

Difference between Financial Accounting and Cost Accounting

	Basis	Financial Accounting	Cost Accounting
(i)	Objective	It provides information about the <i>financial performance</i> of an entity.	Ascertainment of cost for the purpose of <i>cost control and decision making</i> .
(ii)	Nature	It classifies records, present and interprets transactions in monetary terms.	It classifies, costs records, present, and interprets it in a significant manner.
(iii)	Recording of data	It records <i>Historical data</i> .	It makes use of both <i>historical and pre-determined costs</i> .
(iv)	Users of information	The users of financial accounting statements are shareholders, creditors, financial analysts and government and its agencies, etc.	The cost accounting information is generally used by internal management. But sometimes regulatory authorities also.
(v)	Analysis of cost and profit	It shows profit or loss of the organization either segment wise or as a whole.	It provides the cost details for each cost object i.e. product, process, job, contracts, etc.
(vi)	Time period	Financial Statements are prepared <i>usually for a year</i> .	Reports and statements are prepared <i>as and when required</i> .
(vii)	Presentation of information	A <i>set format</i> is used for presenting financial information.	In general, <i>no set formats</i> for presenting cost information is followed.