

# COST ACCOUNTING

**Textbook**

**8th  
EDITION**

**V.K. Saxena  
C.D. Vashist**



**Sultan Chand & Sons**

# **Cost Accounting**

## Textbook



# Cost Accounting

## Textbook

For C.A., I.C.M.A.I., ICSI., B.Com., BBA and  
other Professional Courses

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# Preface

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## Preface to the Eighth Edition

We are happy to present the Eighth Revised Edition of the book “Cost Accounting—Textbook” before our esteemed readers.

The Eighth Revised Edition includes the following new topics:

1. **Chapter-1:** (a) Cost Accounting Standard on Cost of production for Captive Consumption (CAS-4)  
(b) Cost Accounting Standard on Manufacturing Cost—(CAS-22).
2. **Chapter-2:** (a) Valuation of Material Receipts including Integrated Goods & Service Tax (IGST); State Goods and Service Tax (SGST); and Central Goods and Service Tax (CGST).
3. Two new Chapters (Nos. 4 and 6) have been added, (i) Direct or Chargeable Expenses, (ii) Introduction to Activity Based Costing (ABC).
4. **Chapter-11:** Costing of Information Technology and Information Technology Enabled Services (IT & ITES); Costing of Toll Roads; Costing of Educational Institutions; Costing of Insurance Companies.
5. Appendices:
  - (a) Extracts from Management Accounting: Official Terminology (Revised 2005) of Chartered Institute of Management Accounting CIMA, London along with “Emerging Trends in Cost Accounting”.
  - (b) All the latest changes in Cost Accounting Terminology have been incorporated in this book.
6. (a) Solved Question Papers of Madras University (Year 2014 to 2021).  
(b) Osmania University (Year 2019)  
(c) Bangalore University (Year 2019, 2022)  
(d) Saraswathi Narayana College (Year 2022)

We hope that the warm response of the Students will continue to inspire us to bring out the revised editions with improved quality and examination oriented study materials.

We hope that readers will favour us with their forthright comments, which were instrumental in improving the worth of this new edition.

**Editorial Board**  
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### Preface to the Seventh Enlarged Edition

We are pleased to place before the readers the Seventh Enlarged Edition of the book “Cost Accounting-Textbook”.

The authors are grateful to the faculty members, students and other readers for their encouraging response to the earlier editions of this book.

The Seventh Enlarged Edition includes additional new recent 143 problems in Appendix C to make this book exhaustive from the examination point of view. Out of these, 58 problems are from P.E. II and I.C.W.A. Inter. Stage I and 85 hand-picked problems from I.C.W.A Inter. Stage II and other examinations. Selected problems from I.C.W.A. Inter. Stage II and other examinations upto November/December, 2004 relating to Marginal Costing, Short-term Decision Making, Budgetary Control and Standard Costing-Variance Analysis have been included.

Other salient features of this seventh edition of the book are summarised below:

- ♣ This is a “Two-in-One” book covering both theory and problems giving due examination-oriented weightage. Proper balance has been maintained in the theoretical discussion and numerical problems. Theoretical discussion is followed by tailor-made examples to supplement the thoughts under consideration. Besides, 358 typical examples selected from various examinations have been included in this book. In addition, there are 354 fully Solved Problems given in Appendix C, thus taking the total to 712 in all. Through practice of these problems coupled with understanding of various concepts and principles will ensure success in the examination.
- ♣ Each chapter contains a table showing category-wise break-up of typical examples from various examinations. Certain small but penetrating problems have been included under the category “Others”. These problems may be extremely useful from examination point of view.
- ♣ Key examination points at the end of each chapter summarise the focal issues from examination point of view. These are the points which often create difficulties for students. These points have been identified and summarised for the benefit of readers, based on study of past examination papers.
- ♣ Each chapter starts with a statement of learning objectives, which the students should constantly keep in mind.
- ♣ Presentation of subject material has been supplemented everywhere, by visual aids in the form of diagrams and exhibits.
- ♣ Relevant extracts from Management Accounting: Official Terminology issued by the Chartered Institute of Management Accountants (CIMA) have been included as Appendix ‘A’ in this book. All the latest changes in cost accounting terminology have been incorporated in this book.
- ♣ It is the only book which covers the revised/new syllabi for Intermediate level examinations of various professional Institutes and B.Com. examinations of various Universities.

We hope that the warm response of the students will continue to inspire us to bring out the revised editions with improved quality and examination- We hope that readers will favour us with their forth- right comments, which were instrumental in improving the worth of this new edition.

**V.K. Saxena & C.D. Vashist**

**Extracts from Preface to the First Edition**

We are grateful to the readers for the roaring success of our books “Advanced Cost and Management Accounting-Text” and “Advanced Cost and Management Accounting-Problems and Solutions”. These books are primarily intended to meet the requirements of students preparing for Intermediate and Final Examinations of various professional Institutes. However, there was a long-standing demand from the Faculty Members as well as the students to bring out a separate textbook on Cost Accounting exclusively for students preparing for Intermediate level of professional Institutes and degree level examinations of various Indian Universities. For this reason, we are pleased to place before the esteemed readers a book titled “COST ACCOUNTING-TEXTBOOK.”

This book is intended primarily for students preparing for the following examinations on Cost Accounting: C.A. (Inter)-Now PE. II, I.C.W.A. (Inter)- Stage I, C.S. (Inter), M.B.A., M.Com., and B. Com.

It is our solemn assurance to the students that they will be richly rewarded for reposing their confidence in the qualitative and extendedly updated contents of this book.

We are indebted to our fathers—Late S/Shri Sham Sunder Lal Saxena and Yog Raj Vashist—who left behind them sufficient to inspire us to do hard work with sincerity, dedication and determination.

Much of the credit for the successful completion of this book goes to our mothers-Smt. Suraj Mukhi and Smt. Harbansi Devi. They sustained the idea of writing the book with memorable dedication, when it was in its infancy. At times, there was darkness all around and there was no hope and strength. At that time, they were the only companions.

Finally and most importantly, we thank our wives-Usha Saxena and Adarsh Vashist and our children-Will, Kanu (Saxena), Shrish, Anish and Urvish (Vashist) for providing love, enjoyment, encouragement and welcome distractions when the book writing was in progress.

**V.K. Saxena & C.D. Vashist**





## Snapshot of the Book

S. No.	Chapters	Page No.	Figures	Examples	Objective Questions	Assignments		Case Studies
					True/False	The.	Num.	
1.	Overview of Cost Accounting: Concepts and Practices	1-42	1	2	28	50	—	—
2.	Materials Cost	43-152	24	41	27	79	11	2
3.	Employee Cost (Labour)	153-233	8	33	14	57	12	2
4.	Direct or Chargeable Expenses	235-238	—	1	5	3	1	2
5.	Overheads	239-372	10	57	34	68	18	—
6.	Introduction to Activity Based Costing (ABC)	373-395	—	8	5	4	3	—
7.	Cost Book-keeping: Cost Control Accounts	397-431	—	14	8	12	5	—
8.	Reconciliation of Cost and Financial Accounts	433-461	—	17	1	10	8	—
9.	Job and Batch Costing	463-488	3	13	8	11	—	1
10.	Contract Costing	489-522	—	15	7	10	8	—
11.	Single or Output or Unit Costing, Calculation of Tender Price or Estimates	523-564	1	26	1	6	12	3
12.	Process Costing	565-648	1	37	26	20	13	—
13.	Operating or Service Costing	649-698	4	26	6	8	8	1
14.	Joint Product and By-product Costing	699-744	5	30	15	15	6	1
15.	Marginal Costing and Cost-Volume-Profit Analysis	745-840	12	66	42	55	13	1
16.	Decision Involving Alternative Choice	841-915	3	49	18	25	8	—
17.	Budgetary Control	917-992	4	28	19	32	9	—
18.	Standard Costing and Variance Analysis	993-1089	3	44	22	28	11	—
19.	Uniform Costing and Inter-Firm Comparison	1091-1105	3	—	1	16	—	—
20.	Miscellaneous Topics	1107-1153	4	—	1	39	—	6
	Appendix A — Extracts from C.I.M.A (London) Management/Cost Accounting Official Terminology (Revised 2005)	1155-1206	35	—	—	—	—	—
	Appendix B — Emerging Trends in Cost Accounting	1207-1218		—	—	—	—	—
	Question Papers	1219-1300		—	—	—	—	—
		1300	121	507	288	548	146	19



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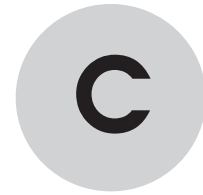
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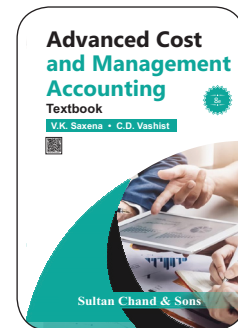
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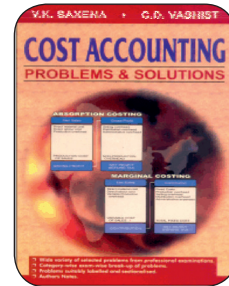
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