

Cost Accounting
Professional - I

OBJECTIVES:

To provide the students with an in-depth knowledge of Cost Accounting concepts, principles and methods to develop an ability and skills to prepare and analyse cost accounting data to meet the requirements of different manufacturing concerns.

ABILITY REQUIRED:

Professional knowledge & skills.

<u>WEIGHTAGE</u>		<u>CONTENTS</u>
10	1.	INTRODUCTION TO COST ACCOUNTING: Nature of cost accounting, objectives and benefits of cost accounting, function of cost accounting, relationship of cost accounting with financial accounting, cost accounting as part of a management information system.
10	2.	DESIGNING, INSTALLATION AND OPERATION OF COST SYSTEMS: Concept of cost units, cost centres and profit centres, introduction to different costing methods, cost reports.
10	3.	COST BEHAVIOUR: Linear, curve-linear and step functions, factors influencing cost behaviour.
10	4.	COST CLASSIFICATION AND COST BOOK-KEEPING: Nature and function, direct and indirect, fixed and variable, period and product, controllable and uncontrollable, avoidable and unavoidable, standard/budget and actual, principles of double entry, use of journal, integrated and non-integrated system, flow chart.
10	5.	MATERIALS CONTROL PROCEDURE AND COSTING METHODS: Procedures of material procurement and use, material costing methods, cost of materials in inventory at the end of a period, costing procedures for scrap, spoiled goods and defective work.
10	6.	QUANTITATIVE MODELS FOR MATERIALS PLANNING AND CONTROL: Planning materials requirements, system of inventory controls, quantitative analysis, fixation of maximum, minimum and ordering levels (EOQ).

- 10 7. **CONTROL AND ACCOUNTING FOR LABOUR COSTS:**
- Labour remuneration methods, direct and indirect labour, measures of labour efficiency together with analyses of non-productive time and its cost procedures for labour costing, computerised payroll procedures.
- 10 8. **CONTROL AND ACCOUNTING FOR FACTORY OVERHEAD COSTS:**
- Nature, classification of collection of overheads, overhead allocation, departmentalisation and absorption, treatment of under-and -over absorption, overheads responsibility accounting and reporting, activity based costing principles, case of activity based costing for alternative product costing.
- 10 9. **COSTING METHODS:**
- 9.1 Use of relevant opportunity and notional cost, classification and working of cost and cost behaviour.
- 9.2 Cost accounting appropriate to service and production-based organisations; specification.
- 9.3 Job, batch and contract costing: characteristics of different methods, direct and indirect costs including treatment of waste, scrap and rectification, profit identification in contract costing.
- 9.4 Process cost sheet: application, identification of cost units, valuation of process transfers and work in process using equivalent production, FIFO, and average costing methods.
- 5 10. **JOINT PRODUCT AND BY - PRODUCT COSTING:**
- Identify and use appropriate cost units, demonstrate understanding of the special considerations relating to the collection, classification and apportionment of costs, operation / service costing applications.
- 5 11. Design and operation of databases for the collection of and storage of cost accounting data; use of relevant applications software to extract data and prepare management information.
- Integrated and non-integrated systems, including their reconciliation.

CORE READING:

Cost Accounting

AUTHORS:

F. Usry, H. Hammer & Adolph
Matz

PUBLISHER :

South Western Publishing Co.,
Cincinnati,
Ohio,
U.S.A.

ADDITIONAL READINGS:

Cost & Managerial Accounting

Jack Gray, Don Ricketts

McGraw-Hill Company Inc.,
Princeton Road,
S-1 Hight Slown
NJ08520,
New York

Cost Accounting

Fess Waren

South Western Publishing Co.

Cost Accounting

T. Lucy

DP Publications,
Aldyne Place,
142-144 Uxbridge Road,
Shepherds Bush Green,
London W12 8AW

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Cost Accounting

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