

B.Com. (Hons.): Semester-II
BCM202: COST ACCOUNTING

Teaching Scheme	Examination Scheme
Lectures: 4 hrs/Week	Class Test -12 Marks
Tutorials: 1 hr/Week	Teachers Assessment – 6 Marks
Credits: 5	Attendance – 12 Marks
	End Semester Exam – 70 Marks

Course Objective

To provide an in-depth study of the cost accounting principles for identification, classification and analysis of cost components and cost ascertainment in different industries using various costing methods

Course Learning Outcomes

After completing the course, the student shall be able to:

- CO1: understand thoroughly the conceptual framework of Cost Accounting; identification of differences between different financial and cost accounting; cost concepts and elements of cost; preparation of cost sheet.
- CO2: understand the accounting and control of material and labour cost.
- CO3: develop ability to understand classification, allocation, apportionment and absorption of overheads in cost determination.
- CO4: examine under and over absorption of overheads; treatment of various item of overheads in the organization maintaining cost accounting records.
- CO5: develop ability to calculate the cost of products, jobs, contracts, processes and services after understanding the basic concepts and processes involved in them.
- CO6: analyze cost accounting book keeping systems and reconciliation of cost and financial account profits

Unit 1: Introduction

Meaning, scope, objectives and advantages of cost accounting; Difference between financial and cost accounting. Cost concepts and classifications, Overview of elements of cost and Cost sheet. Role of a cost accountant in an organisation. Introduction to Cost Accounting Standards & Cost Accounting Records and Audit Rules

Unit II: Elements of Cost: Material and Labour

Materials: Material/inventory control techniques. Accounting and control of purchases, storage and issue of materials. Inventory systems, Methods of pricing of materials issues — FIFO, LIFO, Simple Average, Weighted Average, Replacement, Standard Cost; Physical Verification, Accounting treatment and control of losses— Wastage, scrap, spoilage and defectives. Labour: Accounting and Control of labour cost. Time-keeping and time-booking. Concept and treatment of idle time, over time, labour turnover and fringe benefits. Methods of wage payment and Incentive schemes-Halsey, Rowan, Taylor's differential piece wage

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Unit III: Elements of Cost: Overheads

Classification, allocation, apportionment and absorption of overheads, Under- and over- absorption; Capacity Levels and Costs; Treatments of certain items in costing like interest on capital, packing expenses, bad debts, research and development expenses. Activity based costing.

Unit IV: Methods of Costing

Unit costing, Job costing, Contract costing, Process costing (including process losses, valuation of work-in-progress, joint and by-products). Service costing (only transport).

Unit V: Cost Accounting Book-Keeping Systems

Integral and non-integral systems; Reconciliation of cost accounting records with financial accounts.

Suggested Readings

- Arora, M.N. Cost Accounting-principles and practice. Vikas Publishing House, New Delhi.
- Jhamb, H. V. Fundamentals of Cost Accounting. Ane Books Pvt Ltd, New Delhi
- Lal, Jawahar., and Srivastava, Seema. Cost Accounting, McGraw Hill Publishing Co., New Delhi.
- Singh, Surender. Fundamentals of Cost Accounting. Kitab Mahal, Allahabad/New Delhi.

Additional Readings

- Drury, Colin. Management and Cost Accounting. Thomson Learning
- Horngren, Charles T., George Foster and Srikant M. Dattar. Cost Accounting: A Managerial Emphasis. Prentice Hall of India Ltd., New Delhi.
- Jain, S.P., and Narang, K.L. Cost Accounting: Principles and Methods. Kalyani Publishers; Jalandhar.

Note: Latest edition of textbooks may be used.

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