



<b>B Com</b>	<b>Semester: IV</b>	<b>Credits: 4</b>
<b>Course: 4B</b>	<b>COST AND MANAGEMENT ACCOUNTING</b>	<b>Hrs/Wk: 5</b>

**Learning Outcomes:**

At the end of the course, the student will 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.
- Prepare analysis of various special decisions, using relevant management techniques.

**UNIT I:**

**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 II:**

**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 III:**

**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 IV:**

**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 V:**

**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).

**REFERENCES 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.

**Suggested Co-Curricular Activities:**

- Debate on methods of payments of wages.
- Seminars and 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.



**MODEL QUESTION COURSE – THEORY**

**B.Com. DEGREE EXAMINATIONS**

**Semester: IV**

**Course(4B): Cost And Management Accounting**

Time: 3 Hours.

Max Marks: 75

**Section-A**

Answer any **FIVE** of the following questions.

**5X5=25M**

1. Elements of Cost
2. Time Rate Method
3. EBQ
4. Trend Analysis
5. Profit Volume Ratio
6. Job Costing
7. Cost Sheet
8. Inventory Control

**Section- B**

Answer **FIVE** questions.

**5X10=50M**

9. a) Define Cost Accounting. Briefly explain the objectives and functions of Cost Accounting.

(OR)

- b) Distinguish between Cost Accounting and Management Accounting

10. a) From the following details write Store Ledger under simple average method:

2006			
DEC	1	Opening Balance	100Kg @ Rs. 5.00
"	5	Received	50Kg @ Rs. 5.20
"	8	Issued	120Kg
"	10	Issued	10Kg
"	15	Received	80Kg @ Rs. 5.40
"	18	Issued	50Kg
"	20	Received	100Kg @ Rs. 5.60
"	25	Issued	40Kg
"	29	Issued	60Kg

The stock verifier found a shortage of 10 kg. on 16.12.06 and another shortage of 10 kg on 26.12.06.

(OR)

- b) Define 'Labour Turnover'. How is it measured? Explain.

11. a) Distinguish between Job costing and batch costing.

(OR)

- b) Annual demand for a component is 30,000 units. Cost of set-up per batch is Rs.600. Inventory carrying cost per unit per annum is Rs.1. (i) Calculate the total cost assuming batch size of 4,000 units, 5,000 units, 6,000 units, 7,000 units, 8,000 units, 9,000 units and 10,000 units. Also find the economic batch quantity. (ii) Using mathematical formula calculate economic batch quantity.

12. a) Define financial statement analysis. Explain the objectives and process of financial statement analysis.

(OR)



- b) Briefly explain comparative analysis and common-size analysis.
13. a) Define Marginal Costing. Explain the features and importance of marginal costing.  
(OR)
- b) From the following data, you are required to calculate:
- (i) P/V ratio
  - (ii) Break-even sales with the help of P/V ratio.
  - (iii) Sales required to earn a profit of Rs. 4,50,000
- Fixed Expenses = Rs. 90,000  
Variable Cost per unit:  
Direct Material = Rs. 5  
Direct Labour = Rs. 2  
Direct Overheads = 100% of Direct Labour  
Selling Price per unit = Rs. 12.