Meaning of Cost Accounting, Advantages & Limitations.

Definition of Cost Accountancy

ICMA London has defined Cost Accounting as "the application of costing & cost accounting principles, methods & techniques to the science, art & practice of cost control and the ascertainment of profitability. It includes the presentation of information derived for the purpose of Managerial decision-Making."

Classification of Cost Accountancy

Cost Accountancy

- Costing
- Cost Accounting
- Cost Control.
- Cost Audit

Costing :-

- "It is the technique and process of ascertaining Costs" - ICMA.

- Costing has been defined as the classifying recording and appropriate allocation of expenditure for the determination of costs, the relation of these costs of sales value and ascertainment of probability. - Wheldon.

Cost Accounting : Cost Accounting is the process of A/cing for costs. It begins with recording of income and expenditure and ends with the preparation of periodical statement;

Cost Control : It is exercised through a variety of techniques such as standard costing, budgetary control, Inventory control etc.

Cost Audit : It is the verification of cost accounts and a check on the adherence to the cost accounting plan.".

Cost Unit : Cost unit may be defined as a "quantitative unit of product or service in relation to which costs are ascertained."