

M. Com. Course (2019 Pattern) Semester: I
Group – C (Advanced Cost Accounting and Cost Systems)
Subject - Advanced Cost Accounting
Course Code: 107-I

Objectives:

1. To prepare learners to understand the Scope of Cost Accounting in any business activity.
2. To learn the Cost Accounting treatment in relation to Material Cost Accounting, employee cost and overheads.
3. To develop the learners to establish the interface between Cost Accounting Standards and the various elements of Cost.
4. To enable students to learn application of different methods of costing in Manufacturing and Service industries.

Unit No.	Unit Title	Contents	Skills to be developed
1.	Nature and Scope of Cost Accounting	a) Introduction, Meaning, Definitions and Objectives of Cost Accounting, Cost Centres and Cost unit. b) Elements of Cost: Material, Labour and Overheads. Material: Concept, Procurement of Material, Concept of Landed cost of Material in major currencies with special reference to Dollar, Euro, and Pound only c) Preparation of Cost Sheet d.) Storage and Inventory Control Techniques - Perpetual Inventory system, ABC Analysis, Inventory Turnover ratios, Just In Time, Economic Order Quantity. Fixation of inventory Levels. e) Study of CAS 1 (Classification of Cost) and CAS 6 (Material Cost)	<ol style="list-style-type: none"> 1. Ability to understand the classification of costs. 2. Trace the cost to cost centers 3. To be able to prepare cost sheet in various situations 4. To understand the inventory related treatments in Cost Accounting
2.	Employee	a. Meaning, Definitions and Significance of Labour Cost	1. To understand the concept of Employee Cost and its relevance in the total cost of

	Cost	<p>b. Classification of Labour Cost</p> <p>c. Methods of Remuneration-Performance Based Remuneration</p> <p>d. Labour Cost –</p> <ul style="list-style-type: none"> • Idle time-causes and Accounting treatment • Overtime premium-Accounting Treatment & its Control • Treatment of special Labour Cost –Fringe benefits, Bonus, Employees Welfare Costs <p>e. Labour Turnover – concept, causes, Measurement & Cost of Labour Turnover.</p> <p>f.Study of CAS – 7 relating to Employees Cost</p>	<p>product or services.</p> <p>2. To develop Performance Linked Employee Remuneration Systems.</p> <p>3. To relate the CAS 7 to Employee Cost Concepts</p>
3.	Overheads Accounting	<p>a. Meaning & Classification of Overheads, b.Allocation, Apportionment & reapportionment (Repeated distribution Methods & Simultaneous Equations Method) of Overheads</p> <p>c.Absorption of Overheads-Methods, Over and under absorption of overheads</p> <p>d.CAS – 3 (Overheads)</p>	<p>1. To understand the stages in the process of Accounting of Overheads.</p> <p>2. To study CAS 3 in relation to Overheads.</p>
4	Methods of Costing	<p>a. Job Costing and Contract Costing.</p> <p>b. Process Costing</p> <p>c. Operating Costing in Transport, Hospitals & Hotel undertakings.</p>	<p>To develop ability to ascertain cost in different industries.</p>

Notes: The breakup of marks in the Examination will be as follows:

- 30 % of marks for Theory & 70 % of marks for Practical.Problems
- Areas of practical problems:
 1. Preparation of Cost Sheet
 2. Inventory turnover ratios
 3. EOQ
 4. Labour Turnover
 5. Primary and Secondary Distribution of Overheads – Repeated Distribution and Simultaneous Equation Method
 6. Methods of Absorption.
 7. Contract Costing, Process Costing and Operating Costing.
