

**KARACHI UNIVERSITY BUSINESS SCHOOL
UNIVERSITY OF KARACHI**

BBA –V (Hons.)	
Course Title	: COST ACCOUNTING
Course Number	: BA (H) – 511
Credit Hours	: 03

Objective

This course gives fundamental elements of production, cost, budgeting, procedures of job order costing, process costing and standard costing. It enables the student to acquire skills necessary to interpret and analyze accounting data. This course builds upon the concept and techniques to control cost driven activities. Distinction is made between Financial Accounting and Cost Accounting with respect to their integration.

Course Contents

- 1. The Management Concept and the Function of the Controller**
 - 1.1 The Management Concept
 - 1.2 The Controller's Participation in Planning and Control
 - 1.3 The Cost Department
 - 1.4 The Role of Cost Accounting

- 2. Cost Concept and the Cost Accounting Information System**
 - 2.1 The Cost Concept
 - 2.2 The Cost Accounting Information System
 - 2.3 Classification of Costs
 - 2.4 The flow of Costs in Manufacturing Enterprise
 - 2.5 Manufacturing Cost Accounting Cycle
 - 2.6 Factory Ledger and General Ledger Accounting

- 3. Job Order Costing**
 - 3.1 Cost Systems and Cost Accumulation Procedures
 - 3.2 Job Order Costing

- 4. Process Costing: Cost of Production Report**
 - 4.1 Process Cost Accumulation Procedures
 - 4.2 The Cost of Production Report
 - 4.3 Other Factors in Accounting for Lost Units
 - 4.4 Addition of Materials

- 5. Process Costing: Average and FIFO Costing**
 - 5.1 Beginning Work in Progress Inventories
 - 5.2 Difficulties Encountered in Process Cost Accounting Procedures

- 6. By Product Joint Product Costing**
 - 6.1 Difficulties in Costing By-Products and Joint Production
 - 6.2 Definition of By-Products and Joint Production
 - 6.3 Methods of Costing By-Products
 - 6.4 Methods of Accounting the Joint Production Cost
 - 6.5 An Analysis of Joint Product Costing

- 7. Materials: Controlling and Costing**
 - 7.1 Procedures for Materials Procurement and Use
 - 7.2 Materials Costing Methods
 - 7.3 Transfer of Materials Cost to Finished Product
 - 7.4 Costing Procedures for Scrap, Spoiled Goods and Defective Work
 - 7.5 Summary of Materials Management

- 8. Materials: Quantitative Models for Planning and Controlling**
 - 8.1 Planning Materials Requirement
 - 8.2 Materials Control

- 9. Labor: Controlling and Accounting for Costs**
 - 9.1 Productivity and Labor Costs
 - 9.2 Incentive Wage Plans
 - 9.3 Organization for Labor Cost Accounting and Control

- 10. Factory Overhead: Planned, Actual and Applied; Variance Analysis**
 - 10.1 The Nature of Factory Overhead
 - 10.2 The use of a Predetermined Factory Overhead Rate
 - 10.3 Factors to be Considered in the Section of Overhead Rate
 - 10.4 The Calculation of a Factory Overhead
 - 10.5 Actual Factory Overhead Over or Under applied and Variance
 - 10.6 Analysis
 - 10.7 Changing Overhead Rates
 - 10.8 Summary of Factory Overhead

- 11. Standard Costing Setting Standards and Analyzing Variances**
 - 11.1 Usefulness of Standard Costs
 - 11.2 Setting Standards
 - 11.3 Determining Standard Production
 - 11.4 Determining Standard Cost Variances
 - 11.5 Responsibility and Control of Variance

12. Standards Costing Incorporating Standards into the Accounting Records

- 12.1 Recording Standards Cost Variance in the Accounts
- 12.2 Standard Cost Accounting Procedures for Materials
- 12.3 Standard Cost Accounting Procedures for Labor
- 12.4 Standard Cost Accounting Procedures for Factory Overhead

Recommended Books

1. Horngern Charles T., Cost Accounting: A Managerial Emphasis, Prentice Hall, 1998.
 2. Cashin and Polimini, Cost Accounting, McGraw hill, 1995.
 3. Usry Milton F., Cost Accounting Planning and Control, South Western Publishing Co. (Ohio), (9th Edition), 1996.
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