

## **Building a Cost Accounting Fun Zone by Using Video Clips, Factories, and Food**

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### **Description of the project:**

Short videos of real factories are used to explain common Cost Accounting concepts. You may bring food items related to the video (I had a small class of 45 so this was easy to do) and have students examine the food item (and enjoy it!). The goal is to teach students in such an enjoyable way they forget they are learning.

### **Purpose of the project:**

1. Create excitement in a class generally perceived as boring.
2. Help students relate concepts to real world elements.
3. Help students remember concepts and terms by remembering the videos (aid for visual learners).
4. Engage students in considering accounting within the firm as a career.

### **Based on:** (Information from the AICPA website)

The AICPA Core Competency Framework, developed by educators for educators, defines a set of skills-based competencies needed by all students entering the accounting profession, regardless of the career path they choose (public/industry/government/nonprofit) or the specific accounting services they will perform. The framework focuses on skills and is not structured around traditional subject/content areas or accounting services. A skills-based curriculum is advocated, because the body of knowledge and the accounting profession are changing so rapidly. Although knowledge requirements will change with time, the core set of competencies identified by the Framework will have long-term value and will support a variety of career opportunities for the future CPA.

The focus of this project is one functional competency and three broad business competencies. Functional competencies are technical competencies most closely aligned with the value contributed by accounting profession. Broad Business Perspective competencies are perspectives and skills relating to understanding of internal and external business contexts.

The functional competency is Decision Modeling: “Individuals preparing to enter the accounting profession must be able to use strategic and critical approaches to decision making. They must objectively consider issues, identify alternatives, and choose and implement solution approaches in order to deliver services and provide value.” In this project: Students are making decisions on costs based on learning what cost accounting concept applies to which type of product.

The three broad business competencies: Strategic/Critical Thinking: “Critical thinking encompasses the ability to link data, knowledge, and insight together from various disciplines to provide information for decision-making. Being in tune with the “big picture” perspective is a necessary component for success. Individuals entering the accounting profession should be able to communicate to others the vision, strategy, goals, and culture of organizations.” In this project: Students are creating information to be used in decision making.

Industry/Sector Perspective: Individuals entering the accounting profession should be able to identify the economics accounting and broad business financial risks and opportunities of the industry and economic sector in which a given organization operates. Identification of these risks and opportunities should include both issues specific to the enterprise, as well as those pervasive throughout the industry/sector. In this project: Getting familiar with different industries.

International/Global Perspective: Individuals entering the accounting profession should be able to identify and communicate the variety of threats and opportunities of doing business in a borderless world. The accounting professional of the future must provide services to support and facilitate commerce in the global marketplace. In this project: Food is shipped overseas.

### **Methods Taught Using the Videos:**

Job Order Costing:

Video Link: <http://www.youtube.com/watch?v=9PjhN9IHP24> – Making Cookies with Nancy Today. This video is very funny. It is a spoof on cooking shows.

- Pretend that Nancy decides she wants to run a bakery out of her kitchen.
- Have students assume that Nancy will bake cookies as they are ordered by customers. Therefore each job will have a different cost because Nancy will be making different cookies and different amounts for various customers.
- Have students choose one kind of cookie to make and list the costs and dollar amounts so that they can determine how much each batch of cookies will cost. (Make sure they include cleaning supplies).

Additional example: Video Link: <http://www.youtube.com/watch?v=6hzP-7sN45c> – How to Make Cowboy Boots. You can do a similar exercise with cowboy boots as each one is unique in this shop.

#### ABC Costing:

You want to explain how these are also unique orders that are more complicated and with more parts than a simple cookie. In this case you can describe making a cake and use the popular TV show Cake Boss.

Video Links: <http://www.youtube.com/watch?v=QpP4KIHe8-I> , (very short)

<http://www.youtube.com/watch?v=ikRjnOXne6I&feature=channel>, (very short)

<http://www.youtube.com/watch?v=9f7Exw-ha4o&feature=channel> (very short)

<http://www.youtube.com/watch?v=UzUUCte9p6M> (longer)

- After watching the video ask the students to list the different costs that are involved in making a cake.
- Explain cost drivers in terms of cake batter, icing, or the labor to make a cake. Have students divide the costs by the different costs drivers.

