

## Part B

Syllabus Prescribed for Ist Year Post Graduate Programme (NEP)

Programme: Master of Commerce Ist Year Semester I - NEP

Semester I:

Code of Course: Subject	Title of Course: Subject	Total No. of Periods
M.Com. NEP/15-B	Accounting for Material and Labour	60

Course Outcomes:

After undergoing the elective on Accounting for Materials and Labour, the students will

1. Understand the fundamental concepts related to cost, costing, cost accounting, and cost accountancy, identify the limitations of financial accounting and recognize the nature and objectives of cost accounting, explore the advantages and limitations of cost accounting in comparison to financial accounting. Also, differentiate between financial accounting and cost accounting, highlighting their respective roles and functions. Define cost units and cost centers and comprehend their significance in cost accounting.
2. Examine the elements of cost, including material, labor, and expenses, and differentiate between direct and indirect costs, classify different types of overheads and identify items excluded from cost calculations. Learn the methods of cost classification and their relevance in cost analysis and decision-making.
3. Define the concept of materials and explore the types of materials used in production processes, understand the purchasing process, including the centralization and decentralization of purchasing, learn the steps involved in the purchase requisition and selection of suppliers, explore the procedures for receiving and checking the quantity and quality of materials received, familiarize with the documents connected with material receipts and their verification.
4. Understand the principles of efficient material storage, including the location and organization of stores, learn the classification and codification of materials and the use of bins and bin cards for recording.
5. Understand the importance of controlling materials in stores to optimize inventory management. Learn how to fix stock levels and calculate the Economic Order Quantity

- (EOQ) for efficient inventory management. Explore various methods of stock taking and how to address discrepancies found during stock taking.
6. Comprehend the procedure for issuing materials and the necessary documents involved in the process. Learn about the different methods used for pricing materials issued, including cost price methods, average price methods, and notional price methods. Understand the significance of effective materials costing control in managing costs and ensuring operational efficiency.
  7. Define the concept of labor and its importance in the production process. Differentiate between different types of labor, such as direct labor, indirect labor, casual laborers, and out workers. Identify the various sections or departments dealing with labor activities. Measure, analyze, and understand labor turnover, its causes, and the cost associated with labor turnover. Evaluate and illustrate scenarios related to labor turnover for better decision-making.
  8. Explore the meaning and significance of timekeeping in labor cost management. Learn about the different methods of timekeeping and understand their relevance in accurate labor cost calculations. Comprehend the concept of time booking and its necessity in labor costing. Examine the methods of time booking and their practical applications. Understand the process of reconciling time kept and time booked and how to handle idle time and its costs.

Throughout this course, students will engage in practical exercises, case studies, and illustrations to reinforce their understanding of cost accounting principles and their application in real-world scenarios. The objective is to equip learners with the knowledge and skills necessary for effective cost control, resource optimization, and decision-making in the context of business operations.

Unit	Contents	No. of Periods
I	<b>1.1</b> Cost Concepts : Cost, Costing, Cost Accounting, Cost Accountancy, Limitations of Financial Accounting, Nature of Cost Accounting, Objectives of Cost Accounting, Advantages of Cost Accounting, Limitations of Cost Accounting, Difference between Financial Accounting and Cost Accounting, Cost Unit and Cost	12

	<p>Centres</p> <p><b>1.2</b> Elements of cost: Material, Labour and Expenses, Material - direct and indirect, Labour - direct and indirect, Expenses - direct and indirect, Overheads and types of overheads, Items excluded from cost, Division of costs, Classification of costs, Methods of cost classification</p>	
II	<p>Material Costing :</p> <p>2.1 Meaning of Material and Purchasing Meaning of materials, Types of materials, Purchase of purchasing, Centralised and decentralised purchasing, Purchase Requisition, Selection of supplier, placing order with the supplier</p> <p>2.2 Receipts and Storage of Materials: Receipt of materials, checking quantity and quality of materials received, Documents connected with receipt and Verification of materials received, Storage of Materials, Location of store, Organisation of stores, Classification and codification of materials, Bins and Bin Cards, Recording of materials in stores</p>	12
III	<p>3.1 Control Over Materials in stores: Control over materials in stores, Fixation of stock levels, Economic Order Quantity (EOQ), Stock taking, Methods of stock taking, Discrepancies and treatment of discrepancies</p> <p>3.2 Issues of Materials Issue of materials: Procedure for issue of materials, Documents related to issue of materials, Care to be taken while issuing materials</p> <p>3.3 Pricing of Material Issued: Pricing of materials issued, Methods used for pricing of issues, Cost price Methods, Average Price Methods, Notional Price Methods, Important points related to materials costing control.</p>	12
IV	<p>Labour Costing:</p> <p><b>4.1</b> Meaning and Types of Labour: Meaning and Importance</p>	12

	<p>of labour, Types of labour, Direct Labour, Indirect Labour, Casual Labour, Contract Workers, Types of workers on the basis of Skill, Sections / departments dealing with labour activities</p> <p><b>4.2 Labour turnover:</b> Measurement of labour turnover, Causes of labour turnover, Cost of Labour turnover, Treatment of labour turnover costs,</p> <p><b>4.2.1 Illustrations on labour turnover</b></p>	
V	<p><b>5.1 Time Keeping:</b> Meaning and importance, Methods of time keeping</p> <p><b>5.2 Time Booking:</b> Time Booking, Meaning and Necessity, Methods of time booking</p> <p><b>5.3 Reconciliation of Time Kept and Time Booked:</b> Reconciliation of time kept and time booked, Idle time and its types, Causes of idle time, Cost and treatment of idle time cost.</p>	12

Reference Books:

1. T.S. Grewal's Management Accounting (Section B): Textbook for ISC Class 12 (2023-24 Examination) Unknown Binding – 26 October 2022 by [T.S. Grewal](#) (Author), [H.S. Grewal](#) (Author), [CA. \(Dr.\) G.S. Grewal](#) (Author), & 1 [More](#)
2. Executive Programme Cost and Management Accounting, Module 1 Paper 2 of ICSI, New delhi.
3. Khan MY, Jain PK, Cost Accounting, McGraw Hill Education India
4. Shukla MC, Grewal TS, Gupta MC, Cost Accounting: Text and Problems, S. Chand [Cost & Management Accounting](#), Bharat Law House Cost & Management Accounting 2021 Edition by CA. Sunil Keswani
5. Arora MN, Cost Accounting: Principles & Practice, Vikas Publishing