

Cost and Works Accountancy – II
Cost Accounting-II

Semester: V

Subject Code: C 51714

Lectures: 60

Objectives:

- Acquainting the students with practical application of overhead absorption
- Understanding the technique and application of Activity Based Costing
- Creating an understanding about reconciliation of Cost and Accounts records
- Creating awareness about cost accounting standards related to overheads

Unit 1: Traditional Methods of Overhead Absorption

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- Methods of Overhead Absorption: (Problems)
 - Direct Labour Hour Rate
 - Machine Hour Rate
 - Percentage of Direct Material Cost
 - Percentage of Direct Labour Cost
 - Percentage of Prime Cost
- Under and Over absorption of overheads
- Treatment of special items of overheads in cost accounts [Theory]
- Inadequacies of Traditional Methods of Overhead Absorption

Unit 2: Modern Method of Overhead Absorption: Activity Based Costing

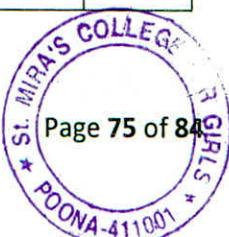
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- Introduction: Concept and Definition
- Stages in ABC
- Purpose and Benefits of Activity Based Costing.
- Cost Drivers and Cost Pools
- Developing an ABC System (problems)

Unit 3: Reconciliation of Cost Accounting Records with Financial Accounts

10

- Reasons for difference in profits of cost and financial accounts
- Items excluded from Cost Accounts
- Procedure for Reconciliation
- Simple problems



Unit 4: Cost Accounting Standards	4
<ul style="list-style-type: none"> • CAS 3: Production and Operation Overheads (revised from 2015) • CAS 11: Administrative Overheads 	

Internal Assignments and Library Assignments **12 Hours**

Recommended Text Book:

- Patkar M.G. Cost and Works Accounting(Paper II)Overheads and Methods of Costing; Phadke Prakashan, 2011
- Dr. Mahajan S & Dr. Kulkarni M : *Cost & Works Accounting (Paper II) Overheads and Methods of Costing*; 2016, Nirali Prakashan, Pune

Reference Books:

- Jain SP & Narang K L.: “*Cost Accounting -Principles & Practice*”, 24th edition, 2014, Kalyani Publishers, New Delhi
- Murthy A, Gurusamy S *Cost Accounting*, 2nd edition, New Delhi, Tata Mc Graw Hill Publishing Company Ltd.2009
- Arora M.N: “*Cost Accounting -Principles & Practice*” ,12th Edition, 2012, Vikas Publishing House, New Delhi
- Lal Jawahar and Seema Srivastava, :“*Cost Accounting*”, 5th Edition, 2013, Tata McGraw-Hill New Delhi
- Tulsian P C *Cost Accounting*, New Delhi, Tata McGraw Hill Publishing Company Ltd. 2007
- Dr. Pawan Kumar Oberoi :“*Cost Management*”, 2nd Edition, 2015, Global Academic Publishers & Distributors, New Delhi

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Semester VI	Subject Code: C 61714	Lectures: 60
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Objectives:

- Understanding the need & importance of the different methods of costing.
- To acquaint students with the different methods of costing viz. Contract costing, Process costing and Operating costing.

Unit 1 : Methods of Costing	4
<ul style="list-style-type: none"> • Introduction to methods of costing • Need for various methods • Various methods of costing • Manufacturing Process and Plant Layout of different product manufacturing concerns. (Theory) 	

Unit 2: Contract Costing	14
<ul style="list-style-type: none"> • Meaning, Definition, Features, Costing Vs. Job Costing • Terms (Costs) in Contract Costing and their recording • Contract Costing Procedure: (Important Concepts): <ul style="list-style-type: none"> ○ Work Certified and Work Uncertified ○ Work- in - Progress ○ Cost Plus Contract ○ Escalation Clause and De -Escalation Clause ○ Profit on Incomplete Contracts • Preparation of Contract Account (problems) 	

Unit 3: Process Costing	10
<ul style="list-style-type: none"> • Meaning, Definition, Application, Features • Preparation of Process Accounts: <ul style="list-style-type: none"> ○ Normal Loss and Abnormal Loss ○ Inter Process Profit ○ Work -in-Progress [Equivalent Production] (problems) 	

Unit 4: Operating Costing	10
<ul style="list-style-type: none"> • Meaning, Definition, Features • Cost Classification, Cost Unit-simple and composite • Cost sheet for Transport and Canteen. (problems) 	
Unit 5: Strategic Cost Management and New Trends in Strategic Cost Management	10
<ul style="list-style-type: none"> • Strategic Cost Management: <ul style="list-style-type: none"> ◦ Meaning and definition ◦ Advantages of Strategic Cost Management • New Trends in Strategic Cost Management: Introduction to <ul style="list-style-type: none"> ◦ Back Flush Costing ◦ Kaizen Costing ◦ Socio-Economic Costing 	
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<ul style="list-style-type: none"> • Jain SP & Narang K L. : “<i>Cost Accounting -Principles & Practice</i>”, 24th edition, 2014, Kalyani Publishers, New Delhi • Murthy A, Gurusamy S <i>Cost Accounting</i>, 2nd edition, New Delhi, Tata Mc Graw Hill Publishing Company Ltd.2009 • Arora M.N : “<i>Cost Accounting -Principles & Practice</i>” ,12th Edition, 2012, Vikas Publishing House, New Delhi • Lal Jawahar and Seema Srivastava: “<i>Cost Accounting</i>”, 5th Edition, 2013, Tata McGraw-Hill New Delhi • Tulsian P C <i>Cost Accounting</i>, New Delhi, Tata McGraw Hill Publishing Company Ltd. 2007 • Dr. S.N. Maheshwari and Dr.S.N. Mittal, : <i>Cost Accounting</i>, 26th Edition, Theory and problems, Mahavir Book Depot, New Delhi, 2015 • Dr. Pawan Kumar Oberoi: “<i>Cost management</i>”, 2nd Edition, 2015, Global Academic Publishers & Distributors, New Delhi 	

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