

**Course:** Accounting 3  
**Unit #/ Unit Name:** Unit 4/Cost Accounting and Management  
Decisions for a Manufacturing Business

**Year of Implementation:** 2019-2020

**Curriculum Team Members:**

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**Stage One - Desired Results**

**Link(s) to New Jersey Student Learning Standards for this course:**

<https://www.state.nj.us/education/cccs/2014/career/CareerReadyPractices.pdf>

<https://www.state.nj.us/education/cccs/2014/career>

**Unit Standards:**

- CRP1. Act as a responsible and contributing citizen and employee.
- CRP2. Apply appropriate academic and technical skills.
- CRP3. Attend to personal health and financial well-being.
- CRP10. Plan education and career paths aligned to personal goals.
- 9.3.12.FN-ACT.1 Describe and follow laws and regulations to manage accounting operations and transactions.
- 9.3.12.FN-ACT.2 Utilize accounting tools, strategies and systems to plan, monitor, manage and maintain the use of financial resources.
- 9.3.12.FN-ACT.3 Process, evaluate and disseminate financial information to assist business decision making.
- 9.3.12.FN-ACT.4 Utilize career-planning concepts, tools and strategies to explore, obtain and/or develop an accounting career.

**Transfer Goal(s):** Students will be able to independently use their learning to demonstrate an understanding of financial literacy and responsibility as a personal and professional member of society.

*Enduring Understandings*

Students will understand that. . .

*EU 1*

a manufacturing business buys materials and uses labor and machinery to change the materials into a finished product.

*EU 2*

a manufacturing business combines raw material, direct labor and overhead to determine the manufacturing cost which is needed to set prices and calculate net income.

*EU 3*

management makes many decisions in the course of operating a company that can affect the financial performance of the company for a few days or for many years

*Essential Questions*

*EU 1, EU 2*

- What might happen if cost records are not kept?
- Why is it necessary to estimate factory overhead?
- What could be done if overhead is drastically over or under applied?

*EU 3*

- What characteristics make a revenue or cost relevant to a particular business decision?
- How does the present value of money affect a business decision that will earn money in the future?

*Knowledge*

Students will know that. . .

*EU 1, EU 2*

- vocabulary and accounting concepts for a cost accounting and management decisions. **(9.3.12)**
- the inventory accounts used for a manufacturing business.
- types of factory overhead costs. **(9.3.12)**
- how to analyze ledgers and cost sheets. **(9.3.12)**
- how costs flow through the manufacturing process. **(9.3.12)**

*Skills*

Students will be able to. . .

*EU 1, EU 2*

- identify the elements of manufacturing costs. **(9.3.12)**
- prepare ledgers and cost sheets for a manufacturing business. **(9.3.12)**
- journalize transactions for a manufacturing business. **(9.3.12)**
- prepare financial statements for a manufacturing business. **(9.3.12)**
- calculate and apply factory overhead. **(9.3.12)**

EU 3

- how to make decisions using differential analysis. **(9.3.12)**
- differential analysis is useful for short-term management decisions. **(9.3.12)**
- businesses must consider the time value of money when making long-term decisions. **(9.3.12)**
- the difference between process costing and activity based costing. **(9.3.12)**

EU 3

- calculate future value and present value. **(9.3.12)**
- use differential analysis for make or buy decisions. **(9.3.12)**
- use net present value to evaluate business decisions. **(9.3.12)**
- develop a cost of production report. **(9.3.12)**
- Use activity based costing to allocate overhead cost and calculate the total product cost. **(9.3.12)**

**Stage Two - Assessment**

*Other Evidence:*

- Answer unit questions
- Define vocabulary terms and accounting concepts concerning forming a corporation and acquiring and use of additional capital.
- Completion of accounting problems
- Test and quizzes on unit content
- Practice Set/Reinforcement Activity

**Stage Three - Instruction**

***Learning Plan:* Suggested Learning Activities to Include Differentiated Instruction and Interdisciplinary Connections: Each learning activity listed must be accompanied by a learning goal of A= Acquiring basic knowledge and skills, M= Making meaning and/or a T= Transfer.**

In this unit on Cost Accounting for a Manufacturing Business, you are to introduce the Enduring Understanding and essential questions and the students need to know that how a manufacturing business combines raw material, direct labor and manufacturing overhead to determine what the cost is to manufacture an item.

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- Record materials ordered, received, and issued in Materials Ledger (A) (EU 1, EU 2)
- Record direct materials and direct labor for a job on a Cost Sheet (A) (EU 1, EU 2)
- Calculate and record factory overhead using the different methods (A) (EU 1, EU 2)
- Complete a Cost Sheet (A) (EU 1, EU 2)
- Record goods manufactured or shipped in the Finished Goods Ledger (A) (EU 1, EU 2)
- Identify and classify new accounts (A) (EU 1, EU 2)
- Complete financial statements needed for a manufacturing business (A) (EU 1, EU 2)
- Prepare manufacturing journal entries (A, M) (EU 1, EU 2)
- Prepare statement of cost of goods manufactured, income statement, and balance sheet entries (A, M) (EU 1, EU 2)
- Determine total cost and unit cost for a job and determining total cost for a finished item (A, M) (EU 1, EU 2)
- Use “T” accounts to analyze then journalize manufacturing accounting transactions (A, M) (EU 1, EU 2)
- Explain which tasks could be automated. (T) (EU 1, EU 2)
- Classify manufacturing costs; specifying the ledger used for initial recording (A, M, T) (EU 1, EU 2)
- Explain what over applied or under applied factory overhead does to the cost per unit of an item. (M, T) (EU 1, EU 2)
- Complete a material ledger card (M, T) (EU 1, EU 2)
- Calculate factory overhead applied rate (A, M) (EU 1, EU 2)
- Prepare a cost sheet for a specific company (M, T) (EU 1, EU 2)
- Record entries in a finished goods ledger (M, T) (EU 1, EU 2)
- Prepare cost records for a specific company (M, T) (EU 1, EU 2)
- Journalize cost accounting transaction for a manufacturing company (A, M) (EU 1, EU 2)
- Journalize and post entries that summarize cost records at the end of a fiscal period (A, M) (EU 1, EU 2)
- Prepare a statement of cost of goods manufactured for a specific company (M, T) (EU 1, EU 2)
- Determine relevant revenue and cost (A, M) (EU 3)
- Perform calculation for a buy or make decision (A, M) (EU 3)
- Calculate relevant cost for a special order (A, M) (EU 3)