***Cost Accounting***

**Cost Accounting** is a business practice in which we record, examine, summarize, and study the company’s cost spent on any process, service, product or anything else in the organization. This helps the organization in cost controlling and making strategic planning and decision on improving cost efficiency. Such financial statements and ledgers give the management visibility on their cost information. Management gets the idea where they have to control the cost and where they have to increase more, which helps in creating a vision and future plan.

It is a process via which we determine the costs of goods and services. It involves the recording, classification, allocation of various expenditure and creating financial statements. This data is generally used in financial accounting.

This helps us calculate the costs of the various goods. It also involves a suitable presentation of this data for the purposes of cost control and guidance to the [management](https://www.toppr.com/guides/business-studies/principles-of-management/concept-of-principles-of-management/).

It deals with the cost of every unit, job, process, order, service, etc, whichever is applicable and includes the cost of production, cost of selling and cost of distribution.

## Meaning of Cost

## It is the amount to be paid for a good or service or the resources given in exchange for such good or service.

In commercial terms, the cost is the monetary valuation of the effort, materials, risks and opportunity costs all put together.

Cost is also defined as by the expenditure incurred to produce a given good or service. The cost will be the expenditure that is attributable to something.

Value is measured in terms of the usefulness of the product, the cost is measured strictly in monetary terms.

## Meaning of Costing

Costing is essentially a technique via which we assign or costs to various elements of the business. It is a system of ascertaining costs.

### Features of Cost Accounting

* It is a sub-field in accounting. It is the process of accounting for costs
* Provides data to management for decision making and budgeting for the future
* It helps to establish certain standard costs and budgets.
* provides costing data that helps in fixing prices of goods and services
* Is also a great tool to figure out the efficiency of a unit or a process. It can disclose wastage of time and resources