



3.3 Costs and revenues

# Terminology exercise



**Check that you understand the terminology used in this subtopic by dragging the correct word into each space.**

One of the most important business objectives of a for-profit enterprise is to make profit. Profit can be calculated as the difference between total costs and total \_\_\_\_\_.

Costs can be classified as \_\_\_\_\_ costs – which are those costs that do not change with the level of output – and \_\_\_\_\_ costs – which are those costs such as raw material expenses that do vary directly with output.

Also, \_\_\_\_\_ costs refer to those costs which can be clearly identified with the production of one good or a production centre, while \_\_\_\_\_ costs include expenses such as promotional expenditure or accounting and legal expenses that may be shared across goods or production centres.

Adding together the sales revenue and the other revenue streams of a business gives the \_\_\_\_\_ revenue.

indirect

direct

variable

revenues

fixed

total

✓ Check

H-P