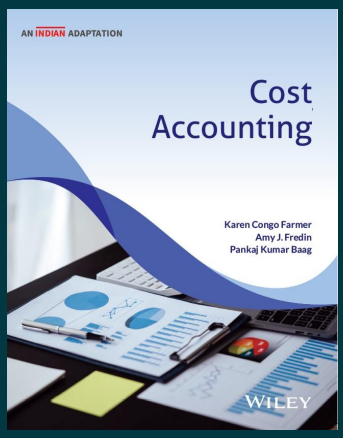
WILEY



Cost Accounting: With Integrated Data Analytics, An Indian Adaptation

By Karen Congo Farmer, Amy Fredin, Pankaj Kumar Baag

Paperback 9789363863835 ₹1,249.00

Pages: 840

Description

This book helps students develop the critical thinking skill set needed to understand costing concepts. Through storytelling, students develop a deeper understanding of cost accounting fundamentals, allowing them to apply their knowledge to modern business scenarios and develop the competencies and decision-making skills needed to become the future accounting professional.

It focuses on strengthening the coverage by including new and updated materials. Throughout the book, students work through a variety of assignments and integrated cases that leverage market-leading technology, helping them to make informed business decisions and think critically about data.

About the Author

Karen Congo Farmer, Amy Fredin, Pankaj Kumar Baag

Karen Congo Farmer

Raised on a farm in southwestern Ontario, Canada, I learned from an early age the value of hospitality, music, seasons, finishing a job, and telling a good story.

McMaster University introduced me to a professor who inspired a love of accounting. She was authentic and warm—a role model for my future teaching. As an auditor at Ernst & Young, I earned my CPA designation and experienced business and networking firsthand. Next, I held a dual role at the beautiful Western University: Accountant by day in Financial Services, and accounting lecturer in the evening. Soon enough, I became a full-time lecturer. In addition, a 10+ year instructor role with CPA Ontario, preparing students for their professional exams, was pivotal to my development.

Amy J Fredin

My story begins in a small town in western Minnesota, where I grew up with music and sports, camping and boating, family time and fierce friendships. I studied music and accounting at the College of St. Benedict and from there worked in public accounting and obtained my CPA. I then went back to school for my MBA at St. Cloud State University. While completing that degree, I started teaching in the accounting program at Alexandria Technical College. It was there that my love for teaching began.

Five years later, my story moves to Nebraska, where I pursued a PhD in accounting at the University of Nebraska—Lincoln (go Big Red!). After I completed that degree, St. Cloud State invited me back, this time to join the Accounting Department as a faculty member. In my more than a dozen years so far at SCSU, I have enjoyed teaching, researching, working with students and colleagues, leading case discussions in executive training programs, and connecting with employers in the community.

Pankaj Kumar Baag

During my school years, I traveled extensively across India. Once I completed my degree in Physics (honors), I embarked on a career in the BFSI sector, which took me across international borders. It was in this role that I received rigorous training in credit appraisal, gaining a thorough understanding of financial and management accounting. This knowledge spurred me to pursue further qualifications, leading me to earn my CAIIB, M.Com, M.FM, and several postgraduate diplomas over the course of 10 years. This educational journey ultimately inspired me to shift to academia as a full-time professor. I earned my PhD from IIM Calcutta and subsequently joined the faculty at IIM Kozhikode.

Over the past decade, I've co-authored seven books, authored numerous research papers, working papers, and case studies, which have earned me several awards at international conferences and in journals.

I've supervised and continue to supervise PhD candidates and Master's students on their theses. My expertise also led me to teach management accounting to PGP and EPGP students at IIM Kozhikode for over 10 years. Additionally, I teach a variety of subjects, including Commercial Banking, Microfinance, Project Finance, Entrepreneurial Finance, Investment Banking, and Fintech at IIM Kozhikode. I've been involved in several management development programs, which often require a deep understanding of management accounting. For the past seven years, I've coordinated the Business Project Plan core course for the EPGP at IIMK, where practical application of management accounting is essential.

