



SNS College of Technology

Coimbatore - 35



23BAT605 – FINANCIAL STATEMENT ANALYSIS Unit III – Introduction to Cost Accounting

Topic: Guess?????



Presented by

Ms.S.Swarnam
Design Thinker



Connect these Pictures....



COSTING





Methods of Costing

Method of Costing

1. Unit Costing
2. Job Costing
3. Contract Costing
4. Batch Costing
5. Operating Costing
6. Process Costing.
7. Multiple Costing
8. Uniform Costing.



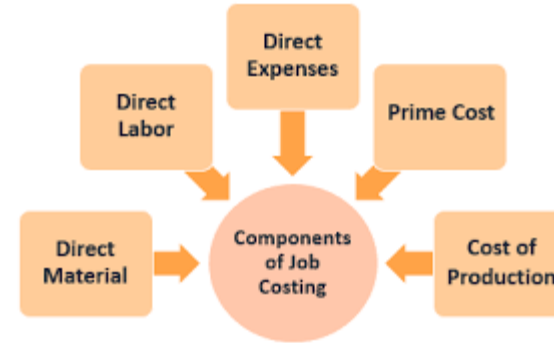


Unit or output costing

“Unit Costing method is a Method of costing applied to ascertain the cost per unit or production where standard and identical products are manufactured.

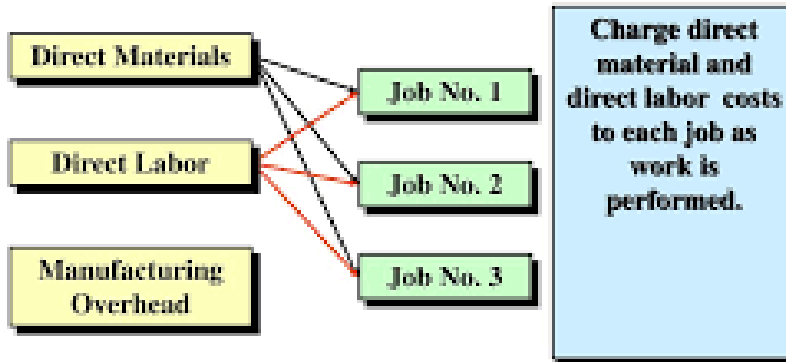
$$\text{Cost Per Unit} = \frac{\text{(Total Fixed Cost + Total Variable Cost)}}{\text{Total Number of the Units Produced}}$$





Job Costing – An Overview





Job Costing Example

Raw materials	800,000
Work in progress A	350,000
Direct labor costs	155,000
Indirect labor costs	232,000
Raw materials	720,000
Work in progress B	365,000
Direct labor costs	112,000
Indirect labor costs	125,740
Manufacturing overhead	135,000
Administrative expenses	120,000
Sales commissions	258,000
Manufacturing overhead	236,000
Depreciation on new equipment	75,000
Utility costs	75,000
Advertising expenses	312,000
Travel expenses of salesmen	52,000
Insurance	18,000
Finished goods	1,356,800
Cost of goods sold	1,250,000
Sales	3,450,000
	10,197,540
Carrying Balances	
Raw materials	25,000
Work in progress	95,000
Cost of goods sold	31,000
	151,000





Meaning of Contract Costing:

Contract costing is that method of costing in cost accounting which is used to collect and identify all the expenses relating to a specific contract. For this purpose, Contractor has to maintain contract ledger in which he has to show contract account.





