

Cost accounting and corporate management

Cost accounting

supports the management of a company by providing information necessary for managing the entire company or individual departments

- Cost accounting **provides information** for...



Costs and Revenues

Costs	are valuated consumption of resources
Revenues	are valuated production of goods

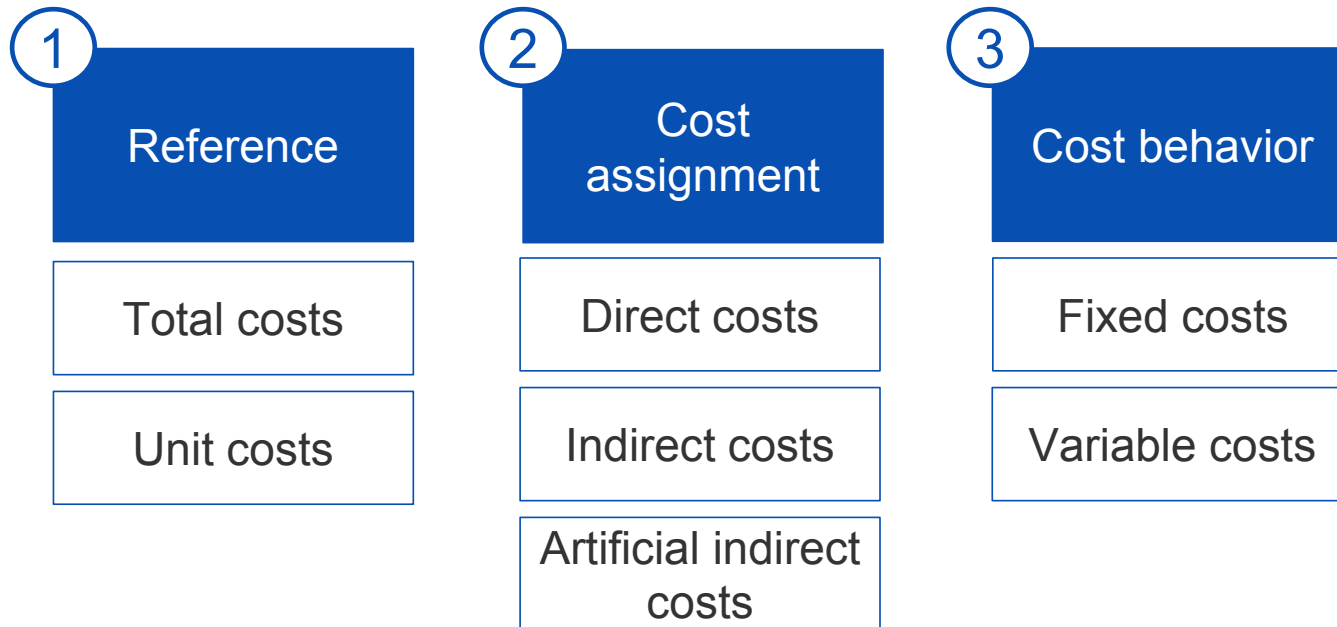
Three conceptual elements contained in the definition of costs and revenues:

- 1 Objective orientation
- 2 Valuation
- 3 Consumption of resources or production of goods

Costs, expenses, cash outflows

Cash outflows			
Cash outflow not affecting shareholder's equity	Cash outflow affecting shareholder's equity		
<i>Repayment of a loan; dividend payment</i> <i>Rent for spare rooms; donation</i> <i>Sale of equipment below book value</i> <i>Destruction of a plant by fire</i>	Expenses		
	<ul style="list-style-type: none"> • Expenses not related to business objectives • Expenses related to other periods • Extraordinary expenses 	Operating expenses	
	Salaries of the employees; material costs	Basic costs	Imputed interest cost
			Imputed costs
Costs			

Cost terms and their meaning



1 Total costs and unit costs

Total costs

Costs that relate to all goods produced within a given period

Unit costs

Costs of a single unit of a particular good

2 Direct costs and indirect costs

Direct costs	Costs that can be traced directly to a cost object (caused by one cost object)
Indirect costs	Costs that cannot be assigned directly to a cost object (caused jointly by several cost objects)
Artificial indirect cost	Costs that could in principal be traced directly to a cost object. However, comparing costs and benefits, companies do not trace them to cost objects