Table of Contents

1 Cost Accounting Has Purpose

1.1 Companies Know Their Purpose: Do You Know Yours?

Purpose Is Meaningful

Company Strategy: Turning Purpose into Action

Your Own Strategy

Measures, Targets, and Results on the Balanced Scorecard

1.2 The Purpose of Cost Accounting

Data Analytics in Action: Data Analytics Isn't New

Big Picture Thinking and Decision-Making

Using Data Analytics to Problem-Solve

Data Analytics in Action: Keeping Score

The Value Chain

1.3 What Guides Our Purpose?

The Importance of Ethics in Business

Governing Bodies Within Accounting

Appendix 1A: Why You Should Learn How to Learn

Your Role as a Lifelong Learner

Fixed versus Growth Mindset

Purposeful Pedagogy

How This Text Can Help You Learn

2 Refresher on Cost Terms

2.1 Overview of Cost

Using Financial Statements to Interpret Revenues and Expenses

Costs versus Expenses: Let’s Get Specific
Opportunity Costs and Sunk Costs
2.2 Costs for Service Providers, Merchandisers, and Manufacturers
Service Providers
Data Analytics in Action: Cutting Corners
Merchandisers
Manufacturers
2.3 Defining and Assigning Costs
Product and Period Costs
Manufacturing and Nonmanufacturing Costs
The Cost Object, Direct Costs, and Indirect Costs
Prime Costs and Conversion Costs
2.4 Variable and Fixed Costs and the Relevant Range
Variable Costs
Managing Variable Costs
Data Analytics in Action: It’s a Snap!
Fixed Costs
Managing Fixed Costs
Relevant Range and Costs of Capacity
Fixed Costs on a Per-Unit Basis: Be Careful
2.5 Tracing Product Costs from the Balance Sheet to the Income Statement
Inventoriable Costs
Raw Materials Inventory on the Balance Sheet
Work-in-Process Inventory on the Balance Sheet
Finished Goods Inventory on the Balance Sheet
Cost of Goods Manufactured
Cost of Goods Sold
2.6 Comparing Gross Margin and Contribution Margin Income Statements
Gross Margin versus Contribution Margin
Full Costs
3 Cost Behavior and Cost Estimation
3.1 The Basics of Cost Behavior
Selecting Cost Drivers
Data Analytics in Action: Counting Cars
The Relevant Range, and Costs Within It
3.2 Estimating Costs Is Crucial: Here’s How
Account Analysis Method
High-Low Method

Data Analytics in Action: Scatter to Avoid Slacking?
Excel Tutorial: The Scatter Plot
3.3 Sophisticated Cost Estimation with Regression
Overview of the Regression Method
Excel Tutorial: Regression Analysis
Evaluating Regression Output
Assumptions of Regression
Multiple Regression
3.4 When Costs Are Nonlinear: The Learning Curve
Applying the Learning Curve
Learning Curve Impacts on Costs and Prices
4 Cost-Volume-Profit Analysis
4.1 Contribution Margin and the Break-Even Sales Point
Data Analytics in Action: Consuming Coffee and Trends
Contribution Margin
Number of Sales in Units to Break Even
Sales in Dollars to Break Even
What Happens After Break-Even Analysis?
4.2 Cost-Volume-Profit (CVP) Analysis
It’s Graphic: Understanding CVP Relationships
The Relevant Range: Quite Relevant
Margin of Safety
4.3 Break-Even with Target Profit and Taxes
Modifying the Break-Even to Include Target Profit
Modifying the Break-Even to Include Target Profit After-Tax
4.4 Break-Even with Multiple Products
Data Analytics in Action: Big Data for Bigger Sales
4.5 Operating Leverage and Sensitivity Analysis
Sensitivity Analysis Shows the Effects of Operating Leverage
Using the Degree of Operating Leverage Multiplier
4.6 CVP Analysis for Service and Nonprofit Organizations
Data Analytics in Action: More Service, Fewer Costs
5 Relevant Costs for the Decision-Maker
5.1 Decision-Making Made Easier
Data Analytics in Action: Don’t Succumb to Analysis Paralysis
5.2 What Are Relevant Costs and Relevant Information?
How Relevant Information Supports Decision-Making Sunk Costs
The Total Cost Approach versus the Relevant Cost Approach