Features of Contract Costing

1. Materials
2. Wages
3. Direct Charges
4. Bill of sub-contractors
5. Certificate of completion

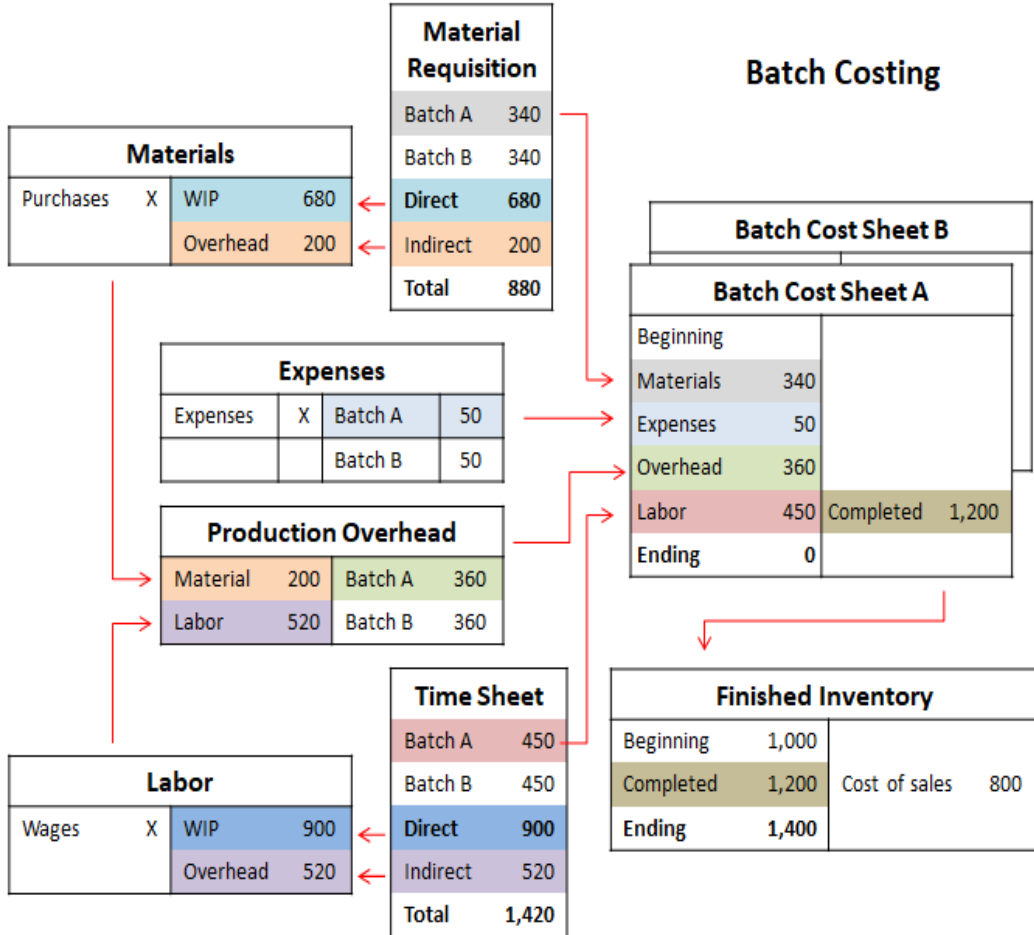


dataNote.com





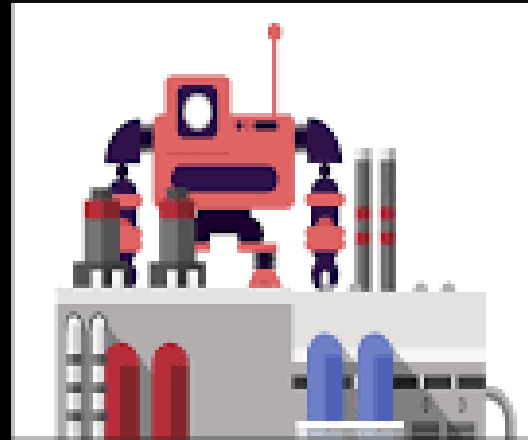
Batch Costing





What is Operating Costing ?

Operating Costing is a method of ascertaining the costs of providing or operating a service. This method of costing is applied by those undertakings which provide services rather than the production of goods.

