June 2015

The Hong Kong Polytechnic University
Hong Kong Community College

Subject Description Form

Subject Code	CCN2111
Subject Title	Cost Accounting
Level	2
Credit Value	3
Medium of Instruction	English
Pre-requisite / Co-requisite/ Exclusion	Nil
Objectives	This subject equips students with an enhanced understanding of cost accounting concepts and techniques and an ability to generate cost information. It provides them with an understanding of the uses and limitations of cost information in planning, control and decision making. This subject also enables students to develop critical thinking, analytical skills, entrepreneurial attributes for lifelong learning.
Intended Learning Outcomes	Upon completion of the subject, students will be able to: (a) demonstrate and critically apply the appropriate techniques to generate cost information to help management in organisational planning and control. (b) illustrate the role of relevant cost information and its contribution to management and organisational performance. (c) evaluate issues from a management accounting perspective and suggest appropriate responses to aid management decision-making processes.
Subject Synopsis/ Indicative Syllabus	**Introduction to Cost Accounting** Need for cost accounting information; Comparison of financial and cost accounting; Organisational mission, goals and strategies; Cost and management accounting terms; Cost Objectives; Management process and its implication. **Cost Estimation and Cost-Volume-Profit Analysis** Different methods in cost estimation: High-Low method and basic understanding of regression method; Understanding assumptions behind the cost-volume-profit analysis; Different methods in computing the break-even point; Relationship between CVP and cost planning.

Product Costing
Cost System Design; Approach to job costing; Distinction between actual costing and normal costing; Stock valuation; Pre-determined overhead recovery rate; Process costing.

Activity Based Costing
Understanding cost drivers; Distinctive features of activity based costing; Costing of a product under a refined costing system.

Absorption and Marginal Costing
Differences between absorption and marginal costing; Effect of changes in production and sales level on profit; Use of information for external reporting and internal decision making.

Standard Costing and Variance Analysis
Standard costs – management by exception; Setting standard costs; Flexible budgets; Variance analysis and interpretation.

Budgeting
Master budget and its usefulness to organisations; Incremental budgeting; Fundamental budgetary behaviour.

Relevant Costs for Decision Making
Decision making process (including strategic consideration); Cost concepts for decision making (including opportunity cost concept); Applications of relevant costs in different settings including make-or-buy decisions, add-or-drop product lines or segments decisions; Special-order decisions and utilisation of constrained resources.

Performance Measurement
Decentralisation and responsibility centres; Performance measures including return on investments and residual income.

Teaching/Learning Methodology

Lectures will focus on the understanding and explanation of key concepts and assist students through case studies in understanding their practical application to the business environment. Lectures will also provide further analysis of the topics in the syllabus with particular emphasis on practical examples, and discussions of how the knowledge affects business decisions.

Tutorials will be conducted in a problem-based approach that aims to promote students' participation in the learning process through discussions and application of concepts to facts. Tutorials will also provide students with the opportunity to deepen their understanding and to explore further the practical applications taught in lectures.

Assessment Methods in Alignment with Intended Learning Outcomes

A variety of assessment tools will be used to develop and assess students' achievement of the subject intended learning outcomes.

Specific assessment methods/tasks	% weighting	Intended subject learning outcomes to be assessed

			a	b	c
Continuous Assessment*		**40**			
▪ Test		20	✓	✓	✓
▪ Individual Assignment 1		8	✓	✓	✓
▪ Individual Assignment 2		8	✓	✓	✓
▪ Participation		4	✓	✓	✓
Final Examination		**60**	✓	✓	✓
Total		**100**			

**Continuous assessment items and/or weighting may be adjusted by the subject team subject to the approval of the College Programme Committee*.

To pass this subject, students are required to obtain Grade D or above in **both** the Continuous Assessment and Final Examination.

Student Study Effort Expected	**Class contact**	**Hours**
	▪ Lecture	26
	▪ Tutorial	13
	Other student study effort	
	▪ Self-study	52
	▪ Continuous Assessment	39
	Total student study effort	**130**

Reading List and References

Recommended Textbook

Brewer, Garrison, & Noreen (2010). Introduction to Managerial Accounting. (5th ed.), McGraw Hill.

References

Garrison, Noreen, Brewer (2006). *Managerial Accounting*. (11th ed.), McGraw Hill.

Horngren, Datar, & Foster (2006). *Cost Accounting, A Managerial Emphasis. (*12nd ed.), Pearson.

Horngren, Bhimani, Datar & Foster (2005). *Management and Cost Accounting.* (3rd ed.), Prentice Hall.

Horngren, Sundem, Burgstahler & Schatzberg (2014). *Introduction to Management Accounting*. (16th ed.), Pearson.

Braun & Tietz (2015). *Managerial accounting*. (4th ed.), Pearson.