



## TEACHING PLAN: COST ACCOUNTING

SCHOOL:ASOM		ACADEMIC SESSION: 2023–26		B.COM SEMESTER-II	
				FOR STUDENTS' BATCH: 2023	
1	<b>Course code</b>	<b>COM-203</b>			
2	<b>Course Title</b>	<b>COST ACCOUNTING</b>			
3	<b>Credits</b>	<b>4</b>			
4	<b>Learning Hours</b>	<b>Contact Hours (Class room and Tutorial)</b>		<b>60</b>	
		<b>Assessment</b>		<b>20</b>	
		<b>Guided Study</b>		<b>20</b>	
		<b>Total hours</b>		<b>100</b>	
5	<b>Course Objective</b>	<ul style="list-style-type: none"> <li>To understand the basics of cost accounting.</li> <li>To understand the Treatments of Costs Under Different Situations</li> <li>To understand how methods of costing and types of costing are used together</li> <li>To develop expertise on the calculation of cost of production.</li> <li>To apply cost accounting in the field of management decision making.</li> </ul>			
6	<b>Course Outcomes</b>	<p>After completing the course, the student shall be able to:</p> <p>CO1: Recognize and apply appropriate theories, principles and concepts relevant to cost accounting.</p> <p>CO2: Differentiate various costs and understand cost behaviour which will be helpful in analysing cost sheets and making related decisions.</p> <p>CO3: Recognise the operation department and the service department. Also, will enhance knowledge related to apportionment and absorption of overhead.</p> <p>CO4: Exercise appropriate judgment in selecting and presenting information using various methods relevant to cost accounting.</p> <p>CO5: Understand and apply marginal costing and absorption costing systems for making decisions related to operation and marketing.</p>			
7	<b>Outline syllabus:</b>				
7.01	<b>Paper Code</b>	<b>Unit</b>	<b>Introduction</b>	<b>Reference number</b>	<b>Teaching methods</b>
7.02	<b>Paper Code. Unit I COM-603</b>	(a)	Concept of cost, meaning, objectives and advantages of cost accounting, <a href="https://www.youtube.com/watch?v=VXT">https://www.youtube.com/watch?v=VXT</a>	T1: 1-4 T2: I/1.3-1.8	Direct Lecture, White board,

			<a href="#">bSqrS1OQ</a>		Group discussion, PPT
		(b)	Difference between cost accounting and financial accounting. Cost concepts and classifications.	T1: 4-6 T2:I/1.10-1.22	Direct Lecture, White board, Group discussion,
		(c)	Elements of cost. Installation of a costing system. Role of a cost accountant in an organization. <a href="https://www.youtube.com/watch?v=ewxXKmH8qpA">https://www.youtube.com/watch?v=ewxXKmH8qpA</a>	T1: 10-20 T2: I/2.1-2.18	Direct Lecture, White board, Group discussion
7.03	<b>Paper Code. Unit II COM-603</b>	(a)	Types of cost and cost classifications, cost Objects	T1: 20-30 T2:I/2.19-2.28	Direct Lecture, White board, Group discussion
		(b)	Cost Accumulations, Cost applications, cost behaviour.	T1: 30-32 T2: I/2.1-2.7	Direct Lecture, White board, Group discussion, Q&A Session
		(c)	Techniques of Costing, Preparation of cost sheet. <a href="https://www.youtube.com/watch?v=pGymzuGAKJ8">https://www.youtube.com/watch?v=pGymzuGAKJ8</a>	T1: 32-41 T2:I/2.5-2.8	Direct Lecture, White board, Group discussion
7.04	<b>Paper Code. Unit III COM-603</b>	(a)	Classification of Overheads,	T1: 177-196 T2:II/6.1-6.3	Direct Lecture, White board, Group discussion, PPT
		(b)	Allocation, apportionment and absorption of overhead.	T1: 200-240 T2: II/6.14-51	Direct Lecture, White board, Group discussion, Q&A Session
		(c)	Under- and over-absorption. Capacity costs. Treatments of certain items in costing, like interest on capital, packing	T1: 241-247 T2: II/6.51-59	Direct Lecture, White board,

