

## University of the Punjab

## Course outline

## Associated Degree in Commerce (Specialization in Accounting &amp; Finance)

Semester	2		
Course Name	Cost Accounting		
Course Code	ADC 313		
Credit Hours	3		
Prerequisites	<ul style="list-style-type: none"> <li>• Financial Accounting</li> <li>• Advanced Financial Accounting</li> <li>• Introduction to business</li> </ul>		
Follow Up	<ul style="list-style-type: none"> <li>• Management Accounting</li> </ul>		
Objectives to achieve	<p>To provide the students with an in-depth knowledge of Cost Accounting concepts, principles and methods to develop ability and skills to prepare and analyses Cost Accounting data to meet the requirements of different manufacturing concerns. On completion of this course they will be able to:</p> <ul style="list-style-type: none"> <li>• Discuss the role of cost accounting and quantitative analysis within the organization.</li> <li>• Apply the principles relating to the costing and control of the different resource inputs into the business.</li> <li>• demonstrate costing methods and techniques appropriate to a variety of different business</li> </ul>		
Teaching Strategies	<ol style="list-style-type: none"> <li>i. Lectures</li> <li>ii. Group discussions</li> <li>iii. Class-room presentations and quizzes</li> <li>iv. Audio-video based learning</li> <li>v. E-learning</li> </ol>		
Assessment Criteria	<b>Mid-term</b> (Assessment by respective College)		<b>Final Examination</b> (Assessment by University of the Punjab)
	40 %		60 %
	Quizzes, Assignment and Presentations, Attendance, Class Participations	Written Paper	Written Paper

### Course Content for Cost accounting

Week	Contents	Detailed Learning Outcomes
➤ 1	➤ Introduction of Cost Accounting  ➤ Types of cost	<ul style="list-style-type: none"> <li>• Difference between Financial Accounting and Cost Accounting</li> <li>• Difference between cost and management accounting</li> <li>• Elements of cost</li> <li>• Classification and behaviour of various types of cost</li> <li>• Describe Variable, Fixed, Mixed, Step up, incremental Fixed, historic direct, indirect and other types of costs with examples</li> </ul>
➤ 2	➤ Cost Accounting for Financial Statements	<ul style="list-style-type: none"> <li>• Construct the Cost of Goods Manufactured and Sold Statement</li> <li>• Treatment of cost elements in the Income statement</li> <li>• Treatment of cost elements in the Balance sheet</li> </ul>
➤ 3	➤ Cost of Goods Sold	<ul style="list-style-type: none"> <li>• Explain the meaning and importance of cost of goods sold</li> <li>• Learn to prepare condensed profit and loss statement</li> </ul>
➤ 4	➤ Cost of Goods Sold	<ul style="list-style-type: none"> <li>• Learn to calculate and build the statement of cost of goods sold</li> </ul>
➤ 5	➤ Factory Over Heads	<ul style="list-style-type: none"> <li>• Understand and distinguish the nature of factory overheads</li> <li>• Understand the control and classification of FOH</li> <li>• Calculate the overhead rate using unit of product method, direct material cost basis, direct labor hours basis, Machine hour basis, prime cost basis and activity basis</li> <li>• Calculate budgeted and actual application of FOH</li> <li>• Calculate and interpret over and under application of FOH</li> </ul>
6	➤ Costing for Labor	<ul style="list-style-type: none"> <li>• Understand various terms and concepts of labor costing</li> <li>• Understand various methods for controlling labor costs</li> <li>• Distinguish between direct and indirect labor costs</li> </ul>

		<ul style="list-style-type: none"> <li>• Understand the concept of payroll system</li> </ul>
➤ 7	➤ Costing for Labor	<ul style="list-style-type: none"> <li>• Calculate labor costs using different compensation methods</li> <li>• Explain different labor incentive techniques</li> <li>• Calculate incentives using various incentive methods</li> </ul>
➤ 8	➤ Revision	
➤ 9	➤ Costing for Materials	<ul style="list-style-type: none"> <li>• Explain and calculate material cost through the help of following concepts <ul style="list-style-type: none"> <li>○ Purchase Cost</li> <li>○ Order cost</li> <li>○ Carrying cost</li> <li>○ Economic Order Quantity (EOQ)</li> <li>○ Average inventory</li> <li>○ Safety stock</li> <li>○ Maximum and minimum order level</li> <li>○ Re-order level</li> </ul> </li> </ul>
➤ 10-11	➤ Cost Production Report	<ul style="list-style-type: none"> <li>• Calculate and understand: <ul style="list-style-type: none"> <li>○ Unit cost transferred from previous department</li> <li>○ Unit cost added by the department</li> <li>○ Cost of beginning and ending work in process</li> <li>○ Cost of finished goods transferred</li> </ul> </li> <li>• Treatment for normal and abnormal loss</li> <li>• Identify any increase in units and the subsequent cost adjustment</li> </ul>
➤ 12	➤ Inventory Valuation	<ul style="list-style-type: none"> <li>• Explain the various types and application of various stock valuation methods</li> <li>• Calculate the inventory value using the following methods <ul style="list-style-type: none"> <li>○ First In First Out (FIFO)</li> <li>○ Last In First Out (LIFO)</li> <li>○ Average Costing (AVCO)</li> </ul> </li> </ul>
➤ 13-	➤ Process Costing	<ul style="list-style-type: none"> <li>• Introduction of process costing and its application in</li> </ul>

14		<p>manufacturing companies</p> <ul style="list-style-type: none"> <li>• Calculation of the cost using process costing through the calculation of normal and abnormal loss.</li> <li>• Advantages and disadvantages of process costing</li> </ul>
➤ 15	➤ Flow of Cost	<ul style="list-style-type: none"> <li>• Journal entries tracing cost in the transaction and manufacturing process of company</li> <li>• Maintaining factory and head office cost accounts separately</li> <li>• Learn to prepare and incorporate cost measurements in General ledger and factory ledger</li> </ul>
➤ 16	➤ Revision	

<b>Primary Recommended Book</b>	<ol style="list-style-type: none"> <li>1. Nisar-ud-Din, Cost Accounting ,</li> <li>2. T Lucy, Costing,</li> <li>3. F2 and F5 for ACCA by Kaplan</li> </ol>
<b>Additional Books</b>	<ol style="list-style-type: none"> <li>1. Hemkep, Cost Accounting</li> <li>2. Plomani and Fabbozi, Cost Accounting</li> <li>3. Adolph Matz and Milton Usry, Cost Accounting</li> <li>4. Zafar and Sohail, Cost Accounting</li> </ol>