COST ACCOUNTING AND FINANCIAL CONTROL SYSTEMS

JOHN DEARDEN
Harvard University



ADDISON-WESLEY PUBLISHING COMPANY

Reading, Massachusetts Menlo Park, California · London · Don Mills, Ontario

CONTENTS

	Index and Sources of Cases	xiv
	PART I COST ACCOUNTING SYSTEMS	
1	Introduction to Cost Accounting	1
	1.1 Roanoke Stamping Plant	15
	1.2 Société Bonlieu	17
	1.3 Yarwood Blanket Company	23
2	Assigning Overhead Costs to Product	25
	Assignment to productive department. Allocation of overhead to product. Volume. Allocation of nonmanufacturing costs. Questions. Problems. Cases 2.1 The Thorndyke Manufacturing Company	47
	2.2 A/S Dansk, Minox, Copenhagen	52
3	Standard Cost Accounting Systems: Concepts and Procedures Some basic concepts. Mechanics of standard cost accounting. Management considerations. Questions. Problems. Cases	56
	3.1 Black Meter Company	73 82
4	Standard Cost Accounting Systems: Variance Analysis Requirements of good variance analysis. Types of variances. Amount of detail. Accounting for variances. Questions. Problems.	89
	4.1 The Palmer Valve Company	105 108
5	Historical and Combination Cost Systems	118

	Cases	
	5.1 Wellesley Press, Inc	136
	5.2 Hartford Confectioners, Inc	144
	5.3 American Asphalt and Paper Products Co., Inc	154
6	Miscellaneous Topics in Cost Accounting Joint and by-product costing. Direct costing. The impact of operations research and computer systems on cost accounting. Questions. Problems. Cases 6.1 The Williamson Chocolate Co., Ltd.	167 190
	6.1 The Williamson Chocolate Co., Ltd	193
	PART II FINANCIAL CONTROL SYSTEMS	
	Financial Control Systems	199
	Definitions and concepts. Objectives of a financial control system. Elements of a financial control system. Types of financial control systems.	• • • • • • • • • • • • • • • • • • • •
7	Manufacturing Cost Control: Overhead Budgets	204
	Appendix to Chapter 7: Line Fitting Questions. Problems.	
	Cases	
	7.1 Malone Manufacturing Corporation	226
	7.2 Societa Rigazio	228
	7.3 Ruohonen OY	232
	7.4 The Mammoth Manufacturing Company	242
8	Financial Control of Discretionary Expense	246
	8.1 Piedmont Power Company (A)	258
	8.2 Piedmont Power Company (B)	
		281
	8.4 Curwen Chemical Company	290
	8.5 Germain Aircraft Company	292
	8.6 Built-Rite Appliance Corporation	
	8.7 Westport Electric Corporation (A)	313
9	Profit Analysis	319
	Profit budgeting and analysis. The review and approval of profit budgets. Analyz-	
	ing profit performance. Profit budget reporting. Breakeven and profit-volume	
	analysis. Questions. Problems.	
	Cases	2.40
	1 7	349
	9.2 Bondsville Manufacturing Company	
	9.3 Bill French, Accountant—Duo-Products Corporation	300

10	Profit Centers and Transfer Pricing	362
	10.1 Birch Paper Company 10.2 The General Appliance Corporation 10.3 The Warren Corporation 10.4 Thunderbolt Manufacturing Company 10.5 The Cheetah Division 10.6 The Parts Manufacturing Division	382 383 393 395 407 410
11	Predominance of investment centers. Return on investment. Advantages of return on investment. Problems with return on investment. Residual income. Evaluating profits and investments separately. Residual income versus separate control of profits and investments. Uses of return on investment. Management considerations of return on investment. Questions. Problems.	412
	11.1 The Westport Electric Corporation (B) 11.2 Schoppert Gercedschapfabricken N.V. (A) 11.3 Multi-National Motors 11.4 Purity Steel Corporation	434 438 444 446
12	Appraisal of Performance	454
	12.1 The Galvor Company	467 480 488
13	Capital Investment Analysis	496
	Cases 13.1 Kerrob Company	519 521 525
	Index	537