

## INTERMEDIATE LEVEL I (IL-I)

### Course Title

### Cost Accounting (COA)

Knowledge Pillar	Level	Course Title	Course Code	Total Marks
Cost & Management Accounting [CMA]	Intermediate level I	Cost Accounting (COA)	CM121	100

### *Syllabus Structure*

The syllabus comprises the following main topics with the relative study weightings:

Segment	Segment Title	Weight
A	Cost accounting fundamentals	10%
B	Cost accounting systems	20%
C	Cost accounting methods and techniques	45%
D	Contemporary cost accounting tools	25%

### *Course Description*

This is the first course of the Cost and Management Accounting pillar. This course provides the in-depth knowledge of understanding and applying different cost accounting methods and techniques to manage different cost elements considering the nature of organizational operations. In the process, analysis and decision orientation is also emphasized. The subject covers fundamentals of cost accounting concepts introducing Bangladesh Cost Accounting Standards; elements of costs in explaining different cost elements; appropriateness and application of different cost accounting methods and techniques; and also provides preliminary idea of the contemporary cost accounting issues. On completion of this subject students will be developed skills of analysis, evaluation and synthesis in cost and in the process, created an awareness of current developments and issue in the area.

### *Course Objectives*

The main objective of this course is to enable learners to provide in-depth knowledge of cost accounting concepts, principles and methods to apply and analyze cost accounting data to meet the requirements of different manufacturing organization. This course ensures the conceptual foundation of different types of cost and its implication in the organization for a learner to provide data that are required for management decision making. The course aims to provide the basic concepts and principles of cost accounting that one can apply in preparing management reports and provide a base to develop analytical skill.

## Course Learning Outcomes

- On successful completion of this course, the aspiring professional accountants will be able to:
1. describe the fundamentals of cost accounting concepts, conventions and doctrines;
  2. understand the underlying principles of Bangladesh Cost Accounting Standards;
  3. identify and ascertain cost of a cost object preparing necessary cost statements;
  4. apply different cost accounting methods and techniques;
  5. build argument in selecting a cost accounting method/technique in a given context;
  6. apply and analyze the principles relating to the costing and control of different organizational resource; and
  7. understand the application of cost accounting in a digital and lean management ecosystem.

## DETAILED CONTENTS

Parts	Topics	Level of Study Required	Subtopics	Learning outcomes of Topics (TLOs)	Probable Weight
A. Cost accounting fundamentals (10 Marks)	A1. Introduction to cost accounting	R, U	<ul style="list-style-type: none"> <li>• Definition of Cost Accounting;</li> <li>• Comparison of Cost Accounting with Financial Accounting and Management Accounting;</li> <li>• The role of Cost Accounting;</li> <li>• Methods and Techniques of Cost Accounting;</li> <li>• Characteristics of an ideal Cost Accounting Systems;</li> <li>• Installation of a Cost Accounting Systems;</li> <li>• Modern Trends in Cost Accounting.</li> </ul>	Upon successful completion, students shall be able to: <ol style="list-style-type: none"> <li>1. understanding the scope and mechanisms of cost accounting;</li> <li>2. identify the basic principles and trends in cost accounting.</li> </ol>	25%
	A2. Bangladesh Cost Accounting Standards	R, U, AP	<ul style="list-style-type: none"> <li>• Bangladesh Cost Accounting Standards Board;</li> <li>• Objectives and Functions of Cost Accounting Standards Board;</li> <li>• BCAS issued by ICMAB.</li> </ul>	<ol style="list-style-type: none"> <li>3. illustrate the role and applications of BCAS.</li> </ol>	35%
	A3. Cost concepts, classification and cost statements	R, U	<ul style="list-style-type: none"> <li>• The Concepts of Cost and explain why the concept of 'cost' needs to be defined, in order to be meaningful;</li> <li>• Cost Classification for Inventory Valuation and Profit Measurement;</li> <li>• Financial, Cost and Management Accounting Concepts;</li> </ul>	<ol style="list-style-type: none"> <li>4. identify costs from different perspectives;</li> <li>5. prepare cost statements.</li> </ol>	40%

