

Chapter 1: Cost Management Basics

Accounting Systems:
Financial Accounting: External reports, follows SEC/FASB rules.
Cost Management Accounting: Internal reports, focuses on planning, control, and decision-making.
Key Concepts: Value Chain: Design, development, production, marketing, and post-sales services.
Cost Drivers: Factors that cause costs to change.
ERP: Integrated system providing real-time data.
Lean Manufacturing: Reducing waste while respecting people.
Total Quality Management (TQM): Continuous pursuit of zero defects.
IMA Ethical Standards: Competence, Integrity, Confidentiality, Credibility.

Financial Statement Overview

Chapter 2: Cost Concepts and Calculations

Cost Classifications:
Direct Costs: Directly traceable (e.g., direct materials, direct labor).
Indirect Costs: Not directly traceable (e.g., overhead).
Product Costs: Direct materials, direct labor, and overhead.
Period Costs: Administrative and selling expenses.
Prime Costs: Direct materials + Direct labor.
Conversion Costs: Direct labor + Overhead.
Key Formulas:
Cost of Goods Manufactured (COGM): $COGM = \text{Direct Materials} + \text{Direct Labor} + \text{Overhead} + \text{Beginning WIP} - \text{Ending WIP}$.
Cost of Goods Sold (COGS): $COGS = \text{Beginning Finished Goods} + COGM - \text{Ending Finished Goods}$.
Direct Materials Used: $\text{Beginning Raw Materials} + \text{Purchases} - \text{Ending Raw Materials}$.
Applied Overhead: $\text{Applied Overhead} = \text{Predetermined Rate} \times \text{Actual Usage of Allocation Base}$.
High-Low Method: $\text{Variable Cost per Unit} = (\text{Cost at High Point} - \text{Cost at Low Point}) / (\text{Activity High} - \text{Activity Low})$.
Fixed Cost = Total Cost at High (or Low) Point - (Variable Cost per Unit \times Activity at that Point).

Chapter 3: Cost Behavior and Forecasting

Chapter 5: Job Costing and Overhead Application

Job Costing:
Tracks costs for custom products.
Components: Actual direct materials, direct labor, and applied overhead.
Overhead Allocation:
Predetermined Overhead Rate: $\text{Estimated Overhead} / \text{Estimated Allocation Base}$.
Applied Overhead: $\text{Rate} \times \text{Actual Base Usage}$.
Flow of Costs: Raw Materials \rightarrow Work in Process (WIP) \rightarrow Finished Goods \rightarrow COGS.
Journal Entries:
Direct Materials: Debit WIP, Credit Raw Materials.
Direct Labor: Debit WIP, Credit Salaries Payable.
Overhead Application: Debit WIP, Credit Manufacturing Overhead.
Goods Completed: Debit Finished Goods, Credit WIP.
Goods Sold: Debit COGS, Credit Finished Goods.
Over/Underapplied Overhead:
Underapplied: Actual > Applied (debit balance).
Overapplied: Applied > Actual (credit balance).

Income Statement (Manuf-acturing Firm):	Balance Sheet: Assets: Cash Accounts Receivable Inventory (Raw Materials, WIP, Finished Goods) Property, Plant, and Equipment	Supporting Cost Behavior: Schedule Fixed Costs: Do not change with output within the relevant range. Variable Costs: Change in total with output. Direct Materials Mixed Costs: Contain both fixed and variable components. Beginning Key Methods: High-Low Method: Variable Cost per Unit = (Cost at High Point - Cost at Low Point) / (Activity High - Activity Low). Fixed Cost = Total Cost at High (or Low) Point - (Variable Cost per Unit × Activity at that Point). Scatterplot & Regression Analysis: Visualize and statis- tically analyze cost data. Resource Types: Committed Resources: Acquired in advance, may result in unused capacity. Flexible Resources: Supplied as needed without unused capacity.
- Cost of Goods Sold (COGS):	Beginning Finished Goods Inventory + Cost of Goods Manufactured - Ending Finished Goods Inventory	
= Gross Margin	Common Stock Retained Earnings	Total Manufa-cturing Costs: Direct Materials Used + Direct Labor + Overhead
- Selling & Administrative Expenses		
= Net Operating Income		COGM: Total Manufa-cturing Costs + Beginning WIP - Ending WIP



By JacksonStewart23

Not published yet.

Last updated 3rd February, 2025.

Page 1 of 2.

Sponsored by ApolloPad.com

Everyone has a novel in them. Finish

Yours!

<https://apollopapad.com>