

Uniform Costing

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Uniform Costing

- Uniform Costing means the use of same costing principles and practices by the several firms of the same industry.
- When two or more industrial enterprises use the same cost accounting principles and practices, it indicates that they are adopting Uniform Costing System. Uniform Costing refers to the adoption and use of same Costing principles, practices, and procedure by several units of the same industry or several undertakings by mutual agreement.
- Uniform costing refers to a system of costing under which several undertakings use the same costing principles or practices.

Definitions of Uniform Costing

- **I.C.M.A. terminology** defines uniform costing as “the use by several undertakings of the same costing principles and/or practices”.
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- **CIMA, London Terminology** defines uniform costing as “a common system using agreed concepts, principles and standard accounting practices adopted by different entities in the same industry to ensure that they all deal with accounting information in a like manner, the objective being to facilitate inter-firm comparison.”

Objectives of Uniform Costing

- i. To compare and bring uniformity in the procedure for calculation of the cost of production of various enterprises of the same industry.
- ii. To prepare cost statements and reports on a uniform basis.
- iii. To improve production capacity level and efficiency of labour by comparing the production costs of different units of the same industry.
- iv. To know the best system of recording cost data and help member units in improving their current systems.
- v. To encourage exchange of ideas among the member units and make available the benefits to the small size units.
- vi. To compare costs, achieving reduction in cost and improvement in performance, fixing uniform prices, cutting, or eliminating unfair trade practices etc.

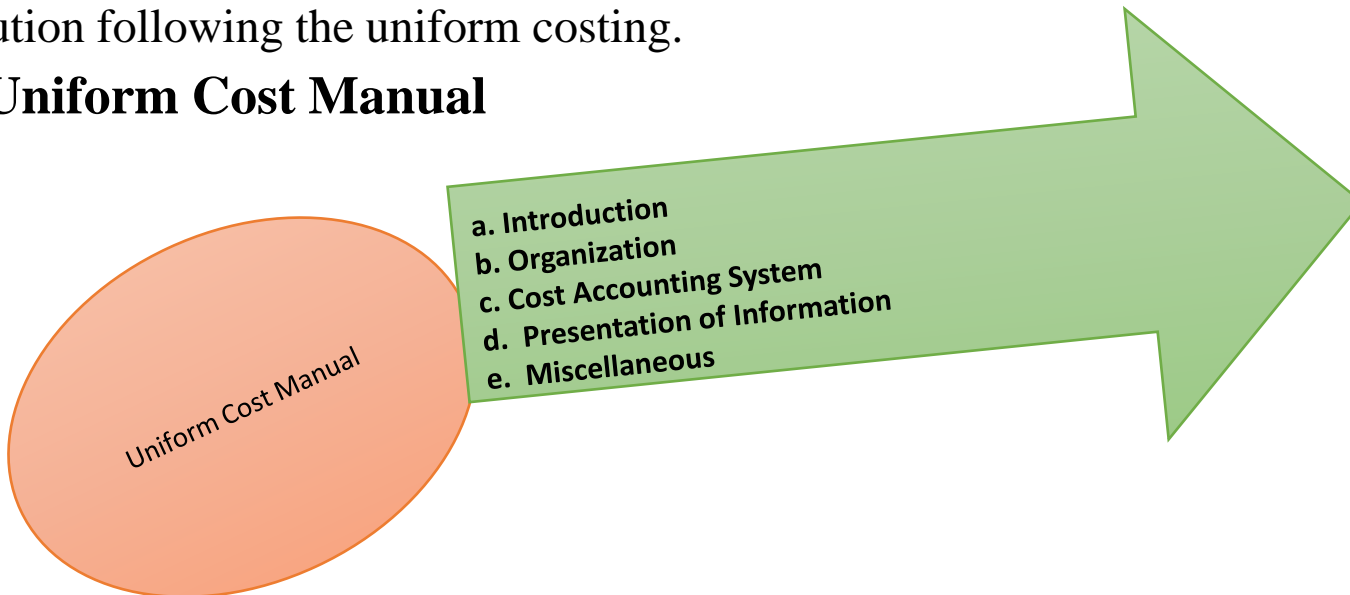
Areas where uniform costing can be implemented

- a. Techniques of Cost control
- b. Methods of Labour Remuneration
- c. Valuation of inventories
- d. Methods used for inventory control
- e. Classification of costs
- f. Methods for apportionment and absorption of overheads
- g. Accounting treatment of Administration overheads, Selling and Distribution overheads.
- h. Treatments of defectives, scrap, and wastages
- i. Selection of proper cost units and cost centers
- j. Methods used for depreciation
- k. Classification and Codification system

Uniform Cost Manual

Uniform Cost Manual is a document which lays down the general accounting principles, procedures and methods for the ascertainment and control of cost. It is a written document implemented by the trade association or by the institution following the uniform costing.

Contents of Uniform Cost Manual



THANK YOU