

B.Com Part III (Hons paper V)

Meaning of Cost Accounting - Cost Accounting is

the technique and process for ascertaining the cost of production. Cost Accounting came into existence due to some limitations of financial Accounting. These are the following limitations of financial Accounting. Cost Accounting overcame these limitations and gave a "sacred light" in the world of business production.

These are the following limitations:

1. Lack of control on material cost-
2. Lack of control on labour cost-
3. Lack of classification and analysis of expenses
4. Lack of adequate information regarding cost-
5. Difficulties in determining total cost and fixing selling price
6. Lack of comparative cost knowledge.
7. Lack of distinction between more profitable and less profitable units
8. Lack of analysis of profits or losses and their control