

Paper 8

COST ACCOUNTING (CA)

100 Marks

Module No.	Module Description	Weight
Section A: Introduction to Cost Accounting		40%
1	Introduction to Cost Accounting	5%
2	Cost Ascertainment – Elements of Cost	15%
3	Cost Accounting Standards (CAS 1 to CAS 24)	10%
4	Cost Book Keeping	10%
Section B: Methods of Costing		30%
5	Methods of Costing	30%
Section C: Cost Accounting Techniques		30%
6	Cost Accounting Techniques	30%

SECTION A: INTRODUCTION TO COST ACCOUNTING

1. Introduction to Cost Accounting

- 1.1. Introduction
- 1.2. Important Cost Accounting Terms
- 1.3. Elements of Cost
- 1.4. Classification of Cost
- 1.5. Preparation of Cost Sheet and Ascertainment of Profit

2. Cost Ascertainment – Elements of Cost

- 2.1 Material Costs
 - 2.1.1 Procurement of Materials
 - 2.1.2 Inventory Management and Control
 - 2.1.3 Inventory Accounting and Valuation
 - 2.1.4 Physical Verification, Slow and Non-moving Stock and Treatment of Losses
 - 2.1.5 Scrap, Spoilage, Defectives and Wastages
- 2.2 Employee Costs
 - 2.2.1 Time Keeping, Time Booking and Payroll
 - 2.2.2 Principles and Methods of Remuneration and Incentive Schemes
 - 2.2.3 Overtime and Idle Time
 - 2.2.4 Employee Cost Reporting
 - 2.2.5 Labour Turnover
- 2.3 Direct Expenses
 - 2.3.1 Definition and Examples
 - 2.3.2 Nature of Direct Expense
 - 2.3.3 Direct vs. Indirect Expense

2.4 Overheads

2.4.1 Collection, Classification, Apportionment and Allocation of Overheads

2.4.2 Absorption and Treatment of Over or Under Absorption of Overheads

2.4.3 Reporting of Overhead Costs

3. Cost Accounting Standards (CAS 1 to CAS 24)

4. Cost Book Keeping

4.1 Cost Book - Keeping

4.2 Reconciliation of Costing and Financial Profit

4.3 Integrated Accounting System

SECTION B: METHODS OF COSTING

5. Methods of Costing

5.1 Job Costing

5.2 Batch Costing

5.3 Contract Costing

5.4 Process Costing – Normal and Abnormal Losses, Equivalent Production, Inter-process Profit, Joint and By Products

5.5 Operating Costing – Transport, Hotel and Healthcare

SECTION C: COST ACCOUNTING TECHNIQUES

6. Cost Accounting Techniques

6.1 Marginal Costing

6.1.1 Concept of Marginal Cost and Marginal Costing

6.1.2 Absorption Costing vs. Marginal Costing

6.1.3 CVP Analysis

6.1.4 Margin of Safety

6.1.5 Application of Marginal Costing for Decision Making

6.2 Standard Costing and Variance Analysis

6.2.1 Concept of Standard Cost and Standard Costing

6.2.2 Advantages and Limitations

6.2.3 Computation and Analysis of Variances (Material and Labour Costs only)

6.3 Budget and Budgetary Control

6.3.1 Concepts, Types of Budget

6.3.2 Budgetary Control vs. Standard Costing

6.3.3 Advantages and Limitations

6.3.4 Preparation of Budgets