



Cost and Works Accountancy - I
Basics of Cost Accounting
[Discipline Specific Course]

Semester: III	*Credits: 4	Subject Code: C32111	Lectures: 48
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Course Outcomes:

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

- Recall the Cost Concepts, enlist elements of cost and classify the costs
- Discuss the cost reporting principles for the elements of cost
- Describe the role of a Cost Accountant in an organization
- Apply principles of preparation of Cost Statements, Tenders and Quotations in the contemporary format
- Summarize the material purchase procedure and evaluate the material control technique in various manufacturing organizations

Unit 1: Cost Concepts

12

- Introduction
- Concept of Cost, Costing, Cost Accounting and Cost Accountancy
- Limitation of Financial Accounting
- Objectives, Advantages and Limitations of Cost Accounting
- Difference between Financial and Cost Accounting
- Cost Unit and Cost Center
- Elements of Cost and Classification of Costs
- Cost Reporting: Introduction to Cost Accounting Standard Board and Cost Accounting Standards (CAS)
 - CAS-1: Classification of Cost
- Role of a Cost Accountant in an organization

Unit 2: Cost Statement

12

- Preparation of Cost Sheet
 - Understanding the New format of Cost Sheet
 - Simple Cost Sheet
 - Cost Sheet with Stock adjustments
 - Non-Cost items
 - Problems on Cost Sheet
- Tenders and Quotations
 - Meaning and difference between Tender and Quotation
 - Preparation of Tender/Quotation
 - Problems on Tender/ Quotation

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Unit 3: Material as an element of Cost

10

- Introduction, Importance of material cost as an element of cost
- Cost Reporting: CAS 6 – Material Cost
- Need and Essentials of Material Control
- Material Procurement:
 - Functions of Purchase Department
 - Purchase Procedure
 - Purchase Documentation (Purchase Order, Quotation, Requisition)
- E Procurement: Benefits and Challenges

Unit 4: Material (Inventory) Control

14

- Meaning, Need and Importance of Inventory Control
- Techniques of Inventory Control
 - Perpetual and Periodic Inventory Control: Meaning and applicability
 - Stock Levels: Meaning, significance and problems on calculations of Stock Levels
 - Economic Order Quantity (EOQ): Meaning, significance and problems on calculation of EOQ
 - ABC Analysis: Meaning, application and problems on ABC analysis
 - VED Analysis: meaning and application
 - Inventory Turnover Ratio: Meaning, application and problems on inventory turnover ratio

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

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

Recommended Basic Reading:

- M N Arora. *A Text Book of Cost and Management Accounting*. 10th Edition, S Chand Publishers: New Delhi; 2019.
- Manash Dutta. *Cost Accounting: Principles and Practice*. 1st Edition, Pearson: New Delhi; 2003.
- Dr. Suhas Mahajan, Dr. Mahesh Kulkarni. *Cost And Works Accounting (Paper-I)*, Nirali Prakashan: Pune; 2017.
- Dr. Kishore Jagtap et al. *Cost & Works Accounting (Paper-I)*, Diamond Publications: Pune; 2014.

Recommended Reference Books:

- M. N. Arora. *Cost Accounting Principles and Practice*. Twelfth Edition, Vikas Publishing House Pvt. Ltd.: New Delhi; 2013.
- V. Rajasekaran and R. Lalitha. *Cost Accounting*. Pearson: New Delhi; 2011.

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- A. Murthy and S. Gurusamy, *Cost Accounting*. Vijay Nicole Imprints Private Limited: Chennai; 2014.
- S.P. Jain and K.N. Narang. *Cost Accounting*. 23rd Revised Edition, Kalyani Publishers: New Delhi; 2012.
- Bhar B.K. *Cost Accounting Methods and Problems*. 16th Edition, Academic Publishers: Kolkata; 2005.
- B.S. Khanna and I.M. Pandey. *Practical Costing*. S. Chand & Company Ltd. New Delhi; 1999.

Websites:

- <https://icmai.in/>

E-resources:

- <https://nlist.inflibnet.ac.in/>
- <https://search.ebscohost.com/>

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Cost and Works Accountancy - I
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[Discipline Specific Course]

Semester: IV	*Credits: 4	Subject Code: C42111	Lectures: 48
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Course Outcomes:

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

- Interpret the implication of Stores location and Store's layout on Material Cost
- Differentiate between the stores related records and calculate value of stores items under different methods
- Discuss the cost reporting principles for the element of cost
- Identify and apply concepts in the calculation of Labour Cost
- Explain the significance of Overheads in the cost of manufacturing
- Apply principles of distribution of Overheads

Unit 1: Material Storage and Control

12

- Stores Location and Stores Layout
 - Meaning; significance and implications on material cost
- Classification and Codification of Stores Material
- Stores Material Records - Bin Card and Store Ledger
- Preparation of Stores Ledger:
 - Pricing Methods of Issue of Material (Problems)- FIFO, LIFO, Simple Average and Weighted Average method
- Computerised Stores Accounting
- Important Concepts under Material Storage and Usage - Waste, Scrap and Spoilage

Unit 2: Labour as an element of Cost

12

- Introduction and Importance of labour cost as an element of cost
- Cost Reporting- CAS 7- Employee Cost
- Role of Departments related to Labour Cost Control: HR department, Engineering department, Time keeping department, Payroll department and Cost Accounting department
- Control of Labour Cost:
 - Elements of Labour Cost: Direct and Indirect Labour Cost
 - Time Records -Time Keeping and Time Booking – Meaning; Difference and Methods
 - Idle Time: Meaning, Normal and Abnormal idle time
 - Over Time: Meaning, Causes of Overtime
 - Leave Pay
- Fringe Benefits

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- Role of Job Analysis, Job Evaluation and Merit Rating
- Role of Time and Motion Study

Unit 3: Labour Accounting and Control

12

- Wage Payment Methods
 - Time Rate System- Advantages; disadvantages, applicability and Calculation of Earnings (problems)
 - Piece Rate System- Advantages; disadvantages, applicability and Calculation of Earnings (problems)
 - Taylors Differential Piece Rate System: applicability and Calculation of Earnings (problems)
- Incentive Plans
 - Meaning and Significance
 - Halsey Premium Plan: Calculation of Earnings (problems)
 - Rowan Premium Plan: Calculation of Earnings (problems)
- Labour Turnover
 - Avoidable and Unavoidable reasons
 - Labour Turnover Ratio: Meaning, Causes and Effects
 - Measurement of Labour Turnover (problems)- Separation, Replacement and Flux Method

Unit 4: Overheads- I

12

- Meaning; definition and classification of Overheads
- Manufacturing Overhead Accounting: Meaning and Steps in Overhead Accounting:
 - Collection of Overheads
 - Allocation of Overheads
- Apportionment of Overheads: Meaning, basis for apportionment and Problems on Primary Distribution
- Re-apportionment of Overheads: Meaning and difference between Production and Service departments, Problems on Secondary Distribution: Repeated Distribution method and Simultaneous Equations method

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- Dr. Suhas Mahajan, Dr. Mahesh Kulkarni. *Cost And Works Accounting (Paper-I)*,

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Nirali Prakashan: Pune; 2017.

- Dr. Suhas Mahajan, Dr. Mahesh Kulkarni. *Cost And Works Accounting (Paper-II)*, Nirali Prakashan: Pune; 2018.
- Dr. Kishore Jagtap et al. *Cost & Works Accounting (Paper-I)*, Diamond Publications: Pune; 2014.

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