5.3 Management Decisions Requiring Use of Relevant Costs
Insource versus Outsource
Keep versus Drop
Excel Tutorial: Goal Seek
Product-Mix Decisions
Data Analytics in Action: Tasty, Fast, or Both?
Excel Tutorial: Solver
Special Orders
5.4 Decision-Making and Opportunity Costs
5.5 Fixed Costs and Decision-Making
Direct Fixed Costs
Common Fixed Costs
Allocated Fixed Costs
6 Mastering the Master Budget
6.1 Why Budget?
Budgeting and Behavior Modification
Data Analytics in Action: Budgeting Made Fun?
Types of Budgets
Budgeting and Ethical Considerations
6.2 The Master Budget
Revisiting the Strategic Planning Process
Organizational Structure and Responsibility Centers
The Master Budget Inputs and Outputs
Follow-Up and Feedback
6.3 The Operating Budget and the Budgeted Income Statement
Sales Forecast: It All Starts Here
Production Budget
Direct Materials Purchases Budget
Direct Labor Budget
Manufacturing Overhead Budget
Cost of Goods Sold and Cost of Goods Manufactured Budgets
Selling, General, and Administrative Expenses Budget
Non-Operating Expenses Budget
6.4 The Financial Budget and the Budgeted Balance Sheet
Budgeted Inventory Balance
Cash Receipts, Cash Collections, and the Budgeted Accounts Receivable Balance
Data Analytics in Action: Banks Expedite Loan Collections
Cash Disbursements and Budgeted Accounts Payable Balance

Budgeted Cash Balance
6.5 Budgeting in Retail and Service Organizations
Budgeting for Retailers
Budgeting for Service Providers and Nonprofit Organizations
7 Capital Budgeting Choices and Decisions
7.1 Capital Budgeting: The Point and the Context
Data Analytics in Action: Using Data to Scout a Location
The Circle of Life of Businesses
Return on Investment (ROI)
7.2 Elements of Capital Budgeting Decisions
Timelines
Time Value of Money
Cash Flows: Lump Sums and Annuities
Discount Rate
Tax Rate
Depreciation Tax Shield: Yes You Can!
Data Analytics in Action: Data Informs Decision-Making
7.3 Tools to Evaluate Capital Budgeting Choices
Net Present Value (NPV): A Powerful Machine
Internal Rate of Return (IRR)
Payback Period
Accounting Rate of Return (ARR)
Profitability Index
7.4 Sensitivity Analysis
7.5 Making the Decision
7.6 The Follow-Up
Post-Investment Audit
Performance Evaluation
Time Value of Money Tables
8 Job Costing Visualized
8.1 Job Costing: An Overview
Defining Jobs and Job Costing
Revisiting Product Costs
Actual versus Normal Costing
Data Analytics in Action: Is It Hot in Here?
How Job Costing Is Organized
8.2 Actual and Applied Manufacturing Overhead
Accounting for Actual and Applied Manufacturing Overhead

Calculating Applied Manufacturing Overhead
Budgeting Manufacturing Overhead for a Specific Job
8.3 Putting It Together: Costing Jobs and Units
Cost Flows, Accounts, and Journal Entries
Year-End Adjustments
Income Statement Impacts of Job Costing
8.4 Job Costing and Decision-Making
Job Costing’s Impacts on Decisions
Data Analytics in Action: Information or Invasion?
Ethical Considerations Related to Job Costing
8.5 Job Costing in Service Organizations
9 Activity-Based Costing
9.1 Traditional Job Costing and ABC Compared
Drawbacks of Traditional Costing
The Advantage of Activity-Based Costing
A Better Cost with Activity-Based Costing
Data Analytics in Action: A Sweet Outcome
9.2 The Cost Hierarchy, Activities, and Cost Drivers
Identifying Activities as Cost Pools
Cost Drivers
The Cost Hierarchy
9.3 Using Activity-Based Costing for Product Costing
Step 1: Identify Direct Costs
Step 2: Identify Activities and Cost Drivers
Step 3: Calculate Cost Driver Rates and Assign MOH
Step 4: Record MOH Costs
9.4 Decision-Making Outcomes, Including Time-Driven Activity-Based Costing (TDABC)
Impacts of Activity-Based Costing on Product and Service Costs
Who Should Use Activity-Based Costing?
Broader Outcomes of Using Activity-Based Costing
Time-Driven Activity-Based Costing: A Time-Saving Alternative
Data Analytics in Action: An Impressive By-Product
10 Variance Analysis and Standard Costing
10.1 A Variety of Purposes for Budgets and Variance Analysis
Motivate and Benchmark
Plan and Control
Evaluate Performance and Troubleshoot
Data Analytics in Action: Process Improvements at Nike

