

Subject Code: 1CM1010311

Subject Title: COST ACCOUNTING -1

Course Objective: To make students familiar with cost accounting system, concepts of cost accounting and its application. Apart from this to explain the need of cost accounting system in business organization. It is helpful to the students to determine the cost.

Teaching Scheme (Hours per week)				Evaluation Scheme (Marks)		
Lecture	Tutorial	Practical	Credit	University Assessment	Institutional Assessment	Total
3	-	-	3	70	30	100

Subject Contents

Sr. No	Topic	Total Hours	Weight (%)
1	<p>Introduction to Cost Accounting: (1) Meaning of Cost, Costing, Cost Accounting and Cost Accountancy. (2) Financial Accounting V/s Cost Accounting, (3) Concept of Cost unit, Cost Object, Cost Driver, Cost Centre, Loss, Expense, Conversion Cost. (4) Objectives of Cost Accounting, (5) Need of Cost Accounting, (6) Essential for Good Cost Accounting System, (7) Advantages and limitations of Cost Accounting System, (8) Installation of Cost Accounting System and its practical difficulties. (9) Elements of Cost, (10) Classification of Cost from different point of view, (11) Methods of Costing:- Unit Costing, Contract Costing, Process Costing, Job Costing, Batch Costing, Operating Costing, Operation Costing (Brief Introduction) (12) Techniques of Costing:- Historical Costing, Uniform Costing, Marginal Costing, Absorption Costing, Direct Costing, Standard Costing (Brief introduction)</p>	9	25%
2	<p>(A) Accounting for Material Cost: (1) Meaning of Materials and Types of Materials, (2) Meaning of Material Control and Inventory Control, (3) Techniques of Inventory control: ABC analysis, Stock Levels, Economic Order Quantity, Inventory Turnover ratio to review slow and non moving materials, Proper Purchase procedure, Proper Storage of Materials, Perpetual inventory system (4) Stores (Material) Records:- Bin Card, Stores Ledger (5) Methods of Pricing of Material Issue:- FIFO, LIFO, Simple Average, Weighted Average, Replacement Price Standard Price. (6) Meaning and Treatment of Waste, Scrap, Spoilage and Defectives. (7) Problems based on: Calculation of Economic Order Quantity by Formula method and Trial and Error method, Inventory turnover ratio, Levels of Inventory: Maximum Level, Minimum Level, Re-order Level, Average Stock Level, Danger Level. Preparation of Stores Ledger: - FIFO, LIFO Simple Average and Weighted Average are expected.</p> <p>(B) Accounting for Labour Cost: (1) Meaning of Labour, (2) Direct and Indirect Labour, (3) Labour Cost Accounting and Labour Records: - Remuneration Methods:- Traditional Methods and Incentive Plans (Individual and Group)- Time wage system, Piece Wage System, Halsey Plan, Rowan Plan, Tylor's Differential piece rate</p>	9	25%

	system, Bedeaux Plan, Merric's Multiple piece rate system, Gantt task and bonus system, Profit sharing and Co-partnership, Time Recording:- Time Keeping and Time Booking (4) Requisites of good wages incentive plan, (5) Labour Turnover,(6) Special Problem regarding direct labour:- Idle time, Over time, Outworkers, Casual workers, Holiday and Leave with pay, Apprentice Cost, Employee welfare cost, Fringe Benefit Cost, Bonus, Gratuity. (7) Problems Based on: Time wage system, Piece Wage System, Halsey Plan, Rowan Plan, Labour Turnover Rate:- Separation Method, Replacement Method, Flux Method, Equivalent Annual Rate are Expected		
3	Overheads Accounting: (1) Definition of Overheads; (2) Classification of overheads; (3) Techniques for segregation of Semi variable overheads; (4) Cost allocation and apportionment; Basis of apportionment of Factory overheads and Re apportionment of service centre cost; Overhead absorption on the basis of Direct Material cost, Direct labour cost, Prime cost, Labour Hours and Machine Hours; (5) Concept and Treatment in cost accounts of – Over absorption, Under absorption, Setting up time and Idle time; (6) Absorption of Administration overheads and Selling & Distribution overheads (7) Activity Based Costing (Brief introduction Only Excluding examples) (8) Practical Problems based on: Apportionment of Factory Overheads and Re-Appportionment of service centre Overheads and Overhead absorption on the basis of Direct Material cost, Direct labour cost, Prime cost, Labour Hours and Machine Hours are expected.	9	25%
4	Unit Costing: (1) Components of total cost; (2) Expenses that are not treated as cost in cost sheet; (3) Imputed costs; (4) Treatment of work-in progress; Defective materials; Sale of scrap; Defective product; Normal & abnormal Loss of materials; Treatment of Finished goods; (4) Preparation of Historical cost sheet, Estimated cost sheet, Estimate for work order (Tender/Quotation).	9	25%

Reference Books:

1. Arora M.N. "A textbook of Cost and Management Accounting", Vikas Publishing House Pvt. Ltd., New Delhi.
2. Jawaharlal, *Management Accounting*, Himalaya Publishers, Mumbai.
3. Kishor Ravi M. "Cost and Management Accounting." Taxmann Publications Pvt. Ltd., New Delhi.
4. Maheswari, S.N., Principles of Management Accounting, Sultan Chand & Sons, New Delhi
5. Rana T.J. and Dalal, "Cost Accounting", Sudhir Prakashan, Ahmedabad
6. Tulsian P.C. "Cost Accounting." Sultan Chand Publishing, New Delhi