3 Variable costs and fixed costs

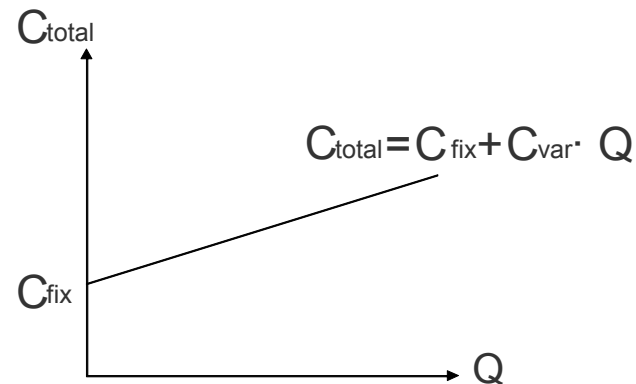
Variable costs

Costs that change when the quantity of a cost driver changes

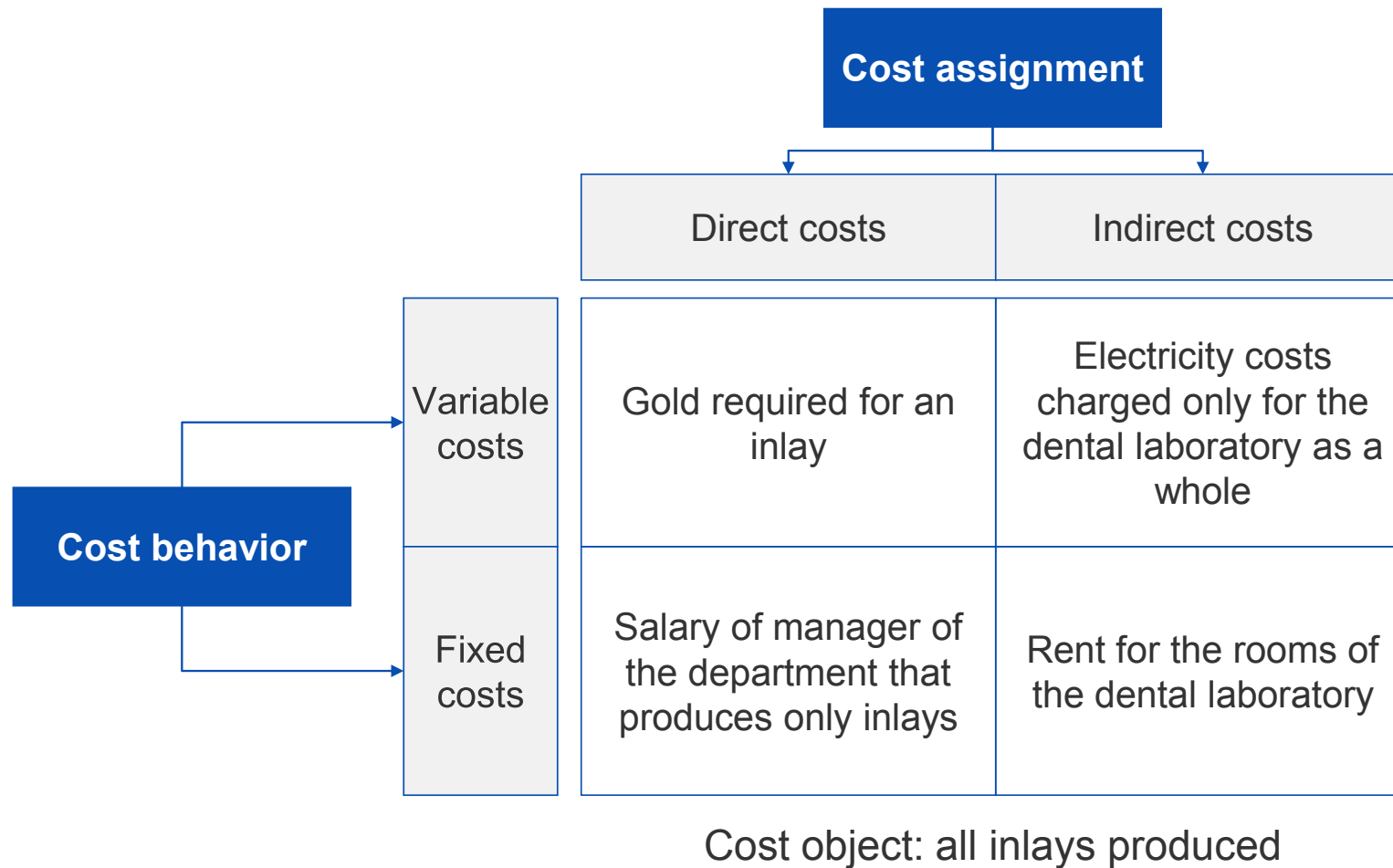
Fixed costs

Costs that remain constant when the quantity of a cost driver changes

Relationship to total costs



2 3 Direct, indirect, fixed and variable costs



Classification of cost types

Classification criterion	Examples
Nature of the input goods	Material costs, personnel costs, machine costs (depreciation, interest), costs for external services
Attributability of costs	Direct costs, indirect costs
Dependence on output variation	Variable costs, fixed costs
Position in value chain	Research and development costs, procurement costs, manufacturing costs, selling and shipping costs, administrative costs
Origin of the input goods	Primary costs, secondary costs

Important cost types