Parts	Topics	Level of study required	Subtopics	Learning outcomes of topics	Probable weight
B. Elements of Costs (20 Marks)			<ul style="list-style-type: none"> <li>Describe how information can be used to identify performance within an organization;</li> <li>Explain the differences between financial information requirements for companies, public bodies and society;</li> <li>Prepare the statement of cost of goods sold.</li> </ul>		
	B1. Costing of Materials	AP, AN, E, D	<ul style="list-style-type: none"> <li>Classification of Materials;</li> <li>Objectives of materials management and control;</li> <li>Accounting for materials;</li> <li>Stock control in Advanced Manufacturing Environment;</li> <li>Inventory System – Periodic System &amp; Perpetual System;</li> <li>Maintenance of General Ledger and Subsidiary Ledger;</li> <li>Methods of Pricing issues FIFO, LIFO, Weighted / Moving Average;</li> <li>Valuation of closing / inventory for Balance sheet;</li> <li>Pricing of returns – selection of pricing Method. Recording;</li> <li>Corresponding BCAS.</li> </ul>	6. decide material costs to be reported in the cost statements; 7. manage material costs adopting different techniques and relevant BCAS.	25%
	B2. Costing of Labor	AP, AN, C	<ul style="list-style-type: none"> <li>Productivity and Labor Costs;</li> <li>Remuneration methods;</li> <li>Recording labor costs;</li> <li>Employee cost reporting and measurement of efficiency;</li> <li>Corresponding BCAS.</li> </ul>	8. design labor pay scheme in a given context; 9. control labor costs through proper recording and reporting.	20%
B3. Costing of Overhead	AP, AN	<ul style="list-style-type: none"> <li>Define Overheads; Overhead allocation, apportionment of overhead;</li> <li>Absorption of factory overhead;</li> </ul>	10. illustrate the process of identifying and applying predetermined overhead rates;	30%	

Parts	Topics	Level of study required	Subtopics	Learning outcomes of topics	Probable weight
C. Cost accounting methods and techniques (45 Marks)			<ul style="list-style-type: none"> <li>Absorption and treatment of over or under absorption of overheads;</li> <li>Accounting for specific items of production overheads;</li> <li>Treatment of Non – Manufacturing Overheads;</li> <li>Corresponding BCAS.</li> </ul>	11. report overhead costs after necessary adjustments.	
	B4. Cost Accounting Records as per BCAS	U, AP	<ul style="list-style-type: none"> <li>Maintaining Cost Accounting Records (CARs);</li> <li>Learn how CARs are maintained for different sectors/Industries;</li> <li>Total Cost Management and Framework process.</li> </ul>	12. maintain proper cost accounting records as per BCAS.	25%
	C1. Job, batch and contract costing	R, U, AP	<ul style="list-style-type: none"> <li>Job and batch Costing; Nature of job costing – Job Cost sheet and job ledger – Recording costs on Jobs – Recording completed jobs &amp; Batch costing – Economic Batch quantity;</li> <li>Contract costing; Differences between job and contract costing, calculating the percentage of completion, calculating the profit based on the percentage of completion.</li> </ul>	13. determine cost of products under different methods.	10%
	C2. Process costing	U, AP	<ul style="list-style-type: none"> <li>The basics of process costing;</li> <li>Objective of Process Cost System;</li> <li>Characteristics of a Process Cost System;</li> <li>Comparison of Job Order and Process Cost Accumulation System;</li> <li>FIFO, LIFO and Weighted average cost flow methods;</li> <li>Treatment of Normal loss, abnormal loss, Normal and abnormal losses with scrap value and waste with Disposal Cost, Addition of units and effect on cost, Treatment of Abnormal gain in process costing.</li> </ul>	14. determine cost in a process costing environment; 15. explain treatment for normal and abnormal losses.	30%

Parts	Topics	Level of study required	Subtopics	Learning outcomes of topics	Probable weight
	C3. Service costing	U, AP	<ul style="list-style-type: none"> <li>Distinguishing features of service costing;</li> <li>Features of service organization;</li> <li>Cost units and analysis;</li> <li>Application of service costing in different organization.</li> </ul>	16. determine cost of services.	10%
	C4. Standard costing	R, U, AP, AN & E	<ul style="list-style-type: none"> <li>Purpose of Using Standard Costing;</li> <li>Variance Analysis;</li> <li>Materials, Labor and overhead standards;</li> <li>Variance Analysis for Costs, volume and price variances, sales mix and yield variances;</li> <li>Responsibility analysis for cost variances;</li> <li>Reconcile standard profit and actual profit using absorption and marginal costing systems;</li> <li>Accounting disposition of variances;</li> <li>Interpretation of variances and Inter-relationships between variances.</li> </ul>	17. determine standards for different cost elements; 18. compare actual and standard costs in identifying variances; 19. evaluate variances for corrective actions.	30%
	C5. Joint product and by-product costing	AP, AN, E, D	<ul style="list-style-type: none"> <li>Joint Products in Process Accounts;</li> <li>Accounting treatment of By-Products;</li> <li>Methods of Allocation of joint cost;</li> <li>Decision to sell by-product at the time of separation or by further process.</li> </ul>	20. account for joint and by-product applying different methods; 21. decide whether to sell or process further.	10%
	C7. Activity-based-costing	R, U	<ul style="list-style-type: none"> <li>Outline of an ABC system;</li> <li>Cost Pools and Cost Drivers;</li> <li>Designing an ABC system;</li> <li>Absorption costing versus ABC;</li> <li>Marginal costing versus ABC;</li> <li>Benefits of ABC System;</li> <li>Application of ABC/ABM;</li> </ul>	22. understands basic elements of ABC; 23. outline the steps in designing an ABC system.	10%