Additional examples: Video Link: <http://www.youtube.com/watch?v=4ksq9IbYJj0&feature=related> how a large plane is made quickly.

Additional Video Link: [http://www.youtube.com/watch?v=4LhN\\_T5tGK8](http://www.youtube.com/watch?v=4LhN_T5tGK8) how small planes are made

#### Process Costing:

Video Link: How It's Made-stacked potato chips

[http://www.youtube.com/watch?v=q\\_ogZcvXBqQ&feature=related](http://www.youtube.com/watch?v=q_ogZcvXBqQ&feature=related)

- Have students explain about how the stacked chips in particular were the same, and how we can't tell which chips are going into which package.
- Discuss the weighted average concept: we can't tell which ingredients are in a particular can we have to use the weighted average of all that went in on that particular day.
- Ask students to describe how weighted average works.
- Have students to come up with a list of possible costs and work a small sample problem.

Video Link: How It's made – Bubble gum

<http://www.youtube.com/watch?v=Z69N3zwJUIE&feature=related>

- On the second day of process costing show this video related to bubble gum. It is the same sort of process as the stacked chips.
- In this case discuss FIFO however. We assume that the first ingredients we put in are in the first bags we put out.
- Have students describe how FIFO works.
- Have students come up with a list of possible costs and work a small sample problem.

Joint Process Costs:

Video Link: Milk:

[http://www.youtube.com/watch?v=kIbVwE5zb1Y&feature=Playlist&p=17781234D147E7F5&playnext=1&playnext\\_from=PL&index=2](http://www.youtube.com/watch?v=kIbVwE5zb1Y&feature=Playlist&p=17781234D147E7F5&playnext=1&playnext_from=PL&index=2)

Video Link: Cheese:

[http://www.youtube.com/watch?v=FHmXAb3G0ek&feature=Playlist&p=17781234D147E7F5&playnext=1&playnext\\_from=PL&index=37](http://www.youtube.com/watch?v=FHmXAb3G0ek&feature=Playlist&p=17781234D147E7F5&playnext=1&playnext_from=PL&index=37)

Video Link: Ice Cream treats: <http://www.youtube.com/watch?v=SiICaHAOrGE>

And Ice cream: <http://www.youtube.com/watch?v=K-7s7WrTX7k&feature=related>

- All of these products start with milk. The product can only be milk or it can be made into cheese or ice cream with additional processing.
- Have students discuss the split-off point and list some of the additional costs to produce milk and cheese.
- Have students create a numerical example if a company wants to process milk or sell cheese and ice cream at a higher price and at an additional cost.

Link: A by-product of making cheese are cheese curds: <http://www.wisegeek.com/what-are-cheese-curds.htm>

- Have students discuss how to account for by-products.

Quality

Video Link: How Chocolate is Made

<http://www.youtube.com/watch?v=rdTpA0luD2U&feature=Playlist&p=3FF6723AA74606C0&index=19>

- Have students discuss the concepts of total quality management and return on quality.
- Have them make a list of how the quality of chocolate could be determined.
- Have students discuss internal and external failures and how this would have an effect on the company.
- Discuss how just in time manufacturing would work with the chocolate.

Standard Costing:

Video Link: Marshmallow Cookies <http://www.youtube.com/watch?v=6T6C87mtcjw>

- The video explains how each cookie is supposed to be exactly the same – down to the swirl on top
- Have the students discuss how standard costs are determined and why the cookie company would want each cookie to cost the same.
- Have the students create the standard costs for each cookie.

Flexible Budgets:

Video Link: Candy Canes <http://www.youtube.com/watch?v=YehzMnymtfo> (note you can use whatever seasonal candy is available).

- Ask students why the company would need a flexible budget for candy canes.
- Have students list ingredients, and make a budget based on expected level, high level, and low level sales.

**Outcomes:**

- During class, students refer to the videos when learning about factory processes in the problems for items they are not familiar with and these processes are explained in terms of the video.
- Happy, enthusiastic learners “I like coming to class everyday”
- High course evaluations 4.69 out of 5.00 (Previous professors were in the 3 range)
- Unconventional, you stand out in the Accounting Department
- Course GPA improved

- Even without the snacks the project would have been successful. Students frequently said that the snacks were nice, but that the real value was being able to see how complex accounting issues could actually be used in business
- Clips were short and provided a nice break to allow students to re-charge between problems