

Course Name : Cost accounting							
Course Code	Course Type	Regular Semester	Lecture (hours/week)	Seminar (hours/week)	Lab. (hours/week)	Credits	ECTS
EMS 328	C	Spring	3.00	1.00	0.00	3.50	5.00
Lecturer Edison Zaçaj, Msc							
Assistant							
Course language English							
Course level Bachelor							
Description		The subject of cost accounting focuses on the study and application of methods for collecting, analyzing, and reporting financial information related to the costs of production, services, and operations in a business. This course provides a comprehensive and practical introduction to the fundamental concepts of cost accounting, helping students understand how costs are calculated, controlled, and used to make strategic decisions in organizations. What the subject covers: Basics of cost accounting: Introduction to the role of cost accounting in management, the distinction between financial accounting and cost accounting, and the classification of costs (direct, indirect, fixed, variable). Cost systems: Exploration of different cost calculation systems, such as job order costing, process costing, and activity-based costing. Cost planning and control: Covers budgeting, variance analysis, and techniques for keeping costs under control. Decision-making: Using cost information to analyze profitability, set prices, and choose between different business alternatives. Practical applications: Examples and real-world case studies that illustrate the application of concepts across various industries.					
Objectives		What students will learn: To calculate and interpret the costs of products or services using various methods. To develop skills for analyzing financial reports and identifying opportunities for cost reduction. To understand how to use cost data for effective planning and decision-making in management. To apply theoretical knowledge to practical situations, including preparing budgets and analyzing financial performance. To gain a strong foundation for a career in accounting, financial management, or consulting.					
Core Concepts		Main Concepts of Cost Accounting: Cost and its types: The value of expenses for production or services (direct, indirect, fixed, variable). Cost systems: Methods of cost calculation (by orders, processes, or activities). Accumulation and allocation: Collecting and distributing costs to products or departments. Budgeting: Planning expenses and revenues. Variance analysis: Comparing actual costs with planned costs. Decision-making: Using relevant costs to choose the best options. Cost control: Keeping expenses under control. Break-even point: The level at which revenues cover costs. Reporting: Informing managers about financial performance.					
Course Outline							
Week	Topic						
1	Topic 1. Introduction to Cost Accounting (2 hours of lectures; 2 hours of seminars) Introduction to cost accounting. The use of cost accounting information and its relationship with other branches of accounting. Text "Cost Accounting"; translation of the books by Edward J. VanDerbeck "Principles of cost accounting" 15-edition and Raiborn, Kinney "Cost accounting principles"9th edition						
2	Topic 2. Classification of costs. (2 hours of lectures; 2 hours of seminars) Identification of the three basic elements of production cost. Basic procedures of cost accounting. Differences between the two basic types of cost accounting systems. General illustration of the cost calculation system for production to order. Text "Cost Accounting"; translation of the books of the authors Edward J. VanDerbeck "Principles of cost accounting" 15-edition and Raiborn, Kinney "Cost accounting principles"9th edition; Pp 16-64						

