



**Cost and Works Accountancy**  
**Cost Accounting-III**  
**[Discipline Specific Course]**

**Semester: V**

**\*Credits: 4**

**Subject Code: C52209**

**Lectures: 48**

**Course Outcomes:**

At the end of this course, the learner will be able to:

- Recognize and explain the basic concepts in Marginal Costing and Budgetary Control
- Compute the value of profits or losses for different scenarios using marginal costing techniques
- Analyze and assess the costing information for strategic and operational decision making
- Evaluate and prepare budgets and apply cost control through Total Quality Management

**Unit 1: Marginal Costing and Cost Volume Profit Analysis**

**12**

- Marginal Costing: Meaning, Nature and Scope
- Concepts: Fixed cost, Variable costs, Contribution, Profit-Volume Ratio and Margin of Safety.
- Cost-Volume-Profit Analysis
- Break-Even Chart and Assumptions underlying Break-Even Chart
- Advantages and Limitations of Break-Even Chart
- Advantages and Disadvantages of Marginal Costing
- (Theory and Practical)

**Unit 2: Application of Marginal Costing and Decision Making**

**12**

- Application of Marginal Costing Techniques:
  - Fixation of Selling Price
  - Make or Buy Decision
  - Maintaining a Desired level of profit
  - Selection of Suitable product mix
  - Key(limiting) factor
  - Effect of change in Selling price
  - Level of Activity Planning
  - Alternative Course of Action
  - Closing down or suspending activities  
(Dealing with Risk and Uncertainty in Decision Making)
- Differential Cost Analysis and Practical Application of Differential cost analysis
- (Theory and Practical Problems)

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**Unit 3: Budgetary Control**

**12**

- Meaning, Definition and Concepts
- Objectives of Budgetary Control
- Procedure of Budgetary Control
- Essentials of Budgetary Control
- Types of budgets- Fixed and Flexible
- Functional Budgets-Sales, Production, Purchase, Cash Budget
- Advantages and Disadvantages of Budgetary Control
- Zero Base Budgeting
- (Theory and Practical Problems)

**Unit 4: Cost of Quality and Total Quality Management**

**12**

- Cost of Quality
  - Categories of Quality Costs (Prevention Costs, Appraisal Costs, Internal Failure Costs, External Failure Costs)
  - Costs of poor quality
- Total Quality Management (Meaning and Principles of TQM)
- Praise Analysis in TQM implementation
- Six Sigma and TQM
- Pareto Analysis in Quality Management

**#12 contact hours for Assignments, Visits, Research, Field Studies, etc.**

**\*01 credit to be evaluated as a Skill-based Component**

**Recommended Basic Reading:**

- Maheshwari. S.N and Maheshwari, S.K. *Advanced Accountancy Volume II*. Vikas Publishing House Pvt. Ltd: New Delhi; 2021.
- Murthy A. and Gurusamy S. *Cost Accounting*. Vijay Nicole Imprints Pvt Ltd.: Chennai; 2014.

**Recommended Reference Books:**

- CA Pasath Saravana, B. *Cost and Management Accounting*. Padhuka's – Wolters Kluwer: Chennai; 2017.
- Khan, M.Y. and Jain, P.K. *Cost Accounting*. McGraw Hill Education: New Delhi; 2014.
- Atkinson, A., Kaplan, R., Matsumura, E. Young, S. and Kumar, A. *Management Accounting Information for Decision Making and Strategy Execution*: Dorling Kindersley (India) Pvt. Ltd; 2014.
- Tulsian, P.C. and Tulsian, B. *Advanced Management Accounting*: S Chand and Company Pvt. Ltd: New Delhi; 2014.

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- Sikka, T.R. *Fundamentals of Cost Accounting*. Viva Books: New Delhi; 2012.

**Journals:**

- The Management Accountant-The institute of Cost Accountants of India, Kolkata.

**Websites:**

- <https://www.icai.org>
- <https://icmai.in/>

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**Semester: VI**

**\*Credits: 4**

**Subject Code: C62209**

**Lectures: 48**

**Course Outcomes:**

At the end of this course, the learner will be able to:

- Recognize and explain the basic concepts in Standard Costing, Farm costing and Transfer pricing
- Compute the deviations in cost of production for managerial decision making
- Analyze and assess the notional value for transfer of good in a decentralized organization and to find the bottlenecks in production
- Evaluate and develop plans for strategic cost management in Supply Chain and throughput costing

**Unit 1: Standard Costing and Variance Analysis**

**12**

- Standard Costing
  - Definition and meaning of standard cost and standard Costing
  - Types of standards, Setting up of Standards
  - Difference between Standard Costing & Budgetary Control
  - Advantages and Limitations of standard costing
  - Standard Costing and Total Quality Management & Just in Time
- Variance Analysis
  - Meaning and Types of Variances
  - Significance of Variance Analysis
  - Causes of Material, Labour and Overhead variances
  - Calculation of Material, Labour and Overhead variances
- (Theory and Practical Problems)

**Unit 2: Transfer Pricing**

**12**

- Meaning and objectives of Inter Company Transfer Pricing
- Methods of Transfer Pricing
  - Pricing based on Cost (Actual Cost, Cost Plus, Standard Cost, Marginal Cost)
  - Market price as transfer price
  - Negotiated pricing
  - Pricing based on Opportunity cost
- (Theory and Practical Problems)

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**Unit 3: Farm Costing and Recent Trends in Costing**

**12**

- Farm Costing
  - Meaning and Features of Farm Costing
  - Advantages & Limitations of Farm Costing
  - (Theory and Practical Problems)
- Throughput Accounting
  - Meaning and Features of Throughput Costing
  - Reporting Under Throughput Costing
- (Theory and Practical Problems)

**Unit 4: Cost Management in Supply Chain**

**12**

- Meaning and Objectives of Supply Chain Costing
- Cost Drivers in Supply Chain Management
- Tools in Supply Chain Management
  - (Activity Based Costing, Competitive Advantage Analysis, Target Costing, Total Quality Management, Just-In-Time, SWOT Analysis, Benchmarking)
- Compositions in Supply Chain Management
  - Value Chain Analysis (Life Cycle Costing, Return on Assets, Discounted Cash Flow)
  - Strategic Positioning Analysis
- Cost Driver Analysis

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**Recommended Reference Books:**

- Khan, M.Y. and Jain, P.K. *Cost Accounting*. McGraw Hill Education: New Delhi; 2014.
- Arora, M.N. *Cost Accounting Principles and Practices*. VPH: New Delhi; 2012.
- Thukaram Rao, M.E. *Methods and Techniques of Costing*. New Age Publishers: New Delhi; 2011.
- Murthy A. and Gurusamy S. *Cost Accounting*. Vijay Nicole Imprints Pvt Ltd.: Chennai; 2014.
- Sikka, T.R. *Fundamentals of Cost Accounting*, Viva Books, New Delhi; 2012.

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Alumni	Mrs. Pratishtha Sharma	Pratishtha 12/08/2021

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