costing, joint and by-product costing, and accounting for waste products.
- Part III – Product Pricing. Chapters 10 through 12 describe the contribution of cost accounting to product pricing, including a lengthy discussion of how much a product costs for pricing purposes, how target costing works, and the mechanics of transfer pricing.
- Part IV – Cost Analysis Methods. Chapters 13 through 16 address a number of analysis methods, including direct costing, activity-based costing, constraint analysis, and capital budgeting analysis.
- Part V – Other Topics. Chapters 17 through 19 cover several additional topics – how to collect cost-related information, the variability of costs under different circumstances, and the cost of quality.

*Cost Accounting Fundamentals* is designed to give you a complete grounding in the essentials of cost accounting. As such it may earn a place on your bookshelf as a reference tool for years to come.

Centennial, Colorado  
February, 2019