

**REVISION CHECKLIST
ON
COST ACCOUNTING**

FREE E-BOOK from <http://www.fmaccounting.com> and <http://www.basiccollegeaccounting.com>

Besides the e-books that have been furnished in my blog, append below is a basic checklist which might be useful to students and or tutors who would at one glance see how much the candidate would still have to cover in his/her revision programme on the subject of cost accounting.

REVISION CHECKLIST ON COST ACCOUNTING		
1.0	GENERAL COST ACCOUNTING PRINCIPLES:	TICK Y/N
	- Explain the functions of accounting	
	- Define cost accounting and its purpose	
	- List types of information provided by costing and their potential use by management	
	- Know the difference between cost and financial accounting	
	- Define cost and distinguish between: <ul style="list-style-type: none"> - Direct and indirect costs - Variable and fixed costs - Controllable and uncontrollable costs - Revenue and capital expenditures - Normal and abnormal costs 	
	- Define cost centre and cost unit	
	- Classify items in a logical sequence having regard to their nature or purpose	
	- Explain coding and identify the features of good coding systems	



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2.0	COSTING FOR MATERIALS	
	- Explain the process of materials control	
	- Flowchart purchasing procedures, reception and inspection procedures, storage, issue and return procedures	
	- Identify the principal documents in the material control process and be able to design suitable document	
	- Define Periodic and Continuous stocktaking	
	- Define periodic and perpetual inventory	
	- State the advantages and disadvantages of centralized and decentralized stores systems	
	- Calculate economic order quantity, re-order levels and minimum/maximum stocks	
	- Explain the ABC or Pareto 80/20 method of stock analysis	
	- Identify the objectives of material pricing and the associated problems	
	- Define and calculate the cost of issues under:	
	- FIFO	
	- LIFO	
	- Average	
	- Standard cost	
	- Replacement cost	

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	- Prepare the entries required in the ledger accounts for material transactions	
	- Distinguish between direct and indirect materials	
	- Comment on the appropriateness of different pricing methods in different circumstances	
	- Calculate the rate of stock turnover	

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3.0	Costing For Labour	
	- Define production and productivity	
	- Explain the effects of productivity on costs	
	- Explain the functions of these departments: - Personnel - Work-study - Production - Time-keeping - Payroll	
	- Calculate labor turnover rate and list possible causes	
	- List the preventive and replacement costs	
	- Explain the different methods of remuneration	
	- Define piece rate and bonus schemes	
	- State the advantages and disadvantages of different schemes	
	- Distinguish between direct and indirect labour	
	- Treatment of overtime premium in the accounts	
	- Preparation of entries required in the ledger accounts	



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	for payroll and wages analysis	
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4.0	Costing For Overhead	
	- Define production overhead	
	- List the overhead cost items	
	- Distinguish between production and service cost centres	
	- Reasons for the use of overhead absorption method	
	- Prepare a list of possible bases for apportionment of overhead	
	- Define over-under-absorptions and their treatment in the accounts	
	- Define reciprocal servicing	
	- Distinguish between department rate and plant-wide rate	
	- Prepare an overhead analysis schedule	
	- Prepare the entries required in the ledger accounts for overhead costs	
	- Apply overhead to a product to assist in setting a selling price	

5.0	REVISION CHECKLIST ON COST ACCOUNTING	
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	COSTING FOR CONTRACTS	
	- Define contract costing	
	- Identify the characteristics common to most contract costing systems	
	- Deal with plant costs when (a) the plant is leased or (b) when the plant is purchased	
	- Learn how to take profit on: - A new contract - A contract in progress - A contract nearing completion	
	- Calculate the profit to be taken on uncompleted contracts	
	- Give reasons for taking lesser profits or reporting full losses	
	- Write up the contract account	
	- Draft extracts from the profit and loss account and balance sheet showing details referring to a contract.	

