



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

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|--------------------|--------------------|-----------------------------|---------------------|
| <b>Semester: V</b> | <b>*Credits: 4</b> | <b>Subject Code: C52208</b> | <b>Lectures: 48</b> |
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**Course Outcomes:**

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

- Correlate and apply the different methods of Overhead Absorption
- Discuss the significance of Activity Based Costing and Compare it with Absorption Costing
- Recognize the significance of Cost Reporting on Overheads
- Identify and analyze the reasons for difference in profits as per Cost and financial records and prepare a reconciliation statement

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| <b>Unit 1: Overheads - II</b>   | <b>12</b> |
| <ul style="list-style-type: none"> <li>• Overhead Absorption: Meaning, types of absorption rates</li> <li>• Traditional Methods of Overhead Absorption             <ul style="list-style-type: none"> <li>○ Percentage of Direct Material Cost: Meaning, applicability, advantages and disadvantages</li> <li>○ Percentage of Direct Labour Cost: Meaning, applicability, advantages and disadvantages</li> <li>○ Percentage of Prime Cost: Meaning, applicability</li> <li>○ Direct Labour Hour Rate: Meaning, applicability, advantages and disadvantages</li> <li>○ Machine Hour Rate: Meaning, applicability, types: Simple and Composite, advantages and disadvantages</li> <li>○ Steps involved in calculation of machine hour rate</li> </ul> </li> <li>• Comprehensive problems and problems on Labour Hour Rate and Machine Hour Rate</li> </ul> |           |

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| <b>Unit 2: Overheads – III</b>   | <b>12</b> |
| <ul style="list-style-type: none"> <li>• Under and Over absorption of Overheads             <ul style="list-style-type: none"> <li>○ Meaning and Reasons for Under and Over Absorption</li> <li>○ Accounting Treatment</li> <li>○ Simple problems on Under or Over Absorption</li> </ul> </li> <li>• Administrative and Selling &amp; Distribution Overheads:             <ul style="list-style-type: none"> <li>○ Apportionment and Absorption of Administrative Overheads</li> <li>○ Apportionment and Absorption of Selling and Distribution Overheads</li> <li>○ Simple problems on Apportionment of Selling and Distribution Overheads</li> </ul> </li> <li>• Cost Reporting</li> </ul> |           |

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| <ul style="list-style-type: none"> <li>○ CAS 3: Production and Operation Overheads</li> <li>○ CAS 11: Administrative Overheads</li> <li>○ CAS 15: Selling and Distribution Overheads</li> <li>● Treatment of special items of overheads in cost accounts</li> <li>● Inadequacies of Traditional Methods of Overhead Absorption</li> </ul> |  |
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| <b>Unit 3: Modern Method of Overhead Absorption</b>  | <b>14</b> |
| <ul style="list-style-type: none"> <li>● Activity Based Costing for Overhead Absorption             <ul style="list-style-type: none"> <li>○ Introduction, definition and applicability</li> <li>○ Purpose and benefits of Activity Based Costing</li> </ul> </li> <li>● Steps in Activity Based Costing             <ul style="list-style-type: none"> <li>○ Cost Drivers and Cost Pools</li> <li>○ Calculation of cost driver rates</li> <li>○ Problems on overheads absorption by Traditional Absorption Costing Vs Activity Based Costing</li> </ul> </li> </ul> |           |

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| <b>Unit 4: Reconciliation of Cost Accounting Records with Financial Accounts</b>   | <b>10</b> |
| <ul style="list-style-type: none"> <li>● Meaning and Need for Reconciliation             <ul style="list-style-type: none"> <li>○ Reasons for difference in profits of cost and financial accounts</li> </ul> </li> <li>● Procedure for Reconciliation: Understanding the formats of Reconciliation Statement             <ul style="list-style-type: none"> <li>○ Problems on Reconciliation</li> </ul> </li> </ul> |           |

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

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

**Recommended Basic Reading:**

- Manash Dutta. Cost Accounting Principles and Practice. Pearson Education: Chennai; 2013

**Recommended Reference Books:**

- Rajasekaran, V. and Lalitha, R. *Cost Accounting*. Dorling Kindersley (India) Pvt. Ltd.: Delhi; 2011
- 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.
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- Jawahar Lal and Seema Srivastava, Manisha Singh. *Cost Accounting: Text, Problems and Cases*. McGraw Hill: New Delhi; 2019.
- Datar, Srikant M. and Rajan Madhav V. *Horngren's Cost Accounting*. Pearson Education: Chennai; 2017.
- Murthy A. and Gurusamy S. *Cost Accounting*. Vijay Nicole Imprints Pvt Ltd.: Chennai; 2014.
- Alex. *Cost Accounting*. Pearson Education India: Chennai; 2012.

#### Journals:

- The Management Accountant

#### Websites:

- <https://icmai.in/>
- <https://icmai.in/icmai/news/209.php>

#### E-resources:

- <https://www.researchgate.net/publication/278245051> Overhead
- <https://www.researchgate.net/publication/268041628> An Improved Methodology For Absorption Costing Efficiency Based Absorption Costing EBAC
- <https://www.researchgate.net/publication/309398925> Activity-Based Costing ABC - An Effective Tool for Better Management

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| <b>Semester: VI</b> | <b>*Credits: 4</b> | <b>Subject Code: C62208</b> | <b>Lectures: 48</b> |
|---------------------|--------------------|-----------------------------|---------------------|

**Course Outcomes:**

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

- Recognize the different methods of Costing
- Compare the different methods of Costing
- Apply the costing methods to different manufacturing and service industries
- Prepare Cost Statements under different methods of costing

**Unit 1: Methods of Costing : Job Costing**

**12**

- Introduction to Methods of Costing
- Need and Types of Methods of Costing
- Job Costing: Meaning, features and advantages
  - Procedure: Job Order number, Production Order and Bill of Material
  - Problems on preparation of Job Cost Sheet
- Suitability of type of Layout for different manufacturing concerns.

**Unit 2: Contract Costing**

**12**

- Contract Costing: Meaning, Definition and Features
- Terms in Contract Costing
  - Work Certified and Work Uncertified
  - Retention Money
  - Cash Ratio
  - Cost Plus Contract
  - Profit on Incomplete Contracts
- Contract Costing Procedure: Journal entries in the books of Contractor, Format of Contract Account and Contractee Account under incomplete contracts
- Problems on Preparation of Contract Account and Contractee Account

**Unit 3: Process Costing**

**12**

- Meaning, definition, application and features
- Process Costing Procedure
  - Preparation of Process Accounts
  - Concept of Normal Loss and Abnormal Loss

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| <ul style="list-style-type: none"> <li>○ Problems on process accounts to calculate cost per unit</li> <li>● Work-in-Progress: Concept of Opening and Closing work in progress in a process               <ul style="list-style-type: none"> <li>○ Accounting for Work in Progress: Introduction to equivalent production</li> <li>○ Problems on Equivalent Production and preparation of Process Accounts</li> </ul> </li> </ul> |  |
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| <b>Unit 4: Operating (Service) Costing</b>   | <b>12</b> |
| <ul style="list-style-type: none"> <li>● Meaning, definition, features and applicability</li> <li>● Costing for Transport Services: Goods and Passenger               <ul style="list-style-type: none"> <li>○ Cost Classification</li> <li>○ Cost Unit-Simple and Composite</li> <li>○ Problems on calculation of passenger kilometer and ton kilometer</li> <li>○ Problems on preparation of Cost Sheet under Goods Transport</li> <li>○ Problems on preparation of Cost Sheet under Passenger Transport</li> </ul> </li> <li>● Costing for Hotels               <ul style="list-style-type: none"> <li>○ Cost Classification</li> <li>○ Problems on calculation of room days</li> <li>○ Problems on preparation of Cost Sheet under Hotel Services</li> </ul> </li> </ul> |           |

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**E-resources:**

- <http://oldgrt.lbp.world/colorArticles/3789.pdf>
- [https://www.academia.edu/24871939/An\\_Analysis\\_of\\_Operating\\_Costs\\_of\\_star\\_Hotel\\_in\\_Pune\\_An\\_empirical\\_study](https://www.academia.edu/24871939/An_Analysis_of_Operating_Costs_of_star_Hotel_in_Pune_An_empirical_study)

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| Chairperson (HoD)             | Ms. Elizabeth Kanade     | Elizabeth Kanade 12/08/2021    |
| Faculty                       | Dr. Ms. Meenakshi Wagh   | MSWagh 12/08/2021              |
| Faculty                       | Dr. Mrs. Dimple Buche    | Dimple Buche 12/08/2021        |
| Faculty                       | Mrs. Deepanjali Mazumder | Deepanjali Mazumder 12/08/2021 |
| Subject Expert (Outside SPPU) | Dr. Smita Deshpande      | Smita Deshpande 12/08/2021     |
| Subject Expert (Outside SPPU) | Ms. Soma Kulshrestha     | Soma Kulshrestha 12/08/2021    |
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| Industry Expert               | CA Akshay Oke            | CA Akshay Oke 12/08/2021       |
| Alumni                        | Mrs. Pratishtha Sharma   | Pratishtha Sharma 12/08/2021   |

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