3	<p>Topic 3. Materials Accounting (2 hours of lectures; 2 hours of seminars) Basic aspects of materials control. Internal control procedures for materials. Accounting for material costs and related entries in the general ledger. Accounting for inventories in a just-in-time (lean production) system and accounting for material waste, damaged products and defective production and the effect these have on the cost of the final product resulting from the production process. Text "Cost Accounting"; translation of the books by Edward J. VanDerbeck "Principles of cost accounting" 15th edition and Raiborn, Kinney "Cost accounting principles"9th edition; Pp 65-128</p>
4	<p>Topic 4. Materials Accounting (2 hours of lectures; 2 hours of seminars) Basic aspects of materials control. Internal control procedures for materials. Accounting for material costs and related entries in the general ledger. Accounting for inventories in a just-in-time (lean production) system and accounting for material waste, damaged products and defective production and the effect these have on the cost of the final product resulting from the production process. Text "Cost Accounting"; translation of the books by Edward J. VanDerbeck "Principles of cost accounting" 15th edition and Raiborn, Kinney "Cost accounting principles"9th edition; Pp 65-128</p>
5	<p>Topic 5. Labor Accounting (2 hours of lectures; 2 hours of seminars) Features of hourly and unit rate plans; Procedures for controlling labor costs, as well as calculating labor costs and personal income taxes. Allocation of labor costs to cost objects. Calculation of labor costs for specific problems and their allocation to cost objects. Text "Cost Accounting"; translation of the books by Edward J. VanDerbeck "Principles of cost accounting" 15th edition and Raiborn, Kinney "Cost accounting principles"9th edition; Pp. 129-188</p>
6	<p>Topic 6. Labor Accounting (2 hours of lectures; 2 hours of seminars) Features of hourly and unit rate plans; Procedures for controlling labor costs, as well as calculating labor costs and personal income taxes. Allocation of labor costs to cost objects. Calculation of labor costs for specific problems and their allocation to cost objects. Text "Cost Accounting"; translation of the books by Edward J. VanDerbeck "Principles of cost accounting" 15th edition and Raiborn, Kinney "Cost accounting principles"9th edition; Pp. 129-188</p>
7	<p>MidTerm</p>
8	<p>Topic 7. Accounting for production overhead costs (2 hours of lectures; 2 hours of seminars). Identification of cost behavior patterns. Allocation of semi-variable costs into fixed and variable elements. Preparation of production overhead budget. Accounting for actual production overhead costs and distribution of production overhead costs of service departments across production departments. Distribution of production overhead costs using predetermined coefficients as well as accounting for actual and calculated production overhead costs. Text "Cost Accounting"; translation of the books by the authors Edward J. VanDerbeck "Principles of cost accounting" 15th edition and Raiborn, Kinney "Cost accounting principles"9th edition; Pp 189-190 and 216-262</p>
9	<p>Topic 8. Activity-Based Management and Activity-Based Costing (2 hours of lectures; 2 hours of seminars) Understanding evaluative and non-evaluative activities in an activity-based management system. The impact of evaluative and non-evaluative activities on the efficiency of the production cycle. Why in an activity-based costing system, cost drivers should be determined. Calculating the costs of products and services in an activity-based costing system. Identifying the circumstances when an activity-based costing system is useful for economic entities and what information such a system provides for managers. Criticisms of the activity-based costing system. Text "Cost Accounting"; translation of the books by the authors Edward J. VanDerbeck "Principles of cost accounting" 15th edition and Raiborn, Kinney "Cost accounting principles"9th edition; Pages 270-328</p>
10	<p>Topic 9. Activity-Based Management and Activity-Based Costing (2 hours of lectures; 2 hours of seminars) Understanding evaluative and non-evaluative activities in an activity-based management system. The impact of evaluative and non-evaluative activities on the efficiency of the production cycle. Why in an activity-based costing system, cost drivers should be determined. Calculating the costs of products and services in an activity-based costing system. Identifying the circumstances when an activity-based costing system is useful for economic entities and what information such a system provides for managers. Criticisms of the activity-based costing system. Text "Cost Accounting"; translation of the books by the authors Edward J. VanDerbeck "Principles of cost accounting" 15th edition and Raiborn, Kinney "Cost accounting principles"9th edition; Pages 270-328</p>