	REVISION CHECKLIST ON COST ACCOUNTING	
6.0	PROCESS COSTING	
	- Define process costing	
	- Identify common characteristics in most process costing systems	
	- Compare with job and service costing	
	- Define process losses	



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	- Define normal loss, abnormal loss, abnormal gain, scrap and waste	
	- Calculate the value of: <ul style="list-style-type: none"> - Normal losses - Abnormal losses - Abnormal gain - Units of output at each process - Units of finished product - Work in progress 	
	- Define the concept of equivalent unit	
	- Calculate equivalent units	
	- Write up the process and scrap accounts in the ledger and give appropriate extracts from the profit and loss account and balance sheet	

	REVISION CHECKLIST ON COST ACCOUNTING	
7.0	BY-PRODUCT AND JOINT PRODUCT	
	- Define by-product and joint product	
	- Define the point of separation on the split-off point	
	- Give examples of industries where by-products and joint products occur	
	- Account for the treatment of the sales value of by-product	
	- Apportion the joint costs to the joint products	
	- Use the incremental analysis method for further processing decision	

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8.0	MARGINAL COSTING AND ABSORPTION COSTING	
	- Define marginal cost and marginal costing	
	- Define absorption costing	
	- Calculate marginal cost and contribution margin	
	- Explain the principal uses of marginal costing	
	- Prepare the marginal and absorption costing statements	
	- Support the use of marginal costing	
	- Support the use of absorption costing	
	- Explain the differences in net profits and stock value under the two approaches	

REVISION CHECKLIST ON COST ACCOUNTING		
9.0	COST-VOLUME-PROFIT RELATIONSHIP AND BREAK-EVEN ANALYSIS	
	- Explain the effects of cost and volume on net profits	
	- Define break-even point	
	- Calculate break-even point and the margin of safety	
	- Draw the break-even and P/V charts	
	- Explain the assumption between break-even analysis	

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	- Draw a multi-product chart to show the overall profit	
	- State the major weaknesses of break-even analysis	

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10.0	MARGINAL COSTING FOR SHORT TERM DECISION	
	- Explain the principal decision areas	
	- Identify key factors or limiting factors	
	- Calculate contribution per unit of limiting factor for profit maximization	
	- Define incremental costs, differential cost, opportunity cost, sunk cost, relevant cost and avoidable cost	
	- Make the following decisions: - Make or Buy - Special Order - Pricing - Deletion or Addition of product lines or departments - Plant shut-down or abandonment	
	- Explain reasons for selling at or below marginal costs	

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11.0	BUDGETS	
	- Define a budget	
	- Explain the concept of budgetary control	

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	- Explain the objectives of budgetary control	
	- State the functions of a budget committee	
	- Explain the budget manual	
	- Identify the principal budget factor	
	- Explain "budget period" and "continuous budget"	
	- Explain "fixed" and "flexible" budget	
	- Explain "responsibility accounting" and "management by exception"	
	- Explain the human aspects of budgeting	
	- Define "zero-based budgeting"	
	- Work out a master budget	

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12.0	STANDARD COSTING AND VARIANCE ANALYSIS	
	- Define standard cost, standard costing, standard marginal costing and standard absorption costing	
	- Explain the relationship between standard costs and actual costs	
	- Explain the advantages and disadvantages of standard costing	
	- Explain how standards are set	
	- Name the types of standards	
	- Define variance accounting	
	- Calculate cost and rates variances	

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	- Identify responsibility for variances	
	- Draw a chart of the variances showing their relationships	
	- Indicate the causes of variances	
	- Calculate activity, capacity and efficiency ratios	

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13.0	COSTS AND THE FINANCIAL ACCOUNTS	
	- Explain the integrated accounts	
	- Explain the Inter-locking or non-integrated accounts	
	- Reconcile the costing profit to financial profit	
	- List the advantages and disadvantages of integrated accounts	

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14.0	UNIFORM COSTING	
	- Define uniform costing	
	- State the industries using uniform costing	
	- State the advantages and disadvantages of uniform costing	

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15.0	MISCELLANEOUS AREAS	
	- State the principles of presentation of information to management	
	Define cost control, value analysis, cost reduction, cost audit, notional costs	