

B. Com III (Cost Accounting)

* Advantages and Disadvantages of Cost Accounting :-

• Advantages of Cost Accounting :-

- ① Helps in determining the cost of production of a product or service accurately.
- ② Helps in evaluating the performance of different departments and identifying areas for improvement.
- ③ Helps in complying with legal and regulatory requirements related to financial reporting and tax laws.
- ④ Helps in determining the selling price of a product or service.
- ⑤ Provides information for decision-making related to outsourcing, make-or-buy decisions, pricing strategies etc.

• Disadvantages of Cost Accounting :-

- ① Focus on past data :- Cost accounting primarily deals with historical data, which can limit its usefulness in predicting future trends or making strategic decisions.
- ② Limited scope :- Cost accounting typically focuses on the costs associated with producing goods and services.