

COST AND WORKS ACCOUNTS /
COST AND MANAGEMENT ACCOUNTING
(INTERMEDIATE STANDARD)

SUBJECT CODE: 332

UNIT – I: CONCEPTS AND DEFINITIONS

- a) Meaning definition- Objectives- Scope of cost accounting and its relationship with Financial accounting and Management accounting.- Limitations of financial Accounting
- b) Difference between Cost and Financial Accounting- Cost and Management Accounting
- c) Organising for cost determination- Cost centre, Profit Centre, responsibility centre, cost unit
- d) Ascertainment of Cost-Post costing and concurrent costing
- e) Classification of Cost
- f) Elements of costing-materials cost, labour cost, direct expenses and overheads.
- g) Preparation of Cost Sheets

UNIT – II: MATERIALS

- a) Material management-purchase routine-stores control-function of store keeper.
- b) Purchase routine-indenting procedures-order level indenting-production planning based indenting calendar indenting-vendor rating and selection-tendering procedure-tender committee formation function and recommendation-purchase order.
- c) Stores routine-stores indenting receiving and inspection of stores-stock levels-maximum, minimum, EOQ recording and damage level
- d) Perpetual inventory system-physical verification-continuous stock check-slow moving, non moving and obsolete stock ABC,VED,XYZ and insurance items of stores-different classes of materials like raw material, packing material, consumable, spare parts, general hardware stores, tools etc.

- e) Pricing of issues-FIFO, LIFO, HIFO, Base stock, average stock, simple and weighted average standard price, inflated price and market prices-effects of these methods on inventory valuation and profits.
- f) Forms and registers-bin card, stock ledger purchase requisition, inspection report, good received note, material issued requisition, verification reports, vendor register, bill of materials, materials specification sheets, tender committee documents, material return note.
- g) Inventory carrying costs- space, handling, transportation within and without, insurance, storage loss, risk of obsolescence.

UNIT – III: EMPLOYEE COST

- a) Recruitment procedures and employee records - recording of attendance - recording of job/operation time-idle time, recording and analysis by cost - overtime recording payment and treatment in cost accounts.
- b) Pay roll procedures - Methods of wage payments- time and price rate- various incentive scheme.
- c) Booking labour costs by wages rate and composing rate- element of labour costs- wages DA,FDA,VDA, overtime, incentive, ESI, PF etc.,- Treatment of bonus and gratuity .
- d) Labour turn over - recording and assessment- causes- preventive costs, actual hidden and replacement costs- training and induction cost.
- e) Production and productivity- Measurement- Productivity improvement programmes - Application of Industrial Engineering- ergonomies.

UNIT – IV: DIRECT EXPENSES

- a) Definition- Nature, collection and tracing to cost unit.
- b) Treatment of direct statutory expenses like duties and taxes.
- c) Treatment of royalty, surveyor's fees etc.,

UNIT – V: OVERHEADS

- a) Nature, classification, Organisation for accumulation of overheads costs, allocation, apportionment and absorption.
- b) Basis of allocation- space area, power points, number of employees etc.,
- c) Basis of appointment-secondary distribution-inter dependent and reciprocal series.
- d) Basis of absorption, labour hour, labour cost, machine hour, materials cost, prime cost and factory cost.
- e) Classification of overheads production, work, factory or manufacturing overheads- General administration overheads- selling and distribution overhead, fixed variable and semi-variable overheads.
- f) Treatment of over or under absorption of overheads- reporting of overhead costs- activity based costing.

UNIT – VI: COST BOOK- KEEPING

- a) Costing accounting records, Ledgers, Cost statements
- b) Items excluded from cost and normal and abnormal items/cost
- c) Integral accounts
- d) Reconciliation of cost accounting records with financial accounts

UNIT – VII: METHODS OF COSTING: NATURE OF INDUSTRY BASED

- a) Job, batch and contract costing
- b) Process Costing-normal and abnormal losses, equivalent production- Joint and BY Products
- c) Operating costing or service costing- Transport, Hotel and Hospital

UNIT – VIII: COST ACCOUNTING TECHNIQUES

- a) Meaning of marginal cost and Marginal Costing
- b) Absorption costing Vs Marginal Costing
- c) Break Even Analysis
- d) Margin of Safety
- e) Application of Marginal Costing for decision making

UNIT – IX: STANDARD COSTING AND VARIANCE ANALYSIS

- a) Concept of standard cost and standard costing
- b) Advantages and Disadvantages
- c) Computations of variances relating to Material, Labour and Overheads

UNIT – X: BUDGET AND BUDGETARY CONTROL

- a) Concepts, Types of Budgets
- b) Budgetary Control Vs Standard Costing
- c) Advantages and Limitations
- d) Preparation of Various Budgets
- e) Zero Base Budgeting
