

# Cost Records – Cost Audit – Year 2014-15

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# Cost Records – Cost Accounting System

## Our Journey ....

- **COST RECORDS**
- **History**
- **Present Framework**
- **Issues**
- **Discussion**

## **COSTING - Cma**

- **COST is defined as the resources consumed to accomplish a specified objective.**
- **COST = what you give up ....**

**What next.....**

- **Costs must be measured to ascertain Profit**
- **Process of measuring the costs is Cost Accounting or Costing**
- **Only Explicit Costs are accounted for**

**What do you do...**

- **Record, Summarize and Report Cost Information from transactions.**
- **Drawing Segment wise or product wise data**
- **Conclude whether the product is profitable**

## What is in Cost Records

- **Cost Records imply what**
- **There should be a mechanism to tell periodically what is**
  - **Cost of production or cost of operations, cost of sales and margin for each of its products and activities**

# Benefits to the Industry with Cost Records

- Acts as a Performance Measurement wing of the Enterprise Governance.
- Enables to track down the consumption patterns
- Establishes CONTROL over the costs and ensures COST Optimization
- Avoids cannibalization of profits
- Guides the company in fixation of price
- Forecasting of Expenses at various levels of activities
- Helps in constructing the base for valuation of Inventories
- Assists in discharge of Excise Duty Obligations
- Brings in cost consciousness or Cost Control Culture in the organization
- You Know where you are
- Competitors can be kept in check
- Continuous Improvement
- Better offers to Customers



THANKS

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