

Date
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B. Com Part-III

* Disadvantages of Cost Accounting:-

- ① **Complexity** - Cost accounting can be complex and require specialized knowledge, making it challenging for small businesses or organizations with limited resources.
- ② **Time - Consuming** - Cost accounting requires a significant amount of time and efforts to collect and analyze data, prepare reports and perform variance analysis.
- ③ **High cost** - Implementing and maintaining a cost accounting system can be expensive, especially for small businesses or organizations with limited budgets.
- ④ **Difficulty in Assigning costs** - Assigning costs to specific products or departments can be challenging, especially in cases where costs are shared or indirect.
- ⑤ **Limited Accuracy** - Cost accounting data may not always be accurate, as it relies on estimates, assumptions and historical data.