Parts	Topics	Level of study required	Subtopics	Learning outcomes of topics	Probable weight
D. Contemporary cost accounting tools (25 Marks)			<ul style="list-style-type: none"> <li>• Use of ABC/ABM in improving activities;</li> <li>• Variance analysis in ABC system;</li> <li>• ABC in service organizations.</li> </ul>		
	D1. Target costing (TC)	U, AP, AN	<ul style="list-style-type: none"> <li>• Underlying philosophy of TC;</li> <li>• Western vs. Japanese cost management;</li> <li>• Factors influencing the TC process;</li> <li>• Process of target costing;</li> <li>• Application of TC indifferent sectors with special focus on market driving, product level and component level TC;</li> <li>• TC vs. Kaizen costing;</li> <li>• Corresponding BCAS.</li> </ul>	24. identify the factors influence target costing; 25. illustrate the application of TC.	40%
	D2. Quality costing (QC)	R, AP, AN	<ul style="list-style-type: none"> <li>• Cost of quality models;</li> <li>• P.A.F models of QC;</li> <li>• Trade-off between the levels of conformance and non-conformance costs;</li> <li>• Opportunity/Intangible cost models;</li> <li>• ABC models of QC;</li> <li>• Application of QC indifferent sectors;</li> <li>• Corresponding BCAS.</li> </ul>	26. describe the underlying philosophy of QC; 27. illustrate the application of different QC models.	30%
	D3. Life-cycle costing (LCC)	U, AP, AN	<ul style="list-style-type: none"> <li>• Concept of LCC;</li> <li>• Underlying features of LCC;</li> <li>• Significance and benefits of LCC;</li> <li>• Application of LCC;</li> <li>• LCC for project;</li> <li>• Limitations of LCC;</li> <li>• Life-cycle budgeting;</li> <li>• Corresponding BCAS.</li> </ul>	28. identify the elements associated in LCC; 29. illustrate the framework for considering the entire incremental costs over the total life extent of a product /project.	30%

Here, R = Remembering; U=Understanding; AP = Applying; AN = Analyzing; E = Evaluating; C = Creating; D = Decision making; are the seven levels of learning developed based on the Bloom's Taxonomy.

## Recommended Books and Learning Materials

### Primary Textbook

1. ICMAB. (2021). ICMAB Learning Manual for Cost Accounting.

### Recommended Textbook (Latest Edition)

1. Bhimani, A., Horngren, C. T., Datar, S. M., & Rajan, M. (2019). *Management and cost accounting*. (7<sup>th</sup> ed.). Pearson.
2. Matz, A., & Usry, M. F. (1990). *Cost accounting: Planning and control*. (10<sup>th</sup> ed.). South-Western Publishing Company.
3. Vanderbeck, E. J. (2012). *Principles of cost accounting*. (16<sup>th</sup> ed.). Cengage Learning.
4. Drury, C. (2017). *Management and cost accounting*. (10<sup>th</sup> ed.). Springer.
5. Blocher, E. J., Chen, K. H., & Li, T. W. (2002). *Cost management: A Strategic emphasis*. (8<sup>th</sup> ed.). McGraw Hill International.

### Reference Books/Other Learning Materials (Latest Edition)

1. M. Y. Khan & P. K. Jain (1999). *Theory and problems of management and cost accounting*. (Latest ed.). McGraw Hill Education.
2. The Institute of Company Secretaries of India. (2020). *Cost and management accounting*.

## COA Course Mapping

PrOs	POs	POs	CLOs	CLOs	TLOs
PrO1	6	PO1	1, 7	CLO1	1, 2, 12, 15, 20, 23
PrO2	2, 3	PO2	1, 3, 4	CLO2	3, 6, 7, 8, 9, 10, 12
PrO3	6	PO3	2	CLO3	4, 5, 6, 14, 16, 20,
PrO4	2	PO4	5	CLO4	7, 10, 11, 13, 14, 17, 20, 22
PrO5	1, 6	PO5	6	CLO5	8, 13, 15, 20, 21,
PrO6	1	PO6	7	CLO6	7, 9, 14, 17, 18, 19, 21, 23
PrO7	4, 5, 6, 7	PO7	5	CLO7	24, 25, 26

Here, PrOs = Program Objectives; POs = Pillar Objectives; CLOs = Course Learning Outcomes; TLOs = Topic Learning Outcomes