10.2 Master Budget and Flexible Budget Variances
Limitations of the Master Budget
The Flexible Budget
10.3 Standard Costing
The Purpose of Standard Costing
Setting and Updating Standards
Data Analytics in Action: A New Way of Checking Out the Competition’s Standards
10.4 Direct Materials and Direct Labor Variances
Overview of Production Variances
Direct Materials Variances
Direct Labor Variances
10.5 Variable-MOH and Fixed-MOH with Journal Entries
Variable-MOH: Price and Efficiency Variances
Data Analytics in Action: Calculate All the Variances
Fixed-MOH: Price and Volume Variances
Journal Entries to Close Variances
10.6 Sales Variances
Master Budget Sales Variance: Sales Price Variance and Simplified Sales Activity Variance
Comprehensive Sales Activity Variance: Sales Mix Variance and Sales Quantity Variance
Sales Quantity Variance: Market Size Variance and Market Share
11 Process Costing
11.1 Process Costing: An Overview
Data Analytics in Action: Data Mining for Mining Data
Job Costing versus Process Costing
The Importance of Determining WIP Inventory Correctly
The Steps of Process Costing
11.2 Step 1: Verify Physical Units in the Period and Identify Degree of Completion
No Beginning or Ending WIP Inventory
With Only Ending WIP Inventory
With Beginning and Ending WIP Inventory
11.3 Step 2: Determine Status of Physical Units and Convert to Equivalent Units
Using the FIFO Method to Determine Status of Physical Units
Using the Weighted-Average Method to Determine Status of Physical Units
11.4 Steps 3 and 4: Account for Costs and Calculate Cost per Equivalent Unit
Using the FIFO Method to Calculate Cost per Equivalent Unit
Using the Weighted-Average Method to Calculate Cost per Equivalent Unit
11.5 Step 5: Assign Costs to WIP Inventory and FG Inventory with Journal Entries
Assigning Costs Using the FIFO Method with Corresponding Journal Entries

Assigning Costs Using the Weighted-Average Method with Corresponding Journal Entries
Applications of Determining Product Costs
11.6 Costs Transferred-In from Another Department
Transferred-In Costs Using the FIFO Method
Transferred-In Costs Using the Weighted-Average Method
11.7 Operation Costing
12 Absorption versus Variable Costing
12.1 Absorption Costing: An Overview
The Purpose of Absorption Costing and How It Works
Management Decision-Making and Absorption Costing
Data Analytics in Action: This Machine Is Learning!
Balance Sheet and Income Statement Impacts of Absorption Costing
12.2 Variable Costing: An Overview
The Purpose of Variable Costing and How It Works
Balance Sheet and Income Statement Impacts of Variable Costing
12.3 Side-by-Side: Comparing Absorption Costing and Variable Costing
The Two Methods Compared: Inventory Costs and Balance Sheet Impacts
The Two Methods Compared: COGS, Operating Income, and Income Statement Impacts
12.4 Determining Denominator Volumes for Fixed-MOH
Managing Capacity
Denominator Volume Choices
Further Outcomes of Denominator Decisions
13 Data Analytics
13.1 Big Data? Data Analytics? Challenges and Opportunities
Overview of Data
Big Data and Data Analytics in Cost Accounting
Challenges and Opportunities
Data Analytics in Action: Meeting the Challenges
13.2 Sourcing and Storing Data
The Role of Data Analytics in Decision-Making
Data Sources and Data Storage
The Cost of Data and Its Ethical Considerations
Data Analytics in Action: When Data Is Especially Costly
13.3 Categories of Data Analytics Techniques
Overview of Data Analytics Categories
Descriptive Analytics
Diagnostic Analytics
Predictive Analytics

