

PREFERENCE FOR REVISING COST ACCOUNTING & FINANCIAL MANAGEMENT

Based on Que. Papers of PE-II, PCC and IPCC - [LAST 4 ATTEMPTS OF IPCC AND 6 ATTEMPTS OF PE-II]			
PREF. CHAPTERS - COSTING		T	P
NO.			
1	Marginal & Absorption	✓	✓
2	Standard costing & Budgetary Control		✓
3	Contract	✓	✓
4	Material	✓	✓
5	Labour	✓	✓
6	Process	✓	✓
7	Cost Sheet & Reconciliation		✓
8	Overhead	✓	✓
9	Operating Costing	✓	
10	Integrated Accounting		✓
11	Budgetary Control	✓	✓
12	Joint Product & By Product		
	Basics of Costing	✓	
PREF. CHAPTERS - F.M.		T	P
NO.			
1	Capital Budgeting	✓	✓
2	Cash flow and Fund Flow		✓
3	Leverage		✓
4	Cost of Capital	✓	✓
5	Capital Structure	✓	✓
6	Ratio Analysis	✓	✓
7	Cash Mgt.	✓	✓
8	Working Capital Mgt.		✓
9	Receivable Mgt.	✓	✓
10	Time value of Money		✓
11	Inventory Mgt.		
	Sources of Finance		

Note :

- 1 Chapters given in bold letters are **most important** for theory and therefore for them preference is not given.
- 2 **Students are advised and requested to first complete the theory of all the chapters** for Costing and F.M. and then complete the practicals as the theory weightage is 30-40%.
- 3 Normally Budgetary control chapter is asked in combination of Standard Costing and therefore individually much preference is not given.
- 4 At the time of Revising this subject writing practice is must required, so pls. avoid to do tick marks on the solutions.
- 5 Chapterwise analysis is given for the important que.s as per the past trends so focus more on this but do other que.s and theory also.
- 6 T **Theory**
P **Practicle**

CHAPTER WISE IMPORTANT PRACTICES & THEORIES

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COST ACCOUNTING

CHAPTER	PRACTICAL	THEORY
Marginal & Absorption	Marginal & Absorption Cost sheet BEP Calculation of sales Margin of safety sales	Cash BEP BEP Margin of safety sales
Standard Costing	Preparation of Budget & variance analysis Capacity ratios Material and Labour cost variance	
Contract	Preparation of Contract A/c Calculation of work certified and cont. price Calculation of profit to be trf. To P&L a/c Preparation of contractee & WIP a/c B/s extract (relevant entries)	Cost plus contract & advantages Escalation clause(practical also)
Material	EOQ and calculation of mat. cost Stock Levels Stores Ledger - diff. methods Discount offer acceptance or rejection	ABC Analysis Economic Batch quantity- EBQ Bin card and Stores Ledger difference Bill of material Two bin system, MRN, PRN Diff. between Spoilage & Defectives Diff. between Scrap & Defectives Perpetual inventory & continuous stock taking
Labour	Halsey plan - hr. rate Halsey, Rowan, Emerson, Barth plans Hr. rate from Halsey & Rowan plan Labour T/O Rate Calculation of wages & factory cost	Explain wage system Job evaluation & merit rating Labour T/O Rate Halsey, Rowan, Emerson, Barth plans Casual & out workers
Process	Simple que. On process I, II and III Inter process profit Equivalent prodn. Process I & II	Treatment of normal & abnormal loss Treatment of abnormal loss & ab. gain

CHAPTER	PRACTICAL	THEORY
	Cost Sheet & Reconciliation Cost sheet & Reconciliation Determination of selling price % of factory O.H. and cost sheet	Uniform costing Job & batch costing Batch & uniform costing Treatment of cost of Insurance, Bad debts, Cash discount. Industry-method of costing-unit of cost
	Overhead Segregation of O.H. into fixed and variable Machine Hour rate Primary and secondary distribution of O.H. Capacity Ratios	Cost apportionment & cost absorption Bases for determining the Pre-determine rate/ Recovery rate Blanket O.H. Methods of Absorbing under & over Absorption rate
	Operating Costing Calculation of composite unit cost Calculation of cost per tonne km. Calculation of rent for single & double room	
	Integrated Accounting Routine que.	
	Budgetary Control Flexible Budget	Functional Budget Components of budgetary control
	Joint Product & By Product Calculation of new material mix	Spoilage, Defectives, Scrap,waste Methods of Apporportionment of Joint cost
	Basics of Cost ONLY THEORY Relevant & Irrelevant cost Opportunity & incremental cost conversion cost Explicit and implicit cost	Different terms for cost Imputed cost Sunk cost Cost & Profit centre Cost control & cost reduction

CHAPTER WISE IMPORTANT PRACTICES & THEORIES

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FINANCIAL MANAGEMENT

CHAPTER	PRACTICAL	THEORY
Capital Budgeting	Outsourcing vs. Purchase of Machine Mutually Exclusive Projects Simple Que. On all methods Replacement Single Project Methods : NPV, IRR, PI, PAYBACK, DISCOUNTED PAYBACK	IRR NPV PI/DESIRABILITY Factor/ Cost benefit Discounted Payback Multiple IRR Capital Rationing
Cash flow & Fund flow	Cash flow from P&L and B/S Working capital changes statement Simple fund flow B/s ratios and fund flow	
Leverage	Income statement from the leverage EAT OR PAT from leverage Combined Leverage All leverages and EBIT EPS and Leverages	Trading on Equity Business and Financial Risk
Cost of Capital	Calculation of K_r - simple que. Weighted Avg. COC - K_o Capital structure and then K_o K_e as per CAPM and pricing	Ploughing back of profit K_o Cut-off rate "cost of retained earning is zero" explain Short note on CAPM
Capital Structure	Value of firm - NOI & NI Approach Indifference point Selection of best source of capital as per mkt. value and P/E Ratio M-M approach - arbitrage process Graph- EBIT-EPS Relation	Debt/Equity and EBIT- EPS for Indifference point Optimum capital structure Factors to be considered to determine Optimum capital structure Proposition in M M approach
Ratio analysis	Calculation of Prop. Fund and F.A. Ratio and B/S	Limitations of financial ratios Debt coverage ratio ROE- with Dupont Model Quick ratio, Stock T/o, Gearing Ratio

CHAPTER	PRACTICAL	THEORY
Cash Mgt.	Willim J. B. cash model Optimum cash balance Miller orr cash Mgt.	Willim J. B. cash model Optimum cash balance Miller orr cash Mgt.
Working Capital Mgt.	Operating cycle and W.cap. Required Simple que. Double Shift Que.	Factors affecting W.Cap.Mgt. Insrument in Investment Mkt. Commercial paper
Receivable Mgt.	Credit sales Mgt. and collection period Credit mgt.	Factoring and bills discounting Factoring and Credit sales
Time value of Money	Calculation of interest rate by T& E and maturity amt. Non annual compounding que. Que. From extra sheet	
Inventory Mgt.	Calculation of optimum saftey stock	optimum saftey stock
Sources of Finance	ONLY THEORY Seed capital assistance Bridge finance GDR & ADR Debt securitisation Secured premium notes Open & close ended Lease	Dip discount bonds Floating rate Venture capital Finance Financial institute in Mkt. Equity shares, pref share capital Market security
Financial Mgt.	ONLY THEORY Functions of finance manager Wealth Maximisation	