



Code	Subject Title	Cr. Hrs	Semester
COMM-207	Cost Accounting	4	IV
Year	Discipline		
2	Commerce		

**Cost Accounting;**

- Scope and Importance
- Cost Accounting vs. Financial Accounting
- Cost vs. Expense

**Elements of cost**

- Direct Material Cost
- Direct Labour Cost
- Factory Overheads

**Cost classification**

- Prime Cost
- Conversion cost
- Manufacturing Cost/ Production Cost
- Functional Classification of cost
- Avoidable and unavoidable cost
- Controllable and uncontrollable cost
- Operating cost
- Product and period cost

**Cost behavior**

- Fixed Cost
- Variable Cost
- Mixed Cost
- Stepped Fixed Cost

**Flow of cost in a trading and manufacturing concern**

**Inventories in a manufacturing concern**

- Inventory of Materials
- Inventory of Work in Process
- Inventory of Finished Goods

**Financial statements**

- Cost of goods manufactured and sold statement
- Income statement
- Balance Sheet

**Calculation of per unit cost in total and as per element**

**Calculation of under or over applied FOH and its adjustment to**

- Cost of goods sold
- Entire production

**The concept of change in inventory**

- Increase in inventory
- Decrease in inventory

**Job order costing**

- Application of job order costing
- Preparation of job cost sheet



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**Process costing**

- Application of Process Costing
- Preparation of Cost of Production Report
- Treatment of normal loss and calculation of adjusted unit cost
- Addition of units in subsequent department
- Treatment of different completion stage for different units in process

**Calculation of FOH applied rate based on**

- Direct Material Cost
- Direct Labour Cost
- Direct Labour Hours
- Machine Hours
- Units of output
- Prime Cost

**Application of FOH applied rate**

**FOH variance analysis**

- Overall Variance
- Spending Variance
- Capacity Variance
- High low method
- Normal capacity vs. Expected actual capacity
- The concept of theoretical capacity and practical capacity

**Journal entries**

- Covering the flow of cost in a manufacturing concern
- Adjustment for under or over applied FOH
- Use of three Works in Process
- Factory books and head office books

**Materials**

- The concept of Economic Order Quantity
- Inventory Levels
- Stock valuation methods
- Perpetual and periodic inventory system
- Perpetual and periodic stock taking

**Labour** Piece rate system

- Time rate system
- Overtime wages

**Books Recommended**

- Zafar and Sohail, Cost Accounting
  - Nisar-ud-Din, Cost Accounting ,T Lucy, Costing, Hemkep, Cost Accounting
  - Plomani and Fabbozi, Cost Accounting
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