

5.3. ELEMENTS OF COSTING-I

Lecture per Week: 4 hours

Max Marks: 80 (End Sem.) + 20 (IA) = 100

Exam Duration: 3 Hours

OBJECTIVES:

1. To arrive at the cost of production and services of every unit, job, process, operation or department by close analysis of all expenditure.
2. To take proper management decisions as to inefficiencies, wastes etc
3. To serve as a guide to price fixing.
4. To control the cost

Units	Topics	No of periods
I	Introduction to Cost Accounting: Limitations of financial accounting - meaning of cost , costing , cost accounting and cost Accountancy – Objectives and functions of cost Accounting – Advantages and limitations of Cost Accounting –Financial Accounting V/s Cost Accounting – Steps for installation of a costing system- Meaning of cost center, cost unit and cost Audit	10
II	Classification of Costs: Elements of costs - Materials, Labour and overheads – Cost classification – Meaning and importance of Cost sheet – specimen of Cost Sheet. (Simple practical problems.)	10
III	Material Cost – Accounting and Control : Meaning and types of materials – essentials of material cost control – Purchase – Functions of Purchasing department- Steps of purchase procedure – Calculation of EOQ – Storage and its significance – Fixation of different levels of stock – Meaning of Bin card and stores ledger – methods of pricing the material issues (FIFO,LIFO only)	10
IV	Labour Cost – Accounting and Control : Meaning and types of labour – Labour Costs – Labour turnover – Causes and effects of Labour turnover – Meaning of Time Booking and methods of Time Keeping – Job Card – Idle Time – Overtime – Systems of wage payment – Time wage System – Piece rate Systems, Straight, Taylor, Merricks. Halsey & Rowan Incentive Plans.	10
V	Overhead Cost – Accounting and Control : Definition – Classification – Allocation and Apportionment of overheads – Basis for Allocation and Apportionments – Re- apportionment of overheads – Simultaneous Equation and Repeated Distribution method only – Absorption of overheads – Under and over recovery of overheads- Methods Of Absorption – Direct Material , Direct labour, Labour Hour and Machine Hour	10

SUGGESTED REFERENCES:

1. Cost Accounting: R.S.N Pillai, V Bagvathi - S Chand Publishers
2. Cost Accounting: P.T.Patanshetti, V.A. Patil R Chand – New Delhi
3. Cost Accounting: B.K. Bihar – Academic Publishers Kolkatta
4. Costing Simplified: Wheldon’s –Donal & Evans
5. Cost Accounting: M N Arora -Vikas Publication New Delhi
6. Cost Accounting- I : Dr B.B .Kalatippi , Dr G G Karalatti and Siddalingeshwar Prakashan Gulbaraga
7. Dr. G. B. Baligar, Elements of Costing and Costing Methods & Techniques, Ashok Prakashan, Hubli.