

Cost Accounting Scope & Objective

	Financial Accounting	Cost Accounting
(i) OBJECTIVE	<p>(i) To find profits/losses over a period of time (generally Annually) at the end of a financial year</p> <p>(ii) To find financial statement of Business Balance Sheet.</p> <p>(iii) To satisfy Needs of stakeholders & Also provide cash flow statement. This is transparent and open.</p> <p>financial Accg. is done at the end of the year</p>	<p>(i) In the beginning of operation. To compute cost of product & selling price of product</p> <p>(ii) Profit (Rev. - Cost) so if Rev. sales is \uparrow & cost \downarrow. But Rev. is \uparrow & cost \downarrow. Reducing cost is Cost Accg. job without compromising the qly.</p> <p>(iii) Cost Accg. is done at the beginning of the year/opn.</p>
FOR WHOM	Management, Stakeholders, Govt, NSE, BSE	Management only. Also govt, if it is sought but it is not divulged by govt.
WHEN	At the end of the year	In the beginning & during the year

(ii) There are many other differences. Above is basic difference. Classification of Cost: Fixed cost, are not dependent on the level of goods or services produced by the business. Fixed costs are expenses that have to be paid by a co., independent of any business activity eg. - rent, insurance premium or loan payment. FC can create 'economies of scale', which are reductions in per unit costs through an increase in production volume. This idea is also referred to as diminishing marginal cost.

Variable cost: costs that change in proportion to the goods or services that a business produces. Common example of VC is direct material cost.

Semi-variable cost: A semi-variable cost, also known as a semi-fixed cost or mixed cost, is a cost composed of a mixture of both fixed and variable components. Costs are fixed for a set level of production & becomes variable after this level is exceeded eg. most institutions have policies regarding max^m no. of students who can be accommodated in a class room for face-to-face tutorials. When no. of students exceed the max^m permissible