

P.B.SIDDHARTHA COLLEGE OF ARTS &SCIENCE :: VIJAYAWADA-10..

(An Autonomous college in the jurisdiction of Krishna University, Machilipatnam)

COST CONTROL TECHNIQUES

Semester:	VI	Credits :	4
Offered to	B.Com(General, Computers &)	Course Code	COMSET15
Course Type	Core (Theory)	Year of Introduction	2022-23
Year of Revision:		Percentage of Revision:	
Hours Taught	75 hrs. Per Semester		
Course Prerequisites (if any):			

CO1: Students are able to differentiate cost control, cost reduction concepts and identify effective techniques (PO1) (PSO1)

CO2: Students will acquire knowledge on allocation of overheads and application of overheads. (PO1) (PSO1)

CO3: Students are able to do cost volume profit analysis. (PO1) (PSO1)

CO4: Students will get knowledge on standard costing and variance analysis and its application. (PO1) (PSO1)

CO5: Students will acquire knowledge of modern techniques and its application (PO5) (PSO4)

Unit 1: Introduction-Nature and Scope

Introduction: Meaning of Cost Control – Cost Control Techniques – Requisites of effective Cost Control System – Cost Reduction – meaning – essentials for an effective cost Reduction Program – Scope of cost reduction - Difference between Cost Control and Cost Reduction –Meaning of cost audit – Types of Cost Audit – Auditing techniques.

Unit 2: Activity Based Costing

Concept of ABC – Characteristics of ABC – Categories of ABC – Allocation of Overheads under ABC – Cost Reduction under ABC – advantages of implementing ABC –Application on overhead allocation on the basis of ABC-

Unit 3: Cost Volume Profit Analysis (CVP Analysis)

Applications of Marginal Costing – profit planning – Evaluation of Performance-fixing selling price – Key Factor –Make or Buy decision – Accept or Reject - closing down or suspending activities –

Unit 4: Standard Costing and Variance Analysis

Concept of Standard Cost and Standard Costing – Advantages and limitations – analysis of variances-importance of Variance Analysis - computation and application of variances relating to material and labour.

Unit 5: Application of Modern Techniques

Kaizen Costing – Introduction – objectives – scope –Principles – 5 S (Sort, Set in Order, Shine, Standardize, and Sustain) in Kaizen Costing– Advantages and Disadvantages of Kaizen Costing. Learning Curve Analysis-concept and Application.

Text books:

1. Cost and Management Accounting by SP Jain and KL Narang.

References

1. Cost Accounting by M.C. Shukla, T. S. Grewal & Dr M. P. Gupta, S. Chand and Company Private Limited, New Delhi
2. Cost Accounting: Principles & Practice Book by M. N. Arora, Vikas Publishing House Private Limited.
3. Advanced Cost Accounting: JK Mitra, New Age International
4. Advanced Cost Accounting: SN Maheswari, S. Chand and Company Private Limited, New Delhi.

Co-Curricular Activities

1. Seminars/Conference/ Workshops on Cost accountant profession, skills required for cost accountant Professional Development, integration of technical and analytical skills for effective job performance, Ethical behaviour of management accountant.
2. Real time work experience with ICMA professional duration of work be decided on the basis of feasibility and opportunity.
3. Arrange for Interaction with Area Specific Experts.

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COMSET15

Time: 3Hrs

Max Marls: 75

Section –A

Answer any Five of the following

5X5=25M

1. Explain cost Reduction
2. Explain briefly concept of ABC analysis
3. EOQ
4. Define Standard Costing.
5. What is meant Kaizen Costing?
6. What is Make or Buy Decision?
7. What is meant by Cost Audit?
8. What are the principles- 5S

Section –B

Answer the following

5X10=50M

9. a) Explain various cost control techniques and what are the requisites of effective cost control system?

Or

b) What are the different types of cost audit? Explain auditing techniques.

10. a) What are the characteristics of ABC analysis and explain advantages of implementing ABC analysis

Or

b) What is Allocation of Overheads under ABC? How overheads are allocated on the basis of ABC

11. a).Define Marginal cost and Marginal costing. How are variable cost and fixed cost treated in marginal costing

Or

b) Present the following information to show

i) The marginal cost and contribution per unit

ii) The total contribution and profit resulting from each of the following sales mixture

Particulars	Product	Rs(Per unit)
Direct Material	A	10Rs
Direct Material	B	9Rs
Direct Wages	A	3Rs
Direct Wages	B	2 Rs

Sale price	A	20Rs
Sale price	B	15Rs

Fixed expenses Rs 300/-

Sales Mixtures:

- a) 100 units of Product A and 200 Units of Product B
- b) 150 units of Product A and 150 units of Product B
- c) 200 units of Product A and 100 units of Product B

12. a) What is the significance of the term variance in standard costing? Define and explain various types of variances

Or

- b) The standard cost of a chemical mixture is as under
 - 8 Tons of material A at Rs 40/- per ton
 - 12 tons of Material B at 60/- per ton
 - Standard yield is 90% of input
- Actual cost for a period is as under
 - 10 Tons of Material A at Rs 30/- per Ton
 - 20 Tons of Material B at Rs 68/- per Ton
 - Actual yield is 26.5 tons
- Compute all material variances.

13. a) What are the advantages and disadvantages of Kaizen costing?

Or

- b) Explain Learning Curve Analysis and its application
