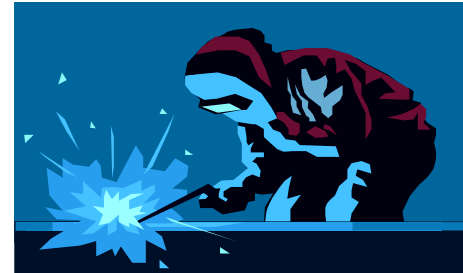


# Chapter 2

## Cost Concept and Cost Behavior

1. Objectives of cost accounting
2. Definition of Cost
3. Classification of costs



- 3.1 Classify costs according to the characteristics of the baking of the product.
- 3.2 Costs according to the nature of production costs
- 3.3 Non-production costs
- 3.4 Cost based on cost behavior
- 3.5 Product Cost and Period Cost
- 3.6 Cost based on cost unit capabilities
- 3.7 Costs according to the nature of responsibility
- 3.8 Cost classification of costs for decision-making.

# Purpose of Cost Accounting

1. To know the cost of production as well as the cost of sales.

(Cost of goods)

2. For Inventory Evaluation

3. To provide information about planning and control decisions.

(Planning and Control)

4. To be used as a tool to analyze problems to make decisions.

(Decision Making)

# Definition of Cost

- Cost refers to the resources of a business that can determine the monetary value that must be lost in exchange for the goods or services to be obtained.

# Costs not related to production

1 Merchandise Costs

2. Marketing or Sales Costs  
(selling Costs)

3. Administrative costs

4. Financing costs

# Mixed Cost Analysis

- 1. The high – low – method
- 2. The scatter-graph method
- 3. The least squares method)

# 1. Maximum - Lowest Way

- Rely on the data of activities at the highest level and data of activities at the lowest level as representatives of the cost classification incurred. To determine the components of fixed and variable costs.

# Product Cost and Period Cost

1. Product costs
2. Period costs

## Cost based on cost unit capabilities

1 Direct cost

2. Indirect costs

## Costs according to the nature of responsibility

1. Direct cost

2. Indirect costs

# Cost Classification for Decision Making

1. Sunk cost

2. Opportunity Cost

3. Differential cost