

B.COM PART II
SEMESTER IV (Fourth)
COST ACCOUNTING

Credit – 06

Course Objective:

To provide an in- depth understanding of the cost accounting principles for identification analysis and classification of cost components and cost ascertaining using various costing methods.

Course Learning Outcome:

Students will be able to:

- Understand the basic concepts of costs and fundamentals of cost accounting.
- Equipped with the calculation of cost of material, labour and overhead.
- Understand the accounting for employee cost and Overheads.

UNIT -I

Introduction: Meaning and definition of cost, cost centre, costing, cost-accounting and cost accountancy, Objectives, significance and limitation of cost accounting, systems, methods and techniques of cost accounting. Distinction between Financial and Cost accounting. Material purchasing and storing. Valuation and issue of material, material cost control. Labour: Recording of time and wages, Methods of remuneration, Incentives plans. Allocation of wages; labour turnover and treatment of Idle time and overtime.

UNIT II

Overhead: Meaning Collection, classification, allocation, Absorption of overhead. Unit Costing: Cost sheet statement of cost per unit, computation of tender price by preparing statement of cost. Operating costing: Meaning and Objectives. Preparation of statement of Operating cost only related to transportation for passengers and goods only. Job Costing and Contract Costing: Cost-Plus Contract, escalation clause, work in progress, profit on completed, incomplete and contracts nearer to completion.

UNIT III

Process Costing: meaning and significance, treatment of normal and abnormal losses in process accounts. Inter process profit (Excluding Joint product, By product & Equivalent Production.) Marginal Costing: Meaning, Concept, significance and limitation of marginal costing as well as BEP analysis. CVO and BEP analysis, break even Charts. (Excluding stock valuation under marginal costing and absorption costing and advanced problem related to managerial costing.

Suggested Readings:

1. Saxena and Vashist: Cost Accounting.
2. B.K. Bhar: Cost Accounting
3. Agarwal and Chaturvedi: Cost Accounting (Volume I & II).