			expenses, debts, research and development expenses, Bad Activity – based cost allocation.		Group discussion, Q&A Session
7.05	<b>Paper Code. Unit IV COM-603</b>	(a)	Unit costing, Job and batch costing.	T1: 279-324 T2:IV/1.3-1.15	Direct Lecture, White board, Group discussion, Q&A Session
		(b)	Contract Costing. <a href="https://www.youtube.com/watch?v=Dk63IDcbeU0">https://www.youtube.com/watch?v=Dk63IDcbeU0</a>	T1: 326-355 T2:IV/1.16-1.42	Direct Lecture, White board, Group discussion, Q&A Session
		(c)	Process costing (process losses, valuation of work in progress, joint and by-products), Service costing (only transport). <a href="https://www.youtube.com/watch?v=IXTyKhV05ho">https://www.youtube.com/watch?v=IXTyKhV05ho</a>	T1: 367-411 T2:IV/4.1-4.33	Direct Lecture, White board, Group discussion, Q&A Session
7.06	<b>Paper Code. Unit V COM-603</b>	(a)	The Relationship of cost and profit with volume, use of CVP Analysis, Difference between Marginal Costing and Absorption costing, <a href="https://www.youtube.com/watch?v=EMVs0ILOEfU">https://www.youtube.com/watch?v=EMVs0ILOEfU</a>	T1: 704-710 T2: V/5.1-5.4	Direct Lecture, White board, Group discussion, Q&A Session
		(b)	Breakeven point, MoS, algebraic and graphical approach. <a href="https://www.youtube.com/watch?v=XZ0riJeipw4">https://www.youtube.com/watch?v=XZ0riJeipw4</a>	T1: 711-755 T2:V/5.5-5.21	Direct Lecture, White board, Group discussion, Q&A Session
		(c)	Use of Break-even analysis for managerial decision making.	T1: 762-765 T2:V/5.25-5.5.35	Direct Lecture, White board, Group discussion, Q&A Session
<b>8</b>	<b>Course Evaluation</b>				

<b>8.10</b>	<b>CA: 40%</b>	
<b>8.1</b>	<b>Attendance</b>	5%
<b>8.12</b>	<b>Homework</b>	20%
<b>8.13</b>	<b>Quizzes</b>	15%
<b>8.14</b>	<b>Projects</b>	5%
<b>8.15</b>	<b>Presentation</b>	15%
<b>8.16</b>	<b>Any other</b>	--
<b>8.2</b>	<b>MTE(IA)</b>	<b>20%</b>
<b>8.3</b>	<b>End-term examination: 60%</b>	
<b>9</b>	<b>Text Books &amp; References</b>	
<b>9.1</b>	<b>Text books</b>	<ol style="list-style-type: none"> <li>1. Maheshwari, S.N. and S.N. Mittal. Cost Accounting, Theory and Problems. Shri Mahabir Book Depot, New Delhi</li> <li>2. Jain, S.P., Narang and Agrawal Cost Accounting Principles and Practice, Kalyani publishers,</li> </ol>
<b>9.2</b>	<b>References</b>	<ol style="list-style-type: none"> <li>1. Arora, M.N. Cost Accounting – Principles and Practice. Vikas Publishing House, New Delhi.</li> <li>2. Lal, Jawahar. Cost Accounting. Tata McGraw Hill Publishing Co., New Delhi.</li> </ol>
<b>9.3</b>	<b>Video References</b>	<a href="https://www.youtube.com/watch?v=VXTbSqrS1OQ">https://www.youtube.com/watch?v=VXTbSqrS1OQ</a> <a href="https://www.youtube.com/watch?v=ewxXKmH8qpA">https://www.youtube.com/watch?v=ewxXKmH8qpA</a> <a href="https://www.youtube.com/watch?v=pGymzuGakJ8">https://www.youtube.com/watch?v=pGymzuGakJ8</a> <a href="https://www.youtube.com/watch?v=IXTyKhV05ho">https://www.youtube.com/watch?v=IXTyKhV05ho</a> <a href="https://www.youtube.com/watch?v=Dk63IDcbeU0">https://www.youtube.com/watch?v=Dk63IDcbeU0</a> <a href="https://www.youtube.com/watch?v=EMVs0IL0EfU">https://www.youtube.com/watch?v=EMVs0IL0EfU</a> <a href="https://www.youtube.com/watch?v=XZ0riJeipw4">https://www.youtube.com/watch?v=XZ0riJeipw4</a>

