

SYLLABUS  
T.Y.B. COM  
SEMESTER V

**Financial Accounting and  
Auditing Paper-VIII:  
Cost Accounting**

## TOPICS

## NO.OF LECTURES

- 1 Introduction to Cost Accounting 10
- 2 Material Cost 10
- 3 Labour Cost 10
- 4 Overheads 10
- 5 Classification of Costs and Cost Sheet 10
- 6 Reconciliation of cost and financial accounts  
10
- **Total 60**

# 1 Introduction to Cost Accounting

- (a) Objectives and scope of Cost Accounting
- (b) Cost centres and Cost units
- (c) Cost classification for stock valuation, Profit measurement, Decision making and control
- (d) Coding systems
- (e) Elements of Cost
- (f) Cost behaviour pattern, Separating the components of semi- variable costs

## 2 Material Cost

- (i) Procurement procedures—Store procedures and documentation in respect of
  - receipts and issue of stock, Stock verification
- (ii) Inventory control —Techniques of fixing of minimum, maximum and reorder levels,
  - Economic Order Quantity, ABC classification; Stocktaking and perpetual inventory
- (iii) Inventory accounting
- **Note- Simple practical problems based on**
- Calculation of EOQ, Raw Material Turnover ratio, Preparation of stock ledger and
- Valuation of Inventories, based on FIFO and Weighted average cost.

# 3 Labour Cost

- (i) Attendance and payroll procedures, Overview of statutory requirements, Overtime, Idle time and Incentives
- (ii) Labour turnover
- (iii) Utilisation of labour, Direct and indirect labour, Charging of labour cost, Identifying labour hours with work orders or batches or capital jobs
- (iv) Efficiency rating procedures
- (v) Remuneration systems and incentive schemes.
- **Note-Simple practical problems based on**
- Preparation of labour cost statement Remuneration and incentive systems based on
- Piece work plan, Haley Premium Plan, Rowan system, Gantt's Task

# 4 Overheads

- Functional analysis — Factory, Administration, Selling and Distribution
- Behavioural analysis — Fixed, Variable, Semi-variable cost
- Note-Simple practical problems on
- Departmentalization and apportionment of primary overheads,
- Computation of overhead rates including Machine overhead rates
- Basic concepts of treatment of over/under absorption of overheads- Direct Labour
- method and Prime Cost method

# 5 Classification of Costs and Cost Sheet

- Classification of costs, Cost of Sales, Cost Centre, Cost Unit, Profit Centre and Investment
- Centre
- Cost Sheet, Total Costs and Unit Costs, Different Costs for different purpose
- **Note- Simple practical problems on preparation of cost sheet**

# 6 Reconciliation of cost and financial accounts

- Practical problems based on Reconciliation of cost and Financial accounts.