



**Basic Information:**

<b>Title:</b>	Cost Accounting	<b>Code:</b>	ACCT 310
<b>Program:</b>	BBIT	<b>Credit Hours:</b>	Three (03)
<b>Sessions:</b>	30 Classes + Mid Term + Final Term	<b>Pre-Requisite:</b>	Principles of Accounting

**Course Description:**

*Cost Accounting provides key data to managers for planning and controlling, as well as data on costing products, services, and customers. By focusing on basic concepts, analyses, uses, and procedures instead of procedures alone, we recognize cost accounting as a managerial tool.*

*The course introduces students to Cost Accounting concepts and procedures. An effective cost accounting system provides information that can impact Operational and Financial Performances of an organization. Students will learn how cost accounting information is developed and used for various purposes in different types of business organizations.*

**Learning Outcomes:**

*After the completion of this course, it is expected that students who will involve themselves in the knowledge base working of the course will be capable to*

- ✓ Explains cost accounting systems
- ✓ Explains main manufacturing cost elements
- ✓ Makes costs allocations (first and second)
- ✓ Calculates production cost according to the job cost system
- ✓ calculates product costs according to the process costing

**Teaching Learning Methodology:**

*The formal teaching component of this course consists of active student participation in and contribution to all forms of teaching and learning i.e. lectures, discussions, research assignments and projects. Lectures will be twice a week of 90 min each.*

**Weekly Term Plan**

<b>Wk</b>	<b>Lecture Topic</b>
01	<i>Cost Accounting Concepts and Objective</i>
02	<i>Cost Concepts and Cost Classification/ Cost Behavior Analysis</i>
03	<i>Cost Systems and Cost Accumulation</i>
04	<i>Cost Systems and Cost Accumulation</i>
05	<i>Cost Systems and Cost Accumulation</i>
06	<i>Cost of Quality and Production Losses</i>
07	<i>Cost of Quality and Production Losses</i>
08	<i>Mid Term Examination</i>
09	<i>Material Planning, Controlling and Costing:</i>
10	<i>Labor Controlling and accounting for costs:</i>
11	<i>Factory Overhead Planned, Actual and Applied Variance Analysis</i>
12	<i>Budgeting</i>
13	<i>CVP Analysis</i>
14	<i>CVP Analysis</i>
15	<i>Standard costing and variance analysis</i>
16	<i>Final Term Examination</i>



