

BusinessPlus+ Newsletter

Issue – February 2020

Business Costs Review

Cost control is a detailed process of collecting, analysing, summarising and evaluating various alternative courses of actions. The goal is to advise management of the most appropriate action, based on the cost, efficiency and capabilities within the business. **This can include:**

- Investigating procedures to detect variances of actual cost from budgeted cost.
- Diagnostic procedures to ascertain causes of variances.
- Directive procedures to affect the re-alignment between actual and budgeted costs.

Costing also includes a review of new products and services and looking at various components that go with making a product.

- What do they individually cost?
- What is the effect of the cost of the final product by making various changes, adding something to it, or removing something?

The overall exercise is to determine what the final cost of the product or process will be: can that product or process then be effectively marketed so your business earns a profit? Another field of cost management is in project management, where costs are allocated against the original estimates for a building project or a major construction site.

If you are having difficulties in controlling costs within your organisation, please contact us for a business costs review discussion.

Disclaimer:

Business Plus is distributed monthly by CBSW Tax & Business Advisors to provide information of general interest to our clients. The content of this newsletter does not constitute specific advice. Readers are encouraged to consult their CBSW advisor for advice on any specific business matters.

Providing you
professional
direction



Our liability may be limited by a scheme approved under Professional Standards Legislation.