

## **Costs and revenues**

**Costs and revenues are charged on accounts under accounting classes 5 – Costs and 6 – Revenues.**

**Costs can be defined as inputs into economic activity of the enterprise. Their aim is to be transformed into outputs giving the sense to spent outputs.**

**Revenues are the outputs from economic activity of the enterprise.**

**The difference between revenues and costs is the economic result.**

**Costs and revenues can be divided into three basic groups:**

- 1. Operating costs (accounting groups 50 – 55) – examples: consumed material, consumed services, depreciation, personal costs, etc., and operating revenues (accounting groups 60 – 64) – examples: revenues from sale of goods, products, services, etc.**
- 2. Financial costs (accounting groups 56 – 57) – examples: paid interests, paid fees, etc. and financial revenues (accounting group 66) – examples: cashed interests, cashed dividends, cashed fees, etc.**
- 3. Extraordinary costs (accounting group 58) – examples: damages, costs resulting from changes in accounting procedures, etc., and extraordinary revenues (accounting group 68) – examples: revenues resulting from changes in accounting procedures, insurance benefits, etc.**

**Costs and revenues must be charged in accounting period they are timely related to.**