### Mapping of Outcomes v. Topics

Outcome no. → Syllabus topic↓	1	2	3	4	5
Paper Code. Unit I (a)	✓				
Paper Code. Unit I (b)	✓				
Paper Code. Unit I (c)	✓				
Paper Code. Unit II (a)		✓			
Paper Code. Unit II (b)		✓			
Paper Code. Unit II (c)		✓			
Paper Code. Unit III (a)			✓		
Paper Code. Unit III (b)			✓		
Paper Code. Unit III (c)			✓		
Paper Code. Unit IV (a)				✓	
Paper Code. Unit IV (b)				✓	
Paper Code. Unit IV (c)				✓	
Paper Code. Unit V (a)					✓
Paper Code. Unit V (b)					✓
Paper Code. Unit V (c)					✓

## QUESTION BANK

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### Unit-I

- Q.1. Define profit centre. And give some examples of cost centres. [5 Marks]
- Q.2. State the objective of Cost Accounting. [5 Marks]
- Q.3. State the benefits accrue out of Cost Accounting. [5 Marks]
- Q.4. “Cost accounting has come to be an essential tool of management.” Comment. [5 Marks]
- Q.5. “Cost accounting is an aid to management.” Substantiate. [5 Marks]
- Q.6. Define cost accounting and explain its objectives. [5 Marks]
- Q.7. What are the functions of a cost accountant in an industrial organisation? [5 Marks]
- Q.8. Cost may be classified in a variety of ways according to their nature and the information needs of the management” Discuss. [10 Marks]
- Q.9. Explain the distinction between cost accounting and financial accounting. [10 Marks]
- Q.10. Discuss the limitations of financial accounting and importance of cost accounting. [10 Marks]
- Q.11. Financial accounting treats costs very broadly while cost accounting does this in much greater detail. Discuss with a suitable example. [10 Marks]
- Q.12. What are the essential principles of a good costing system? What are the objections to the introduction of a costing system? [10 Marks]
- Q.13. “A good system of costing serves as a means of control over expenditure and helps to secure economy in manufacture.” Discuss. [10 Marks]
- Q.14. Money spent on installing a costing system is not an expense but an investment. Give your views. What does management expect of a costing system? [10 Marks]
- Q.15. It is said, “Cost accounting is a system of foresight and not post-mortem examination; it turns losses into profits, speeds up activities and eliminates wastes.” Discuss in detail this statement. [10 Marks]
- Q.16. “A costing system that simply records costs for the purpose of fixing sale prices have accomplished only a small part of its mission.” Discuss. What other functions does costing perform? [10 Marks]
- Q.17. “Major policy decisions in business are based on cost factors.” Comment on the possible uses of cost information to management. [10 Marks]
- Q.18. State the steps involved in the installation of a costing system in a large manufacturing company. [10 Marks]

### Unit-II

- Q.1. Distinguish between ‘cost’, ‘expense’ and ‘losses’. [5 Marks]
- Q.2. Enumerate the characteristics of fixed and variable costs. [5 Marks]
- Q.3. Distinguish between expired cost and unexpired cost. [5 Marks]
- Q.4. Explain and illustrate the various elements of cost. [5 Marks]
- Q.5. “The classification of costs as controllable and non-controllable depends upon a point of reference”. Explain. [5 Marks]
- Q.6. State the important ways of classification of cost and discuss each of them in detail. [10Marks]

Q.7. Write short notes on the following: [4 x 5 Marks]

- a) Out of Pocket Cost.
- b) Sunk Cost
- c) Opportunity Cost (
- d) Imputed Costs

Q.8. Prepare cost sheet from the following data provided by Himanchal Industries Ltd. for the year ending 31<sup>st</sup> March 2018:

Raw Materials	Rs. 15,000
Direct Labour	Rs. 9,000
Machine Hours	900 Hours
Machine Hour Rate	Rs. 5
Production	17,100 Units
Sales	16,000 Units
Selling price per unit	Rs. 4
Selling overhead per unit 50 paise.	
Office overheads are 20% of work cost.	

[10Marks]

Q.9. From the following prepare a cost sheet and quote a suitable price:

Total production	5,000 tons
Cost of raw materials	Rs. 20,00,000
Carriage inward	Rs. 2,00,000
Direct wages	Rs. 20,00,000
Indirect wages	Rs. 1,00,000
Office expenses	Rs. 10,00,000
Selling overheads	Rs. 10,00,000
Payment of Income tax	Rs. 3,00,000
Dividend paid	Rs. 5,00,000

A profit-margin of 50% on cost is desire.

[10Marks]

### Unit-III

Q.1 What do you mean by Overheads? Describe the different methods of distribution of overheads.

[10Marks]

Q.2 Finolex Co. Ltd. has three production departments and four service departments.