## Topics in Detail

### **Cost Accounting Concepts and Objective**

*Management, The Controller, The Cost Accountant  
Management Review*

*Planning, Organizing, Controlling,  
Authority and accountability*

*Organizational Chart*

*Controller Placement in Organizational Chart &  
Cost Department*

*Role of Cost Accounting (Five Functions)*

### **Cost Concepts and Scope of Accounting**

*Definition, Cost Object,*

*Charts of Accounts and Coding in Cost Accounting.*

### **Cost Classification and Flow**

*Fixed and Variable Cost,*

*Direct and Indirect Cost,*

*Product and Process Cost,*

*Prime and Conversion Cost,*

*Inventoriable And Period Cost,*

*Unit and Total Cost,*

*Opportunity and Sunk Cost, Mixed Cost,*

*Statement of Cost of Goods Manufactured and Sold  
Statement.*

### **Cost Behavior Analysis**

*Separating Fixed and Variable Costs*

*High and Low Point Method*

*Scatter Graph Method*

*Least Square Method*

### **Cost Systems and Cost Accumulation**

*Flow of Costs in Financial Statements*

*Cost systems*

*Cost Accumulation*

*Job Order Costing*

*Process Costing*

*Hybrid Costing*

*Back Flush Costing*

### **Job Order Costing**

*Accounting for Materials, Labor, FOH*

*Accounting for COGS*

### **Process Costing (by Departments)**

*Physical Production Flow*

*Accounting for Materials, Labor, FOH*

*Accounting for COGS*

### **Cost of Quality and Production Losses**

*Types of Quality Costs*

*Continuous Quality Improvement*

*Job Order Costing w.r.t Production Losses*

*Accounting for Scrap, Spoilage, Rework*

### **Process Costing w.r.t Production Losses**

*Accounting for Scrap, Spoilage*

*Accounting for Rework*

### **Material Planning, Controlling and Costing:**

*Procedure for Material Procurement and use*

*Material Costing Methods*

*Inventory Valuation at cost or market*

*Procedure for spoiled, scrap and defective work*

*EOQ, Inventory level and reserve stocks*

*Valuation of Inventory*

*Planning Materials Requirement*

*Materials Control*

### **Labor Controlling and accounting for costs:**

*Productivity and Labor Costs*

*Incentive Wage Plans, Learning Curve Theory*

*Organization for Labor Cost Accounting & Control*

*Overtime Plans, Bonus Payments, Vacation Pay*

*Guaranteed Annual Wage Plans, Apprenticeship  
and Training Programs*

*Human Resource Accounting*

*Pension Plans*

*Labor Related Deductions*

### **Factory Overhead Planned, Actual and Applied Variance Analysis:**

*Calculation of overhead rate*

*Selection of activity level*

*Applied and actual FOH, under applied and over  
applied FOH.*

*Changing overhead rates*

### **Budgeting**

*Strategic Plans versus Operating Plans*

*Budgeting Cycle and master Budget*

*Static Budget*

*Flexible Budget*

*Direct Cost Variance*

*Overhead Cost variance*

### **CVP Analysis**

*Essentials of CVP*

*Equation Method*

*Contribution Margin method*

*Graph Method*

*Breakeven point and target Operating Income,*

*Target Net Income*

*Decision making*

*Decision to Advertise*

*Decision to Reduce Price*

*Sensitivity Analysis and Uncertainty*

### **Standard costing and variance analysis**

*Setting Direct material Standards*

*Setting Direct Labour Standards*

*Setting variable Manufacturing Overhead Expenses*

*A general model for variance problems*

*Using Standard cost*

*Direct Material Variances*

*Direct Labour Variances*

*Variable Manufacturing overhead Expenses*



**Text & Recommended Readings**

- A. *Cost Accounting Planning & Control*  
 7<sup>th</sup> Edition  
 Matz , Usry

**Assignment Specification**

*Microsoft Word for Documentation*  
*Headings* Arial 11pt Bold  
*Normal Text* Times New Roman 10pt  
*Header Footer* Times New Roman 8pt  
*Paragraph* Single Line Spacing  
 First Line Indent 1.0 cm  
*Page Margins* 2 cm from each side

**Grading Policy:**

Final Grade for this course will be the cumulated result of the following term work with relevant participation according to the quoted percentage.

Sessional	25%	Mid Term	35%	Final Term	40%
Assignments	10 %				
Quizzes	10%				
Presentations	05%				

*Remember subdividing of Mid Term and Final Term Examination should be done only in case of very essential and major Grading Instruments.*

**Dishonest Practices & Plagiarism**

Any student found responsible for dishonest practice/cheating (e.g. copying the work of others, use of unauthorized material in Grading Instruments) in relation to any piece of Grading Instrument will face penalties like deduction of marks, grade 'F' in the course, or in extreme cases, suspension and rustication from IBIT.

For details consult Plagiarism Policy of PU at <http://pu.edu.pk/dpcc/downloads/Plagiarism-Policy.pdf>

**Grading System:**

Letter Grade	Grade Point	Num Equivalence
A	4.00	85 – 100 %
A-	3.70	80 – 84 %
B+	3.30	75 – 79%
B	3.00	70 – 74 %
B-	2.70	65 – 69 %
C+	2.30	61 – 64 %
C	2.00	58 – 60 %
C-	1.70	55 – 57 %
D	1.00	50 – 54 %
F	0.00	Below 50 %
I	Incomplete	*
W	Withdraw	*

**Norms to Course:**

- ✓ Submission Date and Time for the term instruments is always **UN-EXTENDABLE**
- ✓ 7 Absentees in class will be result in forced withdrawal. (PU Policy)
- ✓ Re-sit in Mid and Final Term will cause you a loss of 2 and 3 grade marks respectively. (PU Policy)
- ✓ This is your responsibility to keep track of your position in class evaluation units.
- ✓ After the submission date, NO excuse will be entertained.
- ✓ **Keep a copy of all submitted Grading Instruments.**
- ✓ Assignment is acceptable only in its Entirety.
- ✓ No make up for any assignment and quiz.
- ✓ Copied & Shared work will score Zero.
- ✓ Assignments are Individual.

**Good Luck**