



Essentials of Cost Accounting

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Get inventory costs right. Get all the information you need to value inventory and cost of goods sold in your company.

Highlights

- Learn how to identify all the costs that need to be included in inventory and cost of goods sold in your company.
- Create your own Activity Bases Costing (ABC) systems.
- Use relevant costing models to make production decisions.

Key Competences

- Cost-volume-profit analysis
- Activity-based costing (ABC)
- Absorption & direct costing
- Cost accounting
- Variance analysis
- Decision making using data

The Right Programme for You

You are responsible for the proper costing of inventory and for assessing manufactured product profitability. This programme gives you all the skills and knowledge you need for your role in cost accounting.

Managers

Business Professionals



Learn, Practice and Use

- **Learn** how to classify all inventory costs
- **Create** an inventory direct costing system
- **Identify** fixed manufacturing costs in your company
- **Apply** fixed manufacturing costs to inventory
- **Create** a standard costing system and calculate variances
- **Create** an Activity Based Costing (ABC) system
- **Use** cost-volume-profit analysis to determine break-even points and margins of safety
- **Use** relevant costing models for production decisions
- **Develop** cost accounting methods to optimize the use of resources and materials
- **Create** costing reports including job-order cost sheets
- **Share** your knowledge and challenges with your peers and MCE's highly experienced faculty

Practical Information

Face-to-Face



3 days
€2,995

Available In-Company

The programme is available as an In-Company solution for your teams. More information at mce.eu/inco

mce.eu/finance for dates, locations and full programme outline

Programme Modules

1

Introduction to Cost Accounting

- Explain the purpose and functions of cost accounting and its relationship to financial accounting
- Create cost estimations by correctly applying relevant cost-estimation strategies
- Define and categorize inventoriable costs

2

Job-Order Costing and Process Costing

- Explain the purpose and application of job-order costing
- Explain the purpose and application of process costing
- Describe and calculate equivalent units
- Identify, define, and categorize various types of product costs
- Correctly journalize the costs of manufacturing transactions in a job-order costing system
- Correctly journalize the costs of manufacturing transactions in a process costing system
- Analyze overhead costs and select the best method(s) of allocating overhead in a diverse or multiproduct operation
- Create costing reports, including a job-order cost sheet and a cost of production report

3

Joint Product Costing and Byproduct Costing

- Identify shared cost components across product lines
- Recognize and differentiate between shared costs and separable costs
- Determine correlating factors for cost allocation during production
- Calculate net realizable value at various production points
- Differentiate between two methods of byproduct revenue recognition

4

Absorption Costing vs. Direct Costing

- Differentiate between absorption and direct costing
- Explain why absorption costing meets gaap requirements while direct costing is useful for internal reporting
- List the advantages and disadvantages of direct costing
- Recognize the process and requirement for establishing a direct-costing system
- Convert a traditional income statement into a direct costing income statement
- Reconcile the differences in net income between the two types of statements by using the same data

Programme Modules

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Standard Costing and Variance Analysis

- Explain the relationship between standard costs, employee motivation, and performance evaluations
- Understand the different approaches to setting standards and explain the implications of each approach
- Identify actions or situations that create the need to change standards
- Assess the implications of changing standards
- Discover the reasons for cost variances and make recommendations to bring costs into better alignment with established standards

6

Activity-Based Costing (ABC) for Management Control

- Explain reasons for using activity-based costing instead of traditional methods
- Identify and assign costs to activities
- Design a basic activity-based costing system
- Compare data generated by your activity-based costing system with a traditional costing system and draw conclusions about the appropriate application of each method of costing

7

Cost-Volume-Profit Analysis and Break-Even Point

- Identify fixed, variable, and mixed costs
- Apply cost accounting formulas to identify profitability
- Explain the applications and limitations of cost-volume-profit analysis
- Discuss the use of contribution margin in “what if” analysis
- Describe margin of safety and its impact on decisions to add fixed costs or to change cost structures
- Create an income statement for use in a cost-volume-profit analysis that segregates costs according to their behavior

8

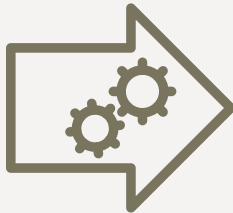
Relevant Costing and the Contribution Approach to Decision Making

- Determine which costs are considered relevant in a decision-making process
- Apply relevant costing to evaluate different scenarios when making decisions
- Calculate relevant costs and analyze the implications of accepting business at a special price
- Calculate relevant costs and analyze the implications of dropping a product line or closing a facility
- Calculate relevant costs and analyze potential decisions when there are limiting factors of production



Learn

the key business skills and knowledge you need for your management role today and tomorrow



Practice

the skills you learn and get feedback, recommendations and coaching



Use

what you learn and practise as soon as you get back to your office

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