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## NOTES

50 Important Keywords  
Cost and management account  
Chapter - 1

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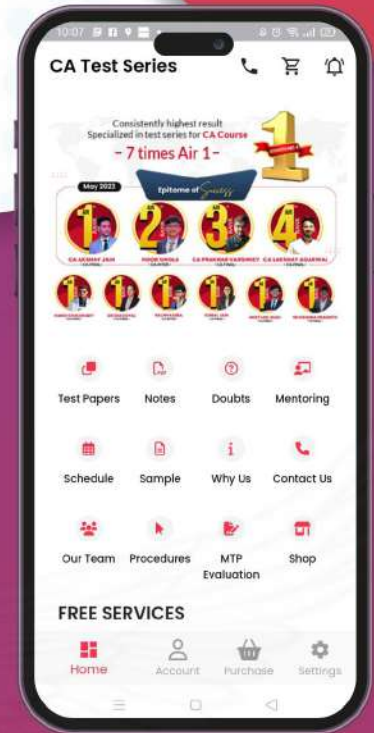
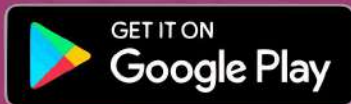


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