COST TERMINOLOGY

Administrative Costs: What the company spends on its support staff and the infrastructure that support staff needs to contribute to the company's success. This includes accounting, legal, human resources, IT, corporate HQ, supplies, etc. Related to Overhead.

Book Cost: a non-cash cost associated with the current value of an item. Book costs incorporate the depreciation, or reduction in value, over time.

Cash Cost: the cost when an actual payment is made, e.g. for a piece of equipment.

Direct Costs: Those costs of producing a product or service. This would include the labor and material that go into creating the product (or service).

Fixed Costs: Costs that a company incurs that are not directly related to volume changes of production. These costs are the same whatever production volume may be.

Incremental Cost: the cost associated with producing one more unit of production.

Indirect Costs: Costs not attributable to a single area but support the entirety of the business, such as shop tools, equipment maintenance.

Landed Cost: Cost of a product that includes shipping costs to where it needs to go. For example, if you buy raw materials at $15/lb but it costs $3/lb to ship them to your factory, the landed cost is $18/lb.

Marginal Cost: the variable cost associated with producing one more unit; related to incremental cost.

Opportunity Cost: the cost associated with picking one alternative and not doing a second alternative.

Overhead: Cost of doing business not directly related to the actual manufacturing process. This includes all costs for corporate staff (generally encompassed in the G&A) and other indirect costs.

Standard Cost: The theoretical cost for the product. It requires assumptions regarding volume, production efficiencies, and product mix.

Sunk Cost: A cost that has occurred in the past and therefore has no real relevance to future costs.

Variable Costs: Costs that a company incurs are are directly related to production volumes. For instance, more product requires more material and usually more labor.

References:
E. Fields, "The Essentials of Finance & Accounting for Non-Financial Managers", Amacon (2002).
S. Godin & P. Lim, "If You're Clueless about Accounting & Finance", Dearborn (1998)