



BASICS OF COST ACCOUNTING
BASICS OF COST ACCOUNTING
[CORE COURSE]

Semester: II

Credits: 3

Subject Code: BB22004

Lectures: 48

Course Outcomes:

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

- Underline the importance of Cost Accounting as a Branch of Accounting
- Differentiate between Financial Accounting and Cost Accounting
- Demonstrate an understanding into the concept of cost for a business organization
- Examine the different types of Cost and Cost Classification
- Apply the skills for computation of total cost for a product
- Identify the overheads and its influence on the cost structure
- Recognizing how cost is ascertained for different types of processes
- Computing cost of a particular contract

Unit 1: Introduction (Theory)

08

- Meaning & Definition of Cost, Costing, Cost Accounting and Cost Accountancy, Features of Cost Accounting
- Objectives of Cost Accounting
- Origin & Development of Cost Accounting
- Advantages and Limitations of Cost Accounting
- Limitations of Financial Accounting, Difference between Financial Accounting and Cost Accounting
- Cost Accounting Terminology – Cost Unit and Cost Centre

Unit 2: Elements of Cost, Classification of Cost and Cost Sheet (Theory and Practical Problems)

14

- Elements of Cost - Material, Labour and Expenses
- Overheads – Factory Overheads, Administration Overheads, Selling & Distribution Overheads
- Classification of Cost - by Functions, by behavior, by controllability, by normality, by inventory, by time, for managerial decision-making
- Cost Sheet – Meaning, Contents, Uses of Cost Sheet
- Preparation of Cost Sheet – a) Simple Cost Sheet b) Cost Sheet with Stock Adjustments. Items to be excluded from Cost sheet

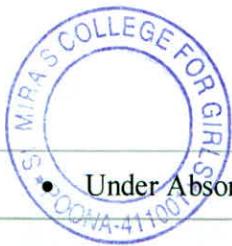
Unit 3: Overheads (Theory and Practical Problems)

12

- Meaning and Definitions, Classification of Overheads.
- Collection, Allocation, Apportionment and Re-apportionment of Overheads

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- Under Absorption and Over Absorption – Definition and Reasons

Unit 4: Methods of Costing (Theory and Practical Problems)

14

- **Contract Costing** – Meaning and Features of Contract Costing, Costing Procedure, Works Certified and Uncertified, Escalation Clause, Cost Plus Contract, Work in progress, Profit on Incomplete Contract
- **Process Costing** – Meaning, Features of Process Costing, Preparation of Process Accounts including Normal and Abnormal Loss/Gain

Areas of Practical Problems

Cost Sheet

Apportionment and Re-apportionment of Overheads

Contract Costing

Process Costing

Allocation of Marks:

Theory - 30%

Practical Problems - 70%

#12 hours for Library work, assignments, practical or field work

Basic Reading:

- Dr. Mahesh Kulkarni and Dr. Suhas Mahajan *Basics of Cost Accounting* for FYBBA Nirali Prakashan
- P.R. Bhonde and S. Limaye *Introduction to costing* for S.Y.B.Com Narendra Prakashan, Pune
- Prof. S Jagtap, Prof. B.B. Pagar, Prof. Dr. N.M. Nare *Cost & Works accounting – I* I.K.S. Publication, Pune

Reference Books:

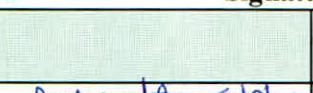
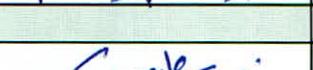
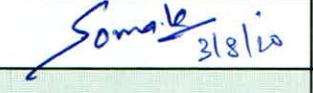
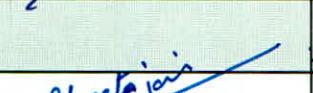
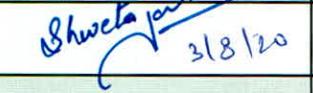
- Satish M. Inamdar *Cost and Management Accounting* Everest Publishing House *Mano*
- Murthy & Guruswamy *Cost Accounting* Tata McGraw Hill 2014
- M.N. Arora *Cost Accounting – Principles and Practice* Vikas Publishing House Pvt. Ltd.
- P.C. Tulsian *Cost Accounting* Tata McGraw Hill 2007
- S.P. Jain, K.L. Narang, Simmi Agarwal *Advanced Cost Accounting* Kalyani Publishers
- J.C. Varshney *Principles & Practice of Cost Accounting* Wisdom Publications, Delhi
- M.Y. Khan and P.K. Jain *Cost Accounting* McGraw Hill Education (India) Pvt. Ltd.

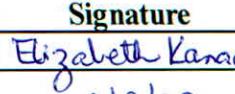
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E-resources:

- <https://icmai.in/upload/Students/Syllabus2016/Inter/Paper-8-New.pdf>
- <https://cleartax.in/s/cost-accounting>
- <https://www.accountingcoach.com/blog/what-is-cost-accounting>
- <https://www.accountingtools.com/articles/what-is-cost-accounting.html>
- <https://www.accountingedu.org/cost-accounting/>
- <https://www.yourarticlerepository.com/cost-accounting/cost-accounting-meaning-objectives-principles-and-objections/55218>

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