

M. Com. Part I (Semester II)

Group C (Advance Cost Accounting & Cost Systems) - Special Paper III

Subject: Application of Cost Accounting Course Code: 107-II

Objectives:

1. To explain the concept of integral and non-integral cost accounting.
2. To study Product Life Cycle costing and Value Chain Analysis
3. To understand the mechanism of Activity Based Cost Management
4. To understand the utility of Cost Accounting data during transfer of product/services from one enterprise to the other either at national or at global level.

Unit No.	Unit Title	Contents	Skills to be developed
1.	Cost Book Keeping and Reconciliation between Cost and Cost financial Accounts	Book - keeping, Cost Ledgers, inter-locking and integral Accounts. Reconciliation of Cost and Financial Accounts, Reasons, needs & Methods.	To conceptualise the need to integrate financial and Cost Accounts.
2.	Product Life Cycle Costing(PLC): & Value Chain Analysis (VCA)	Introduction, Product Life Cycle, Phases and Characteristics of Product Life Cycle, Value Chain Analysis – Approach for Assessing Competitive Advantages – Value Chain Analysis V/S Conventional Management Accounting.	Develop understanding about PLC and VCA Concepts

3.	Cost Allocation and Activity Based Costing	<p>a- Cost Allocation – Meaning ,Types, Relationship between resources, activities, Cost and Cost drivers, Methods of allocating Costs in Cost Centres using Direct Method, Step Down Method and Reciprocal Method.</p> <p>b.Activity Based Costing – Introduction, Steps in ABC Systems, Levels of Activities Advantages & Limitations</p>	<ul style="list-style-type: none"> • Learners are expected to understand the logic behind ABC technique • To prepare cost formats under ABC & to compare such results with the Traditional Overhead Accounting.
4	Strategic Cost Management	<p>A) Transfer Pricing –Introduction, Meaning Advantages and Disadvantages, Setting Transfer Pricing , Methods of Transfer Pricing- Negotiated transfer pricing, Market Price, Cost-Based Price, Negotiated Prices & Dual Prices</p> <p>B) Target Costing – Introduction, Concept, Objectives, Comparison between Target Costing and Cost Plus Pricing.</p>	Students are expected to understand the importance of Transfer Pricing & Target Costing in the changing scenario.

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

- 30 % of marks for Theory & 70 % of marks for Practical Problems
- Area of practical problems:
 1. Cost & Financial Reconciliation Statement
 2. Activity Based Costing
 3. Transfer Pricing
