

STELLA MARIS COLLEGE (AUTONOMOUS), CHENNAI – 600 086
B.Com (A & F) DEGREE: ACCOUNTING AND FINANCE

SYLLABUS
(Effective from the academic year 2015– 2016)

COST AND MANAGEMENT ACCOUNTING

CODE: 15CM/MC/CM25

CREDITS: 5

L T P: 5 0 0

TOTAL TEACHING HOURS: 65

OBJECTIVES OF THE COURSE

- To provide an understanding of the basic concepts of Cost Accounting
- To analyse and interpret financial statements for managerial decision making
- To expose the students to the practical applicability of Cost Accounting

Unit 1

(15 hrs.)

1.1 Introduction to Cost Accounting

- 1.1.1 Concept of Cost, Costing, Cost Accounting
- 1.1.2 Origin and Objectives of Cost Accounting, Difference between Cost and Financial Accounting
- 1.1.3 Cost Centre and Cost Units, Methods of Costing
- 1.1.4 Elements of Cost and Classification of Cost.

1.2 Unit and Output Costing

- 1.2.1 Meaning and Components of Cost Sheet
- 1.2.2 Computation of Total Cost and Profit
- 1.2.3 Preparation of Quotation

1.3 Reconciliation of Cost and Financial Accounts

- 1.3.1 Need and Objectives of Reconciliation
- 1.3.2 Reasons for Difference in Profits
- 1.3.3 Preparation of Reconciliation Statement

Unit 2

2.1 Material Cost and Material Control

(15 hrs.)

- 2.1.1 Material Control – Meaning, Objectives
- 2.1.2 Computation of Material Cost and Accounting treatment for Normal Loss, Abnormal Loss and Scrap
- 2.1.3 Scope of Material Control - Purchase control – Purchase Procedure
- 2.1.4 Stores control -Techniques of Inventory control, Economic Order Quantity, Level setting, Perpetual Inventory Systems and Stock Control according to Value- ABC Analysis, JIT
- 2.1.5 Issue control - Stores and Material Records, Methods of Material Issue – First in First Out, Last in First Out, Average Cost- Simple and weighted Average

2.2 Labour Cost

- 2.1.1 Computation of Labour Cost , Treatment of Overtime and Idle time
- 2.1.2 Labor Turnover - Causes and Effects, Methods of computation
- 2.1.3 Methods of Remuneration- Time Rate System, Piece Rate System-Taylor's and Merrick's Differential Piece rate System, Incentive Schemes – Halsey and Rowan Premium Plans

Unit 3 **(10 hrs.)**

Overheads

- 3.1 Classification of Overhead costs
- 3.2 Apportionment and Allocation of Overheads
 - 3.2.1 Primary Distribution of Overheads
 - 3.2.2 Secondary Distribution of Overheads- Direct Distribution , Reciprocal and Non Reciprocal Methods
- 3.3 Methods of Absorption of Overheads
 - 3.3.1 Direct Labour Hour Rate
 - 3.3.2 Machine Hour Rate
 - 3.3.3 Activity based Costing

Unit 4 **(10 hrs.)**

4.1 Introduction to Management Accounting

- 4.1.1 Meaning and Emergence of Management Accounting
- 4.1.2 Definition, Need , Importance and Objectives of Management Accounting
- 4.1.3 Difference between Management Accounting and Cost Accounting

4.2 Analysis and Interpretation of Financial Statements

- 4.2.1 Types of Financial Statements
- 4.2.2 Meaning and Importance of Interpretation
- 4.2.3 Types of Financial Analysis

4.3 Methods of Financial Analysis and Interpretation

- 4.2.1 Comparative Statements
- 4.2.2 Common-size Statements
- 4.2.3 Trend Analysis
- 4.2.4 Ratio Analysis - Significance and Limitations of Ratio Analysis, Computation and Interpretation of Ratios - Liquidity, Profitability Solvency and Leverage ratios

Unit 5

5.1 Fund Flow Analysis **(15 hrs.)**

- 5.1.1 Concept of Fund and Flow of Funds
- 5.1.2 Meaning and Significance of Fund Flow Statement
- 5.1.3 Preparation of Fund Flow Statement

5.2 Cash Flow Analysis

5.1.1 Concept of Cash Flow, Difference between Cash and Fund

5.1.2 Significance and Limitation of Cash Flow Statement

5.1.3 Preparation of Cash Flow Statement as per AS 3 (ICAI)

TEXT BOOKS

Jain S.P. and Narang K.L., Cost Accounting, NewDelhi, Kalyan, 2006

Reddy T.S and Murthy A, Cost Accounting, Chennai, Margham, 2007

Maheshwari S.N., Principles of Management Accounting, New Delhi, Sultan Chand, 2007

BOOKS FOR REFERENCE

Khanna B.S., Pandey I.M., Ahuja G.K., Arora M.N., Practical Costing, New Delhi, Sultan Chand, 2006

Maheswari S.N., Problems and solutions in Cost Accounting, 12th edition, Sultan Chand, 2010

Ravi M. Kishore, Cost Accounting, 4th edition, Taxmann's, 2010

Atkinson A. Anthony, Robert S. Kaplan, S. Mark Young, Management Accounting, Pearson, 2008

Indian Institute of Banker, Management Accounting, Macmillan, 2008

Man Mohan, Goyal. S.N., Principles of Management Accounting, Agra, Sahitya Shawan, 2005

JOURNALS

Cost Accounting Standards - The ICWA of India,
Indian Journal of Finance
Management Accountant - The ICWA of India,

WEB RESOURCES

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PATTERN OF EVALUATION

Continuous Assessment:

Total Marks: 50 Duration: 90 Mins

Section A 3 x 2 = 6 (no choice)

Section B 3 x 8 = 24 (from a choice of four)

Section C 1 x 20 = 20 (from choice of two)

Third Component Tests

Open book test

Problem solving

Assignment

End Semester Examination:

Total Marks: 100 Duration: 3 Hours

Section A – short answers (max. 50 words) - 10 x 2 = 20 Marks

5 Questions theory and 5 Problems

Section B – Problems 5 x 8 = 40 Marks (From a choice of 7)

Section C – Problems 2 x 20 = 40 Marks (From a choice of 4)