



Advanced Cost Accounting

Course Introduction:

Cost accounting is no longer just a tactical overhead allocation function. It's a tool that can help you determine true product cost information. In this five-day course, you'll learn to incorporate Activity-Based Costing with advanced traditional costing methodologies and transform yourself into a real strategic partner within your organization.

Course Objectives:

Upon successful completion of this course, the delegates will be able to:

- ✓ Learn How to Perform an ABC-Based Product and Customer Profitability Analysis
- ✓ Effectively Allocate Factory and Corporate Overhead—and Prevent Over- or Under-Costing of Products
- ✓ Perform Capacity Analysis to Ensure Effective Development of Plant-Wide Standards
- ✓ Evaluate Variances to Identify the True Cause of Less Than Optimal Performance
- ✓ Improving processes by analyzing the true causes of product cost variances
- ✓ Effectively determining joint- and by-product costs
- ✓ Assigning service department costs to calculate total product costs
- ✓ Developing the target cost model
- ✓ Transfer pricing and product cost determination
- ✓ Capacity analysis: understanding the true cost of incremental manufacturing

Who Should Attend?

This course is intended for all CFO's, controllers, directors or managers of finance and other cost professionals with at least two years of experience, including accounting managers, budget analysts, systems analysts, plant managers, auditors and financial planners.

Course Outline:

THE INTERNATIONAL BUSINESS ENVIRONMENT

- Discuss the Strategic, Tactical, and Operational Aspects of Today's Global Business Entity
- Use the Organizational Planning Framework© to Develop Unique Business Models
- See How the Changing Role of Cost Accounting in the Global Business Entity Applies to Your Organization
- Understand How Cost Information Is Critical as a Decision Support Tool

- Use the Product/Decision Cycle© to Evaluate the Effectiveness of Your Current Cost Reporting System

EVALUATING YOUR COMPANY'S COSTING TECHNIQUES

- Discuss the Responsibility Accounting Process
- Understand the "Profit-Enhancement" Perspective: Looking Beyond Cost Savings
- Identify the Challenges Facing a Multi-Product Company
- Determine the Challenges Facing the Multinational Company
- View Cost Accounting as a Value-Added Resource
- Understand the Needs of the Internal Customer
- Determine the Informational Needs of the Internal Customer

ACTIVITY-BASED COSTING AS AN EFFECTIVE COST ACCOUNTING TOOL

- Discuss the Theory of Activity-Based Costing (ABC)
- Use ABC as a Forecasting Tool
- Define the "Process" as Used in ABC
- Identify the Products of a Specific Process
- Project Cost as a Product Rather Than an Entity
- Define the Elements of Cost Including Activity, Resource, and Consumption Rates
- Identify the Key Processes in the Conversion Cycle
- Identify the Key Activities in Each Process
- Identify the Resources Consumed as Each Activity Is Performed
- Determine the Cost of Each Activity
- Project the Cost of the Activity, Process, and Product
- Define the Differences between ABC and GAAP
- Integrate ABC Concepts into Traditional Cost Accounting Systems
- Use ABC to Develop Cost Standards

DEVELOPING STANDARDS AS A TOOL FOR VALUATION AND STRATEGIC DECISION SUPPORT

- Discuss the Nature and Purpose of Standards
- Use Standards as a Process Management as Well as Financial Management Tool
- Define Standards in a Manufacturing Environment
- Define Standards in a Service Environment
- Develop Standards for Tactical Planning: The Budget
- Develop Standards for Strategic Planning: The Business Plan
- Design Standards Development to Support Product Continuation Decisions
- Establish Standards Development to Support New Product Introduction Decisions
- Develop Standards Using ABC Concepts

VARIANCE ANALYSIS AS A PROCESS IMPROVEMENT TOOL: ANALYZING THE TRUE CAUSES OF PRODUCT COST VARIANCES

- Perform Variance Analysis
- Calculate Material Price and Usage Variances
- Calculate Material Mix and the Material Yield Variances
- Calculate Labor Rate and Efficiency Variances
- Calculate Labor Mix and Labor Yield Variances
- Calculate Overhead Rate and Efficiency Variances
- Calculate Sales Volume, Mix, and Price Variances
- Calculate the Price Recovery Variance
- Calculate the Productivity Variance
- Calculate Market Share and Size Variance
- Use Variance Analysis as an operational Analysis Tool

