*Cost Analysis is all about Evaluating the total costs, fragmenting the elements and leading cost-effective management*

***Getting higher Costs of sales than competitors? Let’s analyse it!***

**Cost Analysis** refers to the organizations’/company’s calculative maths on income & outcome for some determined period of time. It consists of some effective steps that can evaluate the profit. The process of **accounting** and analysis goes through phases such as collection, allocation, effective analysis and steps to increase cost-effective strategies.

Cost analysis rectifies the activities that are not yielding benefits and emphasis on improvising the cost control, determining the price strategies, prompt decision making and more. CapActix is complete solutions point of **outsourcing** cost analysis and controlling for the firms looking for a professional for this domain.

**We follow proven approaches for effective cost analysis as below:**

* Quick analysis after the high-cost occurs
* Performing in an analysis in the areas where costs remain constant
* Performing analysis for acquisitions, to know about their cost structures

With the team of professionals who have worked with manufacturing organization and have extensive experience in cost controlling, CapActix has made **costs** **accounting** and controlling as its specialized service which has benefited many businesses.

**Our cost accounting and analysis function include the following analysis among others:**

**Variance Analysis (Standard Costing)**

Cost variance analysis is a control system. It detects and corrects variances from the expected level.

**The process we follow under Variance Analysis:**

* Determine the variance between an actual and expected cost
* Investigate the causes for the variance
* Reporting to the **management** of variance and its causes
* Advise corrective actions to curtail variances

**Commonly the variance can be split into two elements:**

* Price variance - Difference between actual price and expected price
* Volume variance – Variance caused by a change in the volume of goods or services acquired
* Profit Center and Cost Center Analysis

The organizations experience huge profits and costs at the same time. To scrutinize the complete process of cost evaluation, they are divided into two major centers called a profit center and cost center.

These centers are analyzing and differentiating the profit centers for knowing in-depth insights such as strength, weaknesses, opportunities, and threats. This practice helps CapActix in forming a different strategy for different profit centers considering their inherent characteristic in spite of applying common strategies.

Likewise, the organization’s overall cost can be segregated into various cost centers for analysis and better decision making.

**Break-Even Analysis**

Break-even analysis determines survival point for the business. It categorizes production costs between "variable" (positively correlated to production) and "fixed" (not correlated to production). These costs are compared with sales revenue to determine the level of sales volume or value at which the business has no gain position (the "break-even point").

**Break-even analysis enables a business organization to:**

* Measure profit and losses at different levels of production and sales.
* Predict the effect of changes in sales prices.
* Analyze the relationship between fixed and variable costs.
* Predict the effect of cost and efficiency changes on profitability.

**Contribution Analysis (Marginal Costing)**

Contribution analysis evaluates the contribution made by a product or product line to the profit. It also studies the impact of the internal as well as external factors in the contribution. It explains the effect of contribution on the sales of each unit and fixed costs. Hence, the total contribution in a surplus of total fixed cost becomes the profit.

It can be formulated as “Contribution Margin = Unit selling price of a product – Variable Costs of the product.

**Overhead Analysis**

All cost of the production excluding material and labor cost are called overhead cost in **costs accounting** and analysis.

**In general, the overhead cost can be of two types:**

* Fixed Overhead costs
* Variable overhead costs

Fixed overhead costs are more or less constant in every month regardless of the total outcome. On the variable overhead front, the variable overhead costs may vary with the changes in the total production.

We encounter emphasis on variable cost as per the cost controlling perspectives. The fixed overhead cost controlling is taken into account when budget planning needs to be done. Also, the variable costs are monitored on regular basis.

Industries we serve