**The expenses of these departments as per primary distribution summary were as follows:**

**Production Departments**

	Rs.	Rs.
X	90,000	
Y	<u>1,17,000</u>	
Z	72,000	
		2,79,000

**Service Departments**

Stores		9,000	
Time-keeping and accounts		13,500	
Power	(5,400)	5,400	
Canteen		<u>6,000</u>	33,900
			<u>3,12,900</u>

The following information is also available in respect of production departments:

	X	Y	Z
H.P. of machines	1,200	900	600
No. of workers	120	80	40
Value of store requisitioned (Rs.)	7,500	6,000	4,500

Apportion the cost of various service departments to the production departments. [10Marks]

Q.3 S. will Ltd. has two production departments A, B and one service department S. The actual costs for a period are as follows:

	Rs.		Rs.
Power	1,750	Sundries	1,600
Lighting	1,600	Depreciation	6,000
Rent and Rates	6,000	on Machinery	
Indirect wages	4,000		

The other particulars are :

	Production	Departments	Service Department
	A	B	S
Working Hours	4,000	3,000	2,000
Direct wages (Rs.)	3,000	2,000	3,000
Cost of Machinery	75,000	50,000	25,000
H.P. of Machinery	60	30	10
Light points	18	12	10
Floor Area (sq. ft.)	1,000	1,200	800

Apportions the costs of the various departments on most equitable basis.

[10Marks]

**Unit-IV**

Q.4 What do you mean by Process costing? Give a specimen of a process Account. Also, describe normal loss and abnormal loss with suitable example. [10Marks]

Q.5 X Construction Ltd. has taken two contracts on 1<sup>st</sup> October, 2017. The position of contract on 30<sup>th</sup> September, 2018 is as follows:

	<b>Contract 1</b>	<b>Contract 2</b>
Contract price	1350000	3000000
Materials	290000	540000
Wages paid	562000	825000
Other Expenses	14000	30000
Plant at site	80000	150000
Unused Materials at Site	20000	30000
Wages Payable	18000	27000
Other Expenses Due	2000	4500
Work Certified	800000	1500000
Cash received	600000	1125000
Work completed but not yet certified	40000	45000

The Plant at site is to be depreciated at 10%.

Prepare the contract accounts in respect of each contract showing the notional profit and also the profit to be transferred to Profit & Loss A/c. [10Marks]

Q.6 The product of a manufacturing concern passes through two processes A and B and then to finished stock. It is ascertained that in each process normally 5% of the total weight is lost and 10% is scrap which from Processes A and B realizes Rs.80 per ton and Rs 200 per ton respectively.

The following are the figures related to both the processes:

	<b>Process A</b>	<b>Process B</b>
Materials in tons	1,000	70
Cost Mateials in Rs. Per ton	125	200
Wages in Rs.	18,000	12,000
Manufacturing expenses in Rs.	6,000	6,000

Prepare Process Cost Accounts showing cost per ton of each process. There was no stock-in-progress in any process. [10Marks]

**Unit-V**



- Q.1. What does the margin of safety tell us? [5 Marks]
- Q.2. Describe the CVP Analysis and explain the concept graphically and algebraically.[10Marks]
- Q.3. Assume that as an investor, you are planning to enter the construction industry as a panel formwork supplier. The potential number of forthcoming projects, you forecasted that within two years, your fixed cost for producing formworks is Rs. 300,000. The variable unit cost for making one panel is Rs. 15. The sale price for each panel will be Rs. 25. If you charge Rs. 25 for each panel, how many panels you need to sell in total, in order to start making money? [10Marks]
- Q.4. A manufacturing company supplies its products to construction job sites. The average monthly fixed cost per site is Rs. 4,500, while each unit cost Rs. 35 to produce and selling price is Rs. 50 per unit. Determine the monthly breakeven volume. [10Marks]
- Q.5. A store sells t-shirts. The average selling price is Rs. 15 and the average variable cost (cost price) is Rs. 9. Thus, every time the store sells a shirt it has Rs. 6 remaining after it pays the manufacturer. This Rs. 6 is referred to as the unit contribution. [10Marks]

### **PROJECTS (To be given to group of students)**

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1. An introduction to cost accountancy.
2. Techniques of costing and preparation of cost sheet.
3. A review of the requirements of costing system installation in an organization
4. "Process costing methods is one of the most used methods in industries." Justify the statement.
5. A study of Marginal costing with special reference to CVP analysis and managerial decision making.