

INTERMEDIATE STANDARD

A. CONCEPTS AND DEFINITIONS

1 Limitations of Financial Accounts

2 Differentiation of Cost and Financial Accounts.

3 Definitions of Costing, Cost Accounting and Cost Accountancy.

4 Objectives of Cost Accounting - Ascertainment of cost, product and service, pricing, cost control and reduction, product/service, profit determination, managerial decision making, inventory valuation, budgeting and control.

5 Organising for cost determination - Cost centre, Profit Centre, responsibility centre, cost unit.

6 Ascertainment of cost - post costing and concurrent costing.

7 Elements of costing - materials cost, labour cost, direct expenses and overheads.

B. MATERIALS

1 Material management - purchase routine - stores control - Function of store keeper.

2 Purchase routine - indenting procedures - order level indenting - production planning based indenting, calendar indenting - vendor rating and selection - tendering procedures - tender committee formation functions and recommendations - purchase order.

3 Stores routine - stores indenting, receiving and inspection of stores - stock levels - Maximum, minimum, E O reordering and damage level .

4 Perpetual inventory system - physical verification - continuous stock check - slow moving, non moving and obsolete stock - ABC, V.E.D, XYZ and insurance items of stores - different classes of materials like raw material, packing material, consumable, spare parts, general hardware stores, tools etc.,

5 Pricing of issues - FIFO, LIFO, HIFO, Base stock, average stock, simple and weighted average standard price, inflated price and market prices - effects of these methods on inventory valuation and profits.

6 Forms and registers - bin card, stock ledger purchase requisition, inspection report, good received note, material issue requisition, verification reports, vendor register, bill of materials, materials specification sheets, tender committee documents, material return note.

7 Inventory carrying costs - space, handling, transportation within and without, insurance, storage loss, risks of obsolescence.

C. LABOUR 1 Recruitment procedures and employee records - recording of attendance - recording of job/operation time - idle time, recording and analysis by causes - over time recording payment and treatment in cost accounts.

2 payroll procedures - methods of wage payment - time and price rate- various incentive schemes.

3 Booking Labour costs by wages rate and composite rate - element of Labour costs - wages D.A., F.D.A., V.D.A., overtime, incentives, ESI, PF, etc., - treatment of bonus and gratuity.

4 Labour turnover - recording and assessment - causes - preventive costs, actual hidden and replacement costs - training and induction costs.

5 Production and productivity - measurement - productivity improvement programmes - application of industrial engineering - ergonomics.

D. DIRECT EXPENSES 1 Definition - nature, collection and tracing to cost unit.

2 Treatment of direct statutory expenses like duties and taxes.

3 Treatment of royalty, surveyor's fees etc.

E. OVERHEADS 1 Nature, classification, Organisation for accumulation of item-wise overheads costs, allocation, apportionment and absorption.

2 Basis of allocation - space area, power point, number of employees etc.,

3 Basis of apportionment - secondary distribution - interdependent and reciprocal series

4 Basis of absorption - labour hour, labour cost, machine hour, material cost, prime cost and factory cost.

5 Classification of overheads - Production, work, factory or manufacturing overheads. - general or administration overheads - setting and distribution overhead - fixed, variable and semi variable overhead - over and under absorption.

F. Costing records, cost ledgers - Reconciliation of financial account and cost accounts - integrated accounts.

G. METHODS

(I) NATURE OF INDUSTRY BASED a Job, batch and contract costing - discrete, production flow - part filling and work in progress valuation - profit determination for incomplete contracts.

b Process costing - for continuous process industries - treatment of normal loss, abnormal losses and gains - concept of equivalent production.

c Operation costing for service industries.

d Multiple costing.

(II) Systems of costing universally applicable

a Standard costing - setting standard for elements of costs - accounting for actual costs - variance analysis

b Marginal costing - variable costs, fixed costs, semi variable costs - break even point and break even analysis - margin of safety - cost volume profit analysis.

H. MANAGEMENT USES OF COST INFORMATION

1 Cost control and cost reduction - assessment of loss, waste, scrap, defectives and spoilage.

2 Budgets and budgetary control - flexible budgets - Zero-base budgeting.