

## SEMESTER-IV

### COURSE 10: COST AND MANAGEMENT ACCOUNTING

Theory

Credits: 4

4 hrs/week

#### **Learning Objectives:**

The aim of this course is to expose the students to the basic concepts and the tools used in cost accounting.

#### **Learning Outcomes:**

At the end of the course, the student will be able to;

Understand various costing methods and management techniques, Apply Cost and Management accounting methods for both manufacturing and service industry, Prepare cost sheet, quotations, and tenders to organization for different works, Analyze cost-volume-profit techniques to determine optimal managerial decisions, Compare and contrast the financial statements of firms and interpret the results and Prepare analysis of various special decisions, using relevant management techniques.

**Unit 1: Introduction:** Cost Accounting: Definition – Features – Objectives – Functions – Scope – Advantages and Limitations - Management Accounting: Features – Objectives – Functions – Elements of Cost - Preparation of Cost Sheet (including problems)

**Unit 2: Material and Labour Cost:** Techniques of Inventory Control – Valuation of Material Issues: FIFO - LIFO - Simple and Weighted Average Methods. Labour: Direct and Indirect Labour Cost – Methods of Payment of Wages- Incentive Schemes -Time Rate Method, Piece Rate Method, Halsey, Rowan Methods and Taylor Methods only (including problems)

**Unit 3: Job Costing and Batch Costing:** Definition and Features of Job Costing – Economic Batch Quantity (EBQ) – Preparation of Job Cost Sheet – Problems on Job Cost Sheet and Batch Costing (including problems)

**Unit 4: Financial Statement Analysis and Interpretation:** Financial Statements - Features, Limitations. Need, Meaning, Objectives, and Process of Financial Statement Analysis- Comparative Analysis – Common Size Analysis and Trend Analysis (including problems)

**Unit 5: Marginal Costing:** Meaning and Features of Marginal Costing – Contribution –Profit Volume Ratio- Break Even Point – Margin of Safety – Estimation of Profit and Estimation of Sales (including problems)

#### **Activities:**

- Debate on methods of payments of wages

- Seminars
- Problem Solving Exercises
- Seminar on need and importance of financial statement analysis
- Graphs showing the breakeven point analysis
- Identification of elements of cost in services sector by Visiting any service firm
- Cost estimation for the making of a proposed product
- Listing of industries located in your area and methods of costing adopted by them
- Collection of financial statements of any two organization for two years and prepare a common Size Statements
- Collection of cost sheet and pro-forma of quotation
- Invited Lectures and presentations on related topics.
- Examinations (Scheduled and surprise tests)

### **Reference Books:**

1. S.P. Jain and K.L. Narang – Advanced Cost Accounting, Kalyani Publishers.
2. M.N. Arora – A test book of Cost Accounting, Vikas Publishing House Pvt. Ltd.
3. S.P. Iyengar – Cost Accounting, Sultan Chand & Sons.
4. Nigam & Sharma – Cost Accounting Principles and Applications, S.Chand& Sons.
5. S.N. Maheswari– Principles of Management Accounting, Sultan Chand & Sons.
6. I.M.Pandey – Management Accounting, Vikas Publishing House Pvt. Ltd.
7. Sharma & Shashi Gupta – Management Accounting, Kalyani Publishers.
8. Murthy & Guruswamy – Management Accounting, Tata McGraw Hill, New Delhi.
9. S.P. Gupta – Management Accounting, S. Chand Publishing, New Delhi.
10. Umamaheswara Rao and Ranganath, Cost Accounting, Kalyani Publishers.
11. Dr V Murali Krishna – Cost Accounting, Seven Hills International Publishers.