

JYOTI NIVAS COLLEGE AUTONOMOUS

Programme: B.Com/TM/LSCM/INTEGRATED B.Com - M.Com

Semester: V

Costing Methods

No. of Credits: 4

No. of Hours: 60

Course Objectives:

- To provide an in-depth insight in students about techniques of Cost ascertainment in both manufacturing and service sectors.
- To make the students familiar with the specific costing methods used by various industries.
- To enable students to gain knowledge for decision making.

Learning Outcomes:

- Understand the various methods of costing applicable to different industries.
- Determine the cost under different methods of costing.
- Analyze the Steps involved in different methods of Costing
- Understand the Meaning and Steps in Activity Based Costing

Unit-1: Job Costing and Batch Costing

10 Hours

Job Costing: Meaning, Features, Objectives, Applications, Advantages and Disadvantages, Job cost sheet- Simple problems.

Batch Costing: Meaning, difference between Job and Batch costing; Process of accumulation and calculation; Determination of EBQ- problems

Unit- 2: Contract Costing

14 Hours

Contract Costing: Meaning, features of Contract costing, Applications of Contract Costing, Differences between Job costing and Contract costing; Terms used in Contract Costing; Treatment of profit on incomplete contracts-Problems on Preparation of Contract account and Contractee's account (excluding Trial Balance and Balance Sheet problems).

Unit-3: Process Costing

14 Hours

Process costing: Meaning, features and applications of Process Costing; Differences

between Job Costing and Process Costing; Treatment of process losses and gains in Process accounts; preparation of Process Accounts – Problems

Unit- 4: Operating Costing **14**
Hours

Introduction to Operating Costing; Application of Operating Costing; Cost components and Cost units for different services - Transport Services, Hospital and Educational institutions; Problems on preparation of Operating Cost Statement for Transport service only.

Unit- 5: Recent Trends in Costing **8**
Hours

Target Costing, Zero based budgeting, Responsibility Accounting, Product Life cycle costing, Focus Costing, Activity Based Costing, Lean Costing, SaaS (Meaning and features only), Information technology used in project costing.

Skill Development Activities:

- Prepare and Job Cost Sheet with imaginary figures.
- Calculate notional profits for contracts at different stages of Completion of a contract with imaginary figures.
- List any five organizations using Process Costing.
- Identify the costs associated with Life cycle costing.
- Calculate the total cost and profit per unit for different products using traditional costing methods and compare it with the results from an ABC approach.

Books for References:

- S P Jain and K L Narang, Advanced Cost Accounting, Kalyani Publications,
- Robert S Kaplan and Anthony A Atkinson, Advanced Management Accounting, PHI, New Delhi.
- Arora, M.N. Methods of Cost Accounting –, Vikas Publishing House, New Delhi.
- Shank and Govindrajana, Strategic Cost Management, Simon and Schuster, 36 New York.
- Lin Thomas, Cases and Readings in Strategic Cost Management, McGraw Hill Publications, New York.
- John K Shank and Vijaya Govindarajana; Strategic Cost Management; Free Press Publication; New York
- Mariyappa B Methods and Techniques of Costing., HPH.

Note: Latest edition of text books may be used