

B.Com. (Hons.)
Paper No – CH 4.3: Semester - IV
COST ACCOUNTING

Duration: 3 hours

Maximum Marks: 100

Lectures: 75

Objective: To acquaint the students with basic concepts used in cost accounting and various methods involved in cost ascertainment systems.

The following are the unit wise guidelines in relation to Paper CP 4.1 of B.Com.(Hons.) Course prepared in the meeting held on 11/12/2012 in Department of Commerce.

COURSE CONTENTS:

Unit I:

Introduction: Meaning, objectives and advantages of cost accounting, Difference between cost accounting and financial accounting. Cost concepts and classifications, Elements of cost. Installation of a costing system. Role of a cost accountant in an organization.

(8 Lectures)

Specific Guidelines:-

1. Short Question of theory only

(Marks allocation-5 to 8 marks)

Unit II:

Materials: Material/inventory control- concept and techniques, Accounting and control of purchases, storage and issue of materials. Methods of pricing of materials issues – FIFO, LIFO, Simple Average, Weighted Average, Replacement, Standard, Treatment of Material Losses.

(10 Lectures)

Specific Guidelines :-

- 1 Materials: Material/inventory control- concept and techniques- Only ABC, EOQ, Stock Level and Periodic and Perpetual
- 2 Accounting and control of purchases, storage and issue of materials- only brief introduction
- 3 Methods of pricing of materials issues-Only Six as mentioned below
FIFO, LIFO, Simple Average, Weighted Average (Excluding Moving averages and Periodic averages, Replacement, Standard
- 4 Formats not to be covered

(Marks allocation-8 to 10 marks)

Unit III:

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.

(8 Lectures)

Specific Guidelines:-

1. Incentive Plans not to be covered
2. Methods of wage payment-Only Time Rate and Piece Rate methods to be covered
3. Fringe Benefits-Conceptual Discussion/theory only
(Marks allocation-maximum 5 marks)

Unit IV:

Overhead: Classification, allocation, apportionment and absorption of overhead. Under- and over-absorption. Capacity costs. Treatments of certain items in costing, like interest on capital, packing expenses, debts, research and development expenses, Bad Activity – based cost allocation.

(10 Lectures)

Specific Guidelines:-

1. Treatment of Certain items in costing (specifically includes only)-Interest on Capital, Packaging expenses, Bad Debts, Research and Development expenses
2. Activity Based Costing- Conceptual Discussion/theory only
3. Capacity costing – Introduction only
(Marks allocation-12 to 15 marks)

Unit V:

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

(30 Lectures)

Specific Guidelines :- (Marks allocation-30 to 35 marks)

Unit VI:

Accounting Systems: Integral and non-integral systems, Reconciliation of cost and financial accounts.

(9 Lectures)

Specific Guidelines:-

1. Accounting Systems: Integral and Non-Integral System- Conceptual Discussion/theory only
(Marks allocation-5 to 10 marks)

Suggested Reading:

1. Lal, Jawahar. *Cost Accounting*. Tata McGraw Hill Publishing Co., New Delhi.
2. Nigam, B.M. Lall and I.C. Jain. *Cost Accounting: Principles and Practice*. Prentice Hall of India, New Delhi.
3. Mittal, D.K. and Luv Mittal. *Cost Accounting*. Galgotia Publishing Co., New Delhi.
4. Arora, M.N. *Cost Accounting – Principles and Practice*. Vikas Publishing House, New Delhi.
5. Shukla, M.C., T.S. Grewal and M.P. Gupta. *Cost Accounting: Text and Problems*. S. Chand & Co. Ltd., New Delhi.
6. Maheshwari, S.N. and S.N. Mittal. *Cost Accounting: Theory and Problems*. Shri Mahabir Book Depot, New Delhi.
7. Jain, S.P. and K.L. Narang. *Cost Accounting: Principles and Methods*. Kalyani Publishers, Jalandhar.

References:

1. Usry, Milton E. and Lawrence H. Hammer. *Cost Accounting: Planning and Control*. South Western Publishing Co.
2. Horngreen, Charles T., George Foster and Srikant M. Dattar. *Cost Accounting: A Managerial Emphasis*. Prentice Hall of India Ltd., New Delhi.
3. Barfield, Jesset T., Cecily A. Raibarn and Michael R. Kinney. *Cost Accounting: Traditions and Innovations*. Thomson Learning.
4. Lucey, T. Costing. ELST, London.

Note: Specific topics and weightage thereof where software is to be used for practical work in this paper will be prescribed in the guidelines by the Committee of Courses and Studies in Commerce (Hons., P.G. and Research) every three years.

Note: Latest edition of text book may be used.