EFFECTIVE DETERMINATION OF JOINT- AND BY-PRODUCT COSTS

- Define Joint Products
- Define By-Products
- Determine the Split-Off Point
- Identify Separable Costs
- Determine the Cost Impact of Joint Products
- Calculate the Proper Allocation of Joint Product Costs
- Discuss the Cost Impact of By-Products
- Analyze the Cost Impact of Scrap and Waste
- Determine the Cost Impact of Rework

ASSIGNING SERVICE DEPARTMENT COSTS TO DETERMINE TOTAL PRODUCT COST

- Define What Comprises Service Department Costs
- Identify the Purpose for Allocation of Service Department Costs
- Define the Strategic and Tactical Decisions Supported by Allocation of Service Department Costs
- Develop Allocation Alternatives for Distribution of Service Department Costs Using:
 - Direct Allocation Method
 - Step-Down Allocation Method
 - The ABC Consumption Method
- Developing the Target Cost Model
- Define Target Costing

- Identify the Strategic and Tactical Applications of Target Costing
 - Profit Maximization
 - Capacity Utilization
- Define the Components of the Target Costing Model
 - Variable Costs (Product vs. Process)
 - Fixed Costs (Product vs. Process)
- Define Scarce Resources
- Perform a Scarce Resource Analysis
- Discuss the Application of Scarce Resource Analysis as an Integral Part of the Target Costing Model
- Develop Standards Using Target Costing and Scarce Resource Analysis
- Analyze Standards Using Target Costing and Scarce Resource Analysis

TRANSFER PRICING AND PRODUCT COST DETERMINATION

- Define Transfer Pricing
- Identify the Tax Implications for Off-Shore Manufacturing
- Discuss the Product Pricing Implications for Inter-Divisional Transfers of Sub-Components
- Apply the Impact Of:
 - The Uniform Tax Code Section 482
 - FASB 94
 - Accounting Research Bulletin Nos. 43 and 51
- Communicate the Informational Requirements of the Cost Information System

CASH FLOW AND COST ACCOUNTING

- Define Cash as the Fuel That Drives the Organization
- Discuss the Difference between Cost and Cash
- Determine the Impact of Cash Decisions on the Total Cost of the Production and Overhead Operations
 - Payable and Receivable Cycles
 - Inventory Levels
 - Recovery of Investments in R&D

CAPACITY ANALYSIS: UNDERSTANDING THE TRUE COST OF INCREMENTAL MANUFACTURING

- Define Capacity Analysis
- Calculate the Impact of the Weighted Average Cost of Capital (WACC)
- Develop the Capacity Analysis Model
- Apply the Capacity Analysis Model To:

- Production Units
- Service Units
- Investment Decisions
- Product and Sales-Related Decisions
- Scarce Resource Analysis

CUSTOMER PROFITABILITY: THE KEY TO PROFIT ENHANCEMENT

- Discuss Customer Profitability Analysis
- Develop the Customer Profitability Analysis Model
- Define the Informational Requirements for the Customer Profitability Analysis Model
- Identify the Applications for the Customer Profitability Model
 - Use with Scarce Resource Analysis
 - Use with Capacity Analysis
 - Use with Fixed Asset Investment Decisions
- Use the Customer Profitability Model Concept to Support Other Decision Types:
 - Product Continuance
 - Selection of Preferred Suppliers
 - Determination of Asset Continuation

Course Certificate:

International Center for Training & Development (ICTD) will award an internationally recognized certificate(s) for each delegate on completion of training.

Course Methodology:

A variety of methodologies will be used during the course that includes:

- (30%) Based on Case Studies
- (30%) Techniques
- (30%) Role Play
- (10%) Concepts
- Pre-test and Post-test
- Variety of Learning Methods
- Lectures
- Case Studies and Self Questionnaires
- Group Work
- Discussion
- Presentation

Course Fees:

To be advised as per the course location. This rate includes participant's manual, hand-outs, buffet lunch, coffee/tea on arrival, morning & afternoon of each day.

Course Timings:

Daily Course Timings:

08:00 - 08:20	Morning Coffee / Tea
08:20 - 10:00	First Session
10:00 - 10:20	Coffee / Tea / Snacks
10:20 - 12:20	Second Session
12:20 - 13:30	Lunch Break & Prayer Break
13:30 - 15:00	Last Session