11	<p>Topic 10. Costing system for making to order (2 hours of lectures; 2 hours of seminars) The difference between the costing system for making to order and the costing system for continuous production as well as how their respective valuation methods differ. The distinctive features of the costing system for making to order and what are the main authorizing documents of a costing system for making to order. The collection of costs in a costing system for making to order and how the information obtained from the costing system for making to order helps management decision-making. The treatment of losses in a costing system for making to order and how standard costs are used in a costing system for making to order. Text "Cost Accounting"; translation of the books by the authors Edward J. VanDerbeck "Principles of cost accounting" 15th edition and Raiborn, Kinney "Cost accounting principles"9th edition; Pp 329-390</p>
12	<p>Topic 11. Costing system for making to order (2 hours of lectures; 2 hours of seminars) The difference between the costing system for making to order and the costing system for continuous production as well as how their respective valuation methods differ. The distinctive features of the costing system for making to order and what are the main authorizing documents of a costing system for making to order. The collection of costs in a costing system for making to order and how the information obtained from the costing system for making to order helps management decision-making. The treatment of losses in a costing system for making to order and how standard costs are used in a costing system for making to order. Text "Cost Accounting"; translation of the books by the authors Edward J. VanDerbeck "Principles of cost accounting" 15th edition and Raiborn, Kinney "Cost accounting principles"9th edition; Pp 329-390</p>
13	<p>Topic 12. Costing system for continuous production - general treatment (2 hours of lectures; 2 hours of seminars) Differences between cost accounting systems for production to order and continuous production. Calculation of unit costs in a continuous production system. Calculation of inventory cost, for equivalent units of production using the average cost method. Preparation of a production cost report and accounting entries for a department without and with beginning inventory. Preparation of a production cost report and accounting entries for several departments without and with beginning inventory. Preparation of a production cost report in the case when the unit transfer cost changes in the previous department. Text "Cost Accounting"; translation of the books by Edward J. VanDerbeck "Principles of cost accounting" 15th edition and Raiborn, Kinney "Cost accounting principles"9th edition; Pages 391-440</p>
14	<p>Topic 13. Costing system for continuous production - general treatment (2 hours of lectures; 2 hours of seminars) Differences between cost accounting systems for production to order and continuous production. Calculation of unit costs in a continuous production system. Calculation of inventory costs for equivalent units of production using the average cost method. Preparation of a production cost report and accounting entries for a department with and without beginning inventory. Preparation of a production cost report and accounting entries for several departments with and without beginning inventory. Preparation of a production cost report in the case when the unit transfer cost changes in the previous department. Text "Cost Accounting"; translation of the books by Edward J. VanDerbeck "Principles of cost accounting" 15th edition and Raiborn, Kinney "Cost accounting principles"9th edition; Pages 391-440</p>
15	<p>Topic 14. Costing system for continuous production - further procedures. Accounting for co-products and by-products (2 hours of lectures; 2 hours of seminars) Calculating unit cost when materials are not uniformly disposed of during the production process. Accounting for units lost and units gained in the production process. Charging inventory costs using the first-in, first-out method. Identifying methods used to allocate joint costs of co-products and accounting for by-product costs. Text "Cost Accounting"; translation of the books by the authors Edward J. VanDerbeck "Principles of cost accounting" 15th edition and Raiborn, Kinney "Cost accounting principles"9th edition; Pp 441-488</p>
16	Final Exam

Prerequisites	The student must attend the course at a minimum rate of 75%.
Literature	• Principles of Cost Accounting, 15th Edition Edward J. VanDerbeck - Cengage Learning
References	• Principles of Cost Accounting, 15th Edition Edward J. VanDerbeck - Cengage Learning

Course Outcome

1	At the end of the course, students will be able to recognize the basic concepts of cost, cost classifications, the use of cost accounting information and its relationship with other branches of accounting. The course provides basic concepts of the elements of production costs; cost calculation systems for production to order and for continuous production; basic aspects of materials control; procedures for controlling labor costs as well as calculating labor costs and obligations to the state for personal income; identification of cost behavior models, methods of dividing semi-variable costs into fixed and variable elements; recognition and accounting of actual production overheads and the distribution of production overheads of service departments across production departments; understanding of evaluative and non-evaluative activities in an activity-based management system; calculating the costs of products and services in the activity-based costing system; identifying the basic elements of creating a cost accounting system as well as the basic methods of organizing a cost accounting system.
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Course Evaluation

In-term Studies	Quantity	Percentage
Midterms	1	30
Quizzes	1	10
Projects	0	0
Term Projects	0	0
Laboratory	0	0
Class Participation	1	10
Total in-term evaluation percent		50
Final exam percent		50
Total		100

ECTS Workload (Based on Student Workload)

Activities	Quantity	Duration (hours)	Total (hours)
Course duration (Including the exam week: 16x Total hours of the course)	16	4	64
Study hours outside the classroom (Preparation, Practice, etc.)	14	4	56
Duties	0	0	0
Midterms	1	2	2
Final Exam	1	3	3
Other	0	0	0
Total Work Load			125
Total Work Load / 25 (hours)			5.00
ECTS			5.00