Prescriptive Analytics
Data Analytics in Action: Price Check on Aisle
13.4 Your Role in Solving Business Problems with Data Analytics
Data Analytics Outcomes in Cost Accounting
Being Career-Ready
14 Support Department Costing
14.1 Support Department Costing: An Overview
Types of Support Departments and Their Costs
Allocating Support Department Costs
Data Analytics in Action: Keep or Drop?
Cost Allocation Bases for Support Departments
14.2 Methods of Allocating Support Department Costs
The Direct Method Illustrated
The Step Method Illustrated
The Reciprocal Method Illustrated
Excel Tutorial: The Reciprocal Method
Comparing the Three Allocation Methods
Data Analytics in Action: This Call May Be Analyzed
14.3 Allocating Common Costs and Bundled Revenues
Stand-Alone Cost Allocation Method
Incremental Cost Allocation Method
Allocating Revenue from Sales of Bundled Products/Services
15 Joint Costs and Decision-Making
15.1 Joint Costs—Description and Illustration
15.2 Methods of Allocating Joint Costs
Sales Value at Split-Off Method
Net Realizable Value (NRV) Method
Physical Quantities Method
Choosing an Allocation Method
15.3 Joint Costs and Decision-Making: Should We Sell or Process Further?
Relevance of Joint Costs to Sell-or-Process-Further Decisions
Sell-or-Process-Further Decision Factors
Data Analytics in Action: More Fresh Options
Decision-Making and Performance Evaluation
15.4 A Decision: How Should We Account for By-Products and Scrap?
By-Products Revisited
Data Analytics in Action: Analysis Reduces Waste
The Production Method

The Sales Method: By-Products and Scrap Recognized at Time of Sale
Production Method versus Sales Method
16 The Art and Science of Pricing to Optimize Revenue
16.1 Pricing: Art + Science + Psychology
Truths About Pricing
Consider the Context: Customers, Costs, and Competitors
16.2 Special-Order Pricing: Be Opportunistic
Lowest Acceptable Special-Order Price
Relationship to Relevant Costs for the Decision-Maker
16.3 Cost-Plus Pricing: If You Can Sell the Plus, Charge It
Overview of the Cost-Plus Method
The Calculation: A Starting Point
Data Analytics in Action: Buy it Again? Using Data to Set Prices
Comparing Special-Order Pricing to Cost-Plus Pricing
16.4 Target Costing for Target Pricing—Backward but Brilliant
Steps to Implement Target Costing for Target Pricing
The Value in Value Engineering
Data Analytics in Action: Ensuring the Value of Business Activities
16.5 Consumers and Pricing Practices
Consumer Perceptions and Pricing
Other Pricing Practices: Fair or Illegal?
Data Analytics in Action: No Free Parking
17 Management Control Systems and Transfer Pricing
17.1 The Need for an Effective Management Control System
Centralized versus Decentralized Organizations
Goal Congruence
Components of a Management Control System
17.2 How Responsibility Centers Work
Characteristics of Responsibility Centers
Cost Centers
Revenue Centers
Profit Centers
Investment Centers
Data Analytics in Action: Data Analytics Hits It Out of the Park!
17.3 How to Measure Performance of Investment Centers
Return on Investment (ROI) and Its Components
Residual Income (RI)
Economic Value Added (EVA)

17.4 Transfer Pricing: An Overview
The Genesis of Transfer Pricing
Determining the Optimal Transfer Price Range
How Companies Set Transfer Prices
Management and Transfer Pricing
Transfer Pricing in Multinational Companies
18 Business Strategy, Performance Measurement, and the Balanced Scorecard
18.1 An Overview of Business Strategy
The Strategic Planning Process
A Closer Look at Business Strategy
18.2 Performance Measurement Guides Performance
Congruent Outcomes: Linking Business Strategy to Employees' Objectives
The Performance Measurement Process
Traits of Financial Performance Measures
Traits of Nonfinancial Performance Measures
18.3 Using the Balanced Scorecard to Assess Company Performance
Balancing the Four Perspectives
Linking Business Strategy to the Balanced Scorecard
Data Analytics in Action: New Measures and Targets
Evaluating Success
Company Index (Online)
Subject Index (Online)
Review of Key Formulas KF-1

To purchase this product, please visit:
https://www.wileyindia.com/cost-accounting-with-integrated-data-analytics-an-indian-adaptation.html

Scan to buy