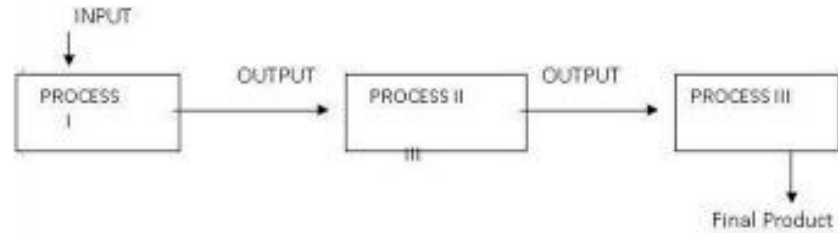


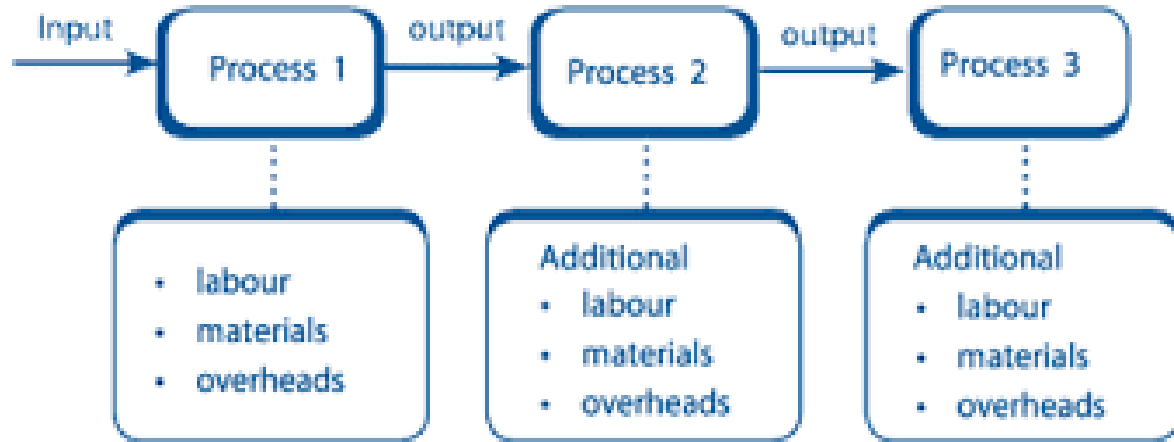
1 EditMore.com





PROCESS COSTING







Process Costing

Pro

Easy to Use

Flexible

Less Expensive

Con

Less Accuracy

Cannot measure each
department

Multiple Products

Work in Process

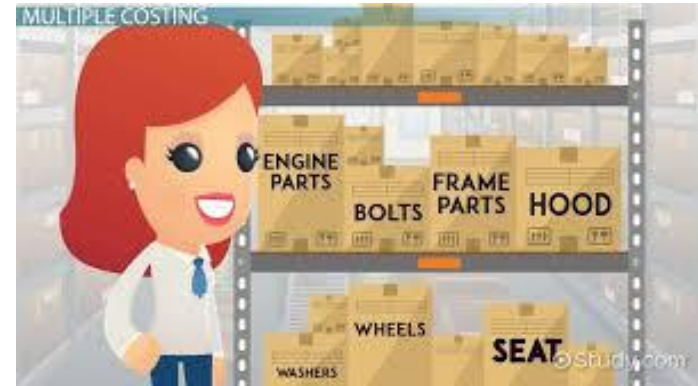
©Accountingguide.com





Multiple Costing:

- When the output comprises many assembled parts or components such as in television, motor Car or electronics gadgets, costs have to be ascertained for each component as well as the finished product. Such costing may involve different methods of costing for different components.
- Therefore this type of costing is known as composite costing or multiple costing.



Uniform costing is the application of the same accounting and costing principles, methods or procedures uniformly by various undertakings in the same industry





Time for the assessment...



MCQ

Process costing is appropriate for which firm?

- A) Bricklaying firms
- B) Transport firms
- C) Hospitals
- D) Oil refining firms





Summary

- Classification of Cost





References...



- <https://theinvestorsbook.com/cost-classification.html>
- <https://slideplayer.com/slide/14810201/>



Thank
you





REACH US



SNSINSTITUTIONS



SNSINSTITUTIONS



SNSINSTITUTIONS



SNSINSTITUTIONS



SNSINSTITUTIONS