

COST



# TERMINOLOGY



**CMA VIGNESWAR RK**

**Costing**

# **VARIABLE COST**

The costs that change with  
production volume.



**Costing**

# **FIXED COST**

The costs that remain constant regardless of production levels.



**Costing**



# SEMI-VARIABLE COST

The costs that have both fixed and variable components.

**Costing**



# DISCRETIONARY COST

The costs that can be reduced or eliminated without immediate impact on operations.

**Costing**

# **DIRECT COST**

The costs that can be directly attributed to a product or service.



**Costing**

# INDIRECT COST

The costs that support production but cannot be directly linked to a product.



**Costing**

# SUNK COST

The costs that have already been incurred and cannot be recovered.





**Costing**

# OPPORTUNITY COST

The cost of the next best  
alternative foregone.



**Costing**

# MARGINAL COST

The additional cost of producing  
one more unit.



**Costing**

# **CONTROLLABLE COST**

The costs that can be managed or reduced by decision-making.



**Costing**

# **UNCONTROLLABLE COST**

The costs that cannot be influenced by management in the short run.



**Costing**

# RELEVANT COST

The costs that affect decision-making.



**Costing**

# **IRRELEVANT COST**

The costs that do not impact  
decision-making.



**Costing**

# PRIME COST

The sum of direct material and  
direct labor costs.



**Costing**

# CONVERSION COST

The cost of converting raw materials into finished goods, which includes direct labor and factory overhead.

