



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
<ul style="list-style-type: none"> • Introduction, Importance of material cost as an element of cost • Cost Reporting: CAS 6 – Material Cost • Need and Essentials of Material Control • Material Procurement: <ul style="list-style-type: none"> ○ Functions of Purchase Department ○ Purchase Procedure ○ Purchase Documentation (Purchase Order, Quotation, Requisition) • E Procurement: Benefits and Challenges 	

Unit 4: Material (Inventory) Control	14
<ul style="list-style-type: none"> • Meaning, Need and Importance of Inventory Control • Techniques of Inventory Control <ul style="list-style-type: none"> ○ 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:
<ul style="list-style-type: none"> • M N Arora. <i>A Text Book of Cost and Management Accounting</i>. 10th Edition, S Chand Publishers: New Delhi; 2019. • Manash Dutta. <i>Cost Accounting: Principles and Practice</i>. 1st Edition, Pearson: New Delhi; 2003. • Dr. Suhas Mahajan, Dr. Mahesh Kulkarni. <i>Cost And Works Accounting (Paper-I)</i>, Nirali Prakashan: Pune; 2017. • Dr. Kishore Jagtap et al. <i>Cost & Works Accounting (Paper-I)</i>, Diamond Publications: Pune; 2014.

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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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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

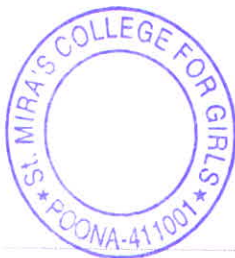
- Stores Location and Stores Layout
 - Meaning; significance and implications on material cost
- Classification and Codification of Stores Material
- Stores Material Records - Bin Card and Store Ledger
- Preparation of Stores Ledger:
 - Pricing Methods of Issue of Material (Problems)- FIFO, LIFO, Simple 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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<ul style="list-style-type: none"> • Role of Job Analysis, Job Evaluation and Merit Rating • Role of Time and Motion Study 	
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Unit 3: Labour Accounting and Control	12
<ul style="list-style-type: none"> • Wage Payment Methods <ul style="list-style-type: none"> ○ 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 <ul style="list-style-type: none"> ○ Meaning and Significance ○ Halsey Premium Plan: Calculation of Earnings (problems) ○ Rowan Premium Plan: Calculation of Earnings (problems) • Labour Turnover <ul style="list-style-type: none"> ○ 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
<ul style="list-style-type: none"> • Meaning; definition and classification of Overheads • Manufacturing Overhead Accounting: Meaning and Steps in Overhead Accounting: <ul style="list-style-type: none"> ○ 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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Nirali Prakashan: Pune; 2017.

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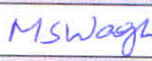

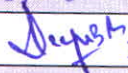

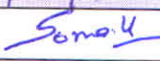



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