

COST ACCOUNTING

+2 SECOND YEAR 4th Elective (Paper - I)

Objectives

To enable students to understand the concept, evolution, objectives, nature of cost accounting with→ classification of costs, techniques of costing and elements of cost;

To help the students in preparing cost sheets;→

To enable students to learn the concept, essentials, types of Material Control, Purchasing Procedure→ niques adopted for purchasing and stores control;ηand tec

To acquaint the students with the Labour and Labour Accounting procedure along with the applications→ of incentive schemes;

To make the students able to understand concept, classification, allocation→ & apportionment of overhead; and onday Distribution of overheads withχ

To help the students to learn the process of primary and Se→ applications of direct labour hour rate method, Machine Hour Rate method;

Course Inputs

Unit-I Introduction to Cost Accounting

Cost Accounting - Concept, Evolution, Objectives, Nature and Scope, Advantages and Limitations of Cost Accounting, Cost Accounting Vs Financial Accounting, Cost Unit, Cost Centre, Classification of Cost, Methods of Costing, Costing Techniques, Installation of a Costing System, Elements of Cost and preparation of Cost Sheet. (Excluding Tender & Quotation)

Unit-II Material

Material - Concept, Classification of Material, Purchase of material: Importance of purchase, Six R's principle, Centralized & Decentralized purchasing, Functions of purchase Department and Procedure of purchasing, Storing of Material: Need for storing, stores Organization, Stores Records : Bin Card, Stores Ledger, Physical Stock Taking, Periodical Stock Taking and Perpetual Inventory System, Pricing of Issue of Materials (FIFO, Weighted Average Methods as per AS-2), Control of Material- Meaning- Need for material control - Techniques of Inventory Control- EOQ, Stock level, ABC Analysis, VED Analysis, Stock Turnover ratio, Material Loss : Concept and Types.

Unit -III Labour

Labour - Meaning & Definition, Classification, Characteristics of Ideal Wage System- Time Rate, Piece rate Labour Accounting - Time keeping, Time Booking- idle Time-Overtime-Casual Worker & Out Worker Labour Turnover - Meaning, Causes, Effects and Remedial Measures Incentive Plans - Halsey premium, Halsey & weir, Rowan Premium plan.

Unit-IV Overheads

Meaning, Definition, Classification, Codification, Collection and Departmentalization of Overhead through Allocation and Apportionment, Principles of Apportionment, Bases of Apportionment, Primary Distribution Summary and Secondary Distribution Summary. Absorption of overhead- Overhead Rate, Methods of absorption of production Overhead-production Unit Method, Percentage on Direct Material, Percentage on Direct Labour, Percentage on Prime Cost, Direct labour Hour Method and Machine Hour Rate Method, Under/Over Absorption of Overhead Meaning, Causes.

Unit-V Project Work and Viva :

Suggested outlines of Project Work

Prepare a statement of cost for a manufacturing concern

Preparation of Stores Ledger Account under FIFO and LIFO method

Preparation of Stores Ledger Account under Average Cost method

Prepare a statement of Labour Cost and calculate labour cost per day

Calculate the total earnings of several workers in an organization under different incentive schemes

Apportion the cost of service department on production departments

Compute a machine hour rate so as to cover the overhead expenses of any organization