

JYOTI NIVAS COLLEGE AUTONOMOUS

Programme: B.COM/TM/ LSCM /

INTEGRATED B.COM .COM/BBA/B.VOC(Banking and Finance)

COST ACCOUNTING

Course Code : 24IIIICA03

Semester: III

No. of Hours: 60

No. of Credits: 4

COURSE OBJECTIVES:

- Demonstrate an understanding of the concepts of costing and cost accounting.
- Demonstrate the ability to prepare a Cost Statement.
- To prepare material related documents, understand the management of stores and issue procedures.
- Demonstrate the ability to Calculate Wages and Bonus.
- To classify, allocate, and apportion overheads and Calculate Overhead absorption rates.

LEARNING OUTCOMES:

- Understanding the various concepts of cost in relation to a manufacturing environment.
- Ability to fix prices of a product produced in an organization.
- Enables the students to use the knowledge in decision making.

Unit 1:Introduction to Cost Accounting

8 hours

Introduction- Meaning and definition- Objectives, Importance and Uses of Cost Accounting, Difference between Cost Accounting and Financial Accounting; Various Elements of Cost and Classification of Cost; Cost object, Cost unit, Cost Centre; Cost reduction and Cost control. Limitations of Cost Accounting.

Unit 2: Cost Sheet

14 hours

Cost Sheet - Meaning and Cost heads in a Cost Sheet, Preparation of Cost Sheet - Problems on Cost Sheets (including Unit costing and Tenders & Quotations).

Unit 3: Material Cost

14 hours

Material Cost: Meaning, Importance of Material cost; Types of Materials – Direct and Indirect Materials; **Procurement-** Procedure for procurement of materials and documentation involved in materials accounting; **Material Storage:** Duties of Store keeper; **Issue of Materials-** Pricing of material issues, Preparation of Stores Ledger Account under FIFO, LIFO, Simple Average Price and Weighted Average Price Methods – Problems.

Materials control. - Techniques of Inventory Control - Problems on Level Setting and EOQ.

Unit 4:Labour Cost

9 hours

Labour Cost - Meaning and Types of Labour Cost –Attendance Procedure-Time keeping and Time booking and Payroll Procedure; Idle Time- Causes and Treatment of Normal and

Abnormal Idle time, Over Time – causes and treatment (theory only), Labour Turnover: Meaning, Causes and Effects of labour turnover (theory only).

Methods of Wage Payment:

Time rate system and piece rate system(theory and problems), Incentive schemes- Halsey plan, Rowan plan, Taylor's differential piece rate and Merrick's multiple piece rate system, – problems based on calculation of wages and earnings.

Unit 5: Overheads

15 hours

Overheads: - Meaning and Classification of Overheads; Accounting and Control of Manufacturing Overheads; Collection, Allocation, Apportionment, Re-apportionment and Absorption of Manufacturing Overheads; **Problems** on Primary and Secondary overheads distribution using Reciprocal Service Methods (Repeated Distribution Method and Simultaneous Equation Method)

Absorption of Overheads: Meaning and Methods of Absorption of Overheads (Concept only)

Machine Hour Rate - Meaning and Problems on calculation of Machine Hour Rate.

Skill Development Activities:

- Mention the causes of labour turnover in manufacturing organizations.
- Name any five documents used for material accounting.
- Prepare a dummy Payroll with imaginary figures.
- List out the various overhead items under Factory, administrative, Selling and distribution overheads (six items each).

Books for References:

1. Jain, S.P. and K.L. Narang. Cost Accounting: Principles and Methods. Kalyani Publishers
2. Arora, M.N. Cost Accounting – Principles and Practice, Vikas Publishing House, New Delhi.
3. Maheshwari, S.N. and S.N. Mittal. Cost Accounting: Theory and Problems. Shri Mahavir Book Depot, New Delhi.
4. Iyengar, S.P. Cost Accounting, Sultan Chand & Sons
5. Charles T. Horngren, Srikant M. Datar, Madhav V. Rajan, Cost Accounting: A Managerial Emphasis, Pearson Education.
6. Jawahar Lal, Cost Accounting., McGraw Hill Education
7. Made Gowda J, Cost Accounting, HPH.
8. Rajiv Goel, Cost Accounting, International Book House, Mariyappa B Cost Accounting, HPH.

Note: Latest edition of text books maybe used