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FUNDAMENTALS OF COST ACCOUNTING

Cost Accounting has long been used to help managers understand the cost of running a business. Modern cost accounting originated during the industrial revolution, when the complexities of running a large scale business led to the development of systems for recording and tracking costs to help business owners and managers make decisions.

This book on 'Fundamentals of Cost Accounting' has defined cost accounting market and continues to innovate today by consistently integrating the most current practice and theory. This acclaimed, number one-marked leading book embraces the basic themes of "different costs for different purposes". It reaches beyond cost accounting procedures to consider concepts, analyses, and management. The book incorporates the latest research and most up-to-date thinking into all relevant chapters.

The central focus of this book is how cost accounting helps managers take better decisions. Cost Accountants are increasingly becoming integral members of decision-making teams instead of just data providers. Special attention has been given to streamlining presentation in every chapter of the book as well as providing better and clearer explanation. This book has been divided in three sections. Section A comprises of 19 chapters explaining in detail Basic Cost Concepts, Elements of Cost and Method of

Costing. Some of the important chapters are on controlling cost of Material, Labour, Overheads, Job and Batch costing, Process costing, Integral and Non-Integral Systems of Accounting and Reconciliation of Cost and Financial Accounts. Section B basically deals with various activities concerning Cost Control and Cost Reduction, Cost Audit and Activity Based Costing- a contemporary technique for better distributor of overhead cost. Section C incorporates chapters which deal with the methods, techniques and devices helpful to the Management in better performance and Decision- making. The chapters in this section include Budgetary control and Performance Measurement, Standard Costing and Variance Analysis, Marginal Costing and Profit Planning and Decisions Involving Alternative choices.

The strength of this book are in terms of: -

- Exceptionally, strong, emphasis on managerial uses of cost information.
- Clarity and understandability of the text.
- Excellent balance in integrating modern topics with existing content.
- Emphasis on human behavior aspect.
- Ability to reach chapters in different sequences.
- Excellent quantity, quality and range of assignment material.

This book is complete in all respects, facilitates building of sound knowledge base and fully equips the professional and university students for examination on the basis of self-study. Many complicated concepts have been explained in simplified manner very. Throughout the book the endeavor has been to keep presentation simple, logical and easily comprehensible. The treatment of even complicated topics has been lucid, incisive and threadbare.

Increased competition pulled by global growth and supply demands along with the continued influence of computing and communication technologies is driving the need for more knowledgeable and professional cost practitioners. Provision of information for operational, tactical and strategic purposes that is consistent and draws on a single source is central to effective cost accounting and to the development of a strong profession.

The accumulation and analysis of cost accounting information for valuation of products and services, internal decision-making, and measurement of financial performances is widespread. Since the last century collection, assimilation, collections and analysis of financial information from all areas of an organization are the functions of cost accountant. Cost accounting helps to ensure that all the managerial decisions are well within the cost prescriptions. The organization's competitive positioning requires knowing which product lines, regions, departments, segments are contributing more to profit, knowledge of cost of raw material labor, transport, all overheads helps in preparing budgets for the operation that is planned. Since, now a days manufacturing is becoming more capital intensive, there are more indirect cost. Any kind of costing error, which affects price, could be fatal. The organization may lose a competitive

bid due to miscalculation costs. Thus with the growing importance of cost accounting, the book provides as in depth understanding of cost accounting.

Author has briefly incorporated scope of cost accounting, elements of cost, classification of cost to lay a strong foundation for beginners – origin and growth of cost accounting is outlined in the beginning to build a complete orientation of the subject. Difference between financial accounting and cost accounting is very much beneficial for students as it clarifies that each deals with matters special to itself.

The book addresses the techniques and procedures to be followed for material control, labour cost control; allocation and absorption of overheads, and different methods for disposal of under and over absorbed overheads.

Specific industries like breweries, brickworks, sugar mills, paper mills, chemical plants, paper manufacturing, printing shops, machine tool manufacturing, repair shops, wood work, shops etc., vary in their functional orientation. The book provides thorough understanding of the related specific aspects. There exists difference in computation of operating cost in case of different industries using operations costing. At times, integral system of account is followed by organization. This book explains both integral and non-integral system of accounting in detail.

The test of good writer lies in response to his writing. And undoubtedly Dr. S.N. Maheshwari's book stands out amongst the league of similar books. The book thus with all its detailed contents is bound to prove a must for the students and a refreshing guide for corporate executives.