

BACHELOR OF COMMERCE - FIFTH SEMESTER

COST ACCOUNTING – I

Code:SC 5.4

Contact Hours: 56

Credits: 4

Univ Code:

Work load: **4 hours per week**

Evaluation: Continuous Internal Assessment – **30 Marks**
Semester-End Examination – **70 Marks**

Objectives: To make the students have a comprehensive understanding of cost concepts and enable the students to examine different techniques and approaches for cost control.

Pedagogy: Combination of lectures, GDs, assignments, etc.

Module 1: **Concept of Cost** - introduction – meaning of Cost, Cost Accounting, Comparison between financial Accounting and Cost Accounting – Application of Cost Accounting – Objectives and functions of Cost Accounting – installing a cost accounting system – cost concept and classification of Costs – Cost unit – cost centre – Elements of Cost, Advantages and limitations of Cost Accounting.

Module 2: **Material** - meaning – material control – purchasing procedure – storekeeping – techniques of inventory control – setting of stock levels – EOQ – methods of pricing material issues – FIFO, LIFO, Simple average and weighted average methods.

Module 3: **Labour** - meaning, objectives and significance of labour cost control, methods of time keeping and time booking – accounting treatment of idle time and overtime wages – wages payment systems – Time and Piece rate – straight piece rate, Taylor’s differential piece rate, Merrick’s Multiple Piece Rate, Gant task and Bonus Plan, Incentive plans – Need and Importance Halsey Rowan, Emerson’s efficiency scheme.

Module 4: **Overhead** - meaning and definition – classifications of overheads – procedure of accounting and control of overheads – allocations of overheads – apportionment of overheads – Re-Appportionment of service department cost to production departments – repeated distribution method – Simultaneous Equation method, step-ladder method – Absorption of overheads – methods of Absorption Percentage of direct material cost – direct labour cost – prime cost – Direct labour hour rate and machine hour rate.

Module 5: **Reconciliation of Cost and Financial Accounts** - need for reconciliation – reasons for difference in profits – problems on preparation of reconciliation statements.

Recommended Books

1. Advanced Cost Accounts – J Batty, McDonald and Evans
2. Cost Accounting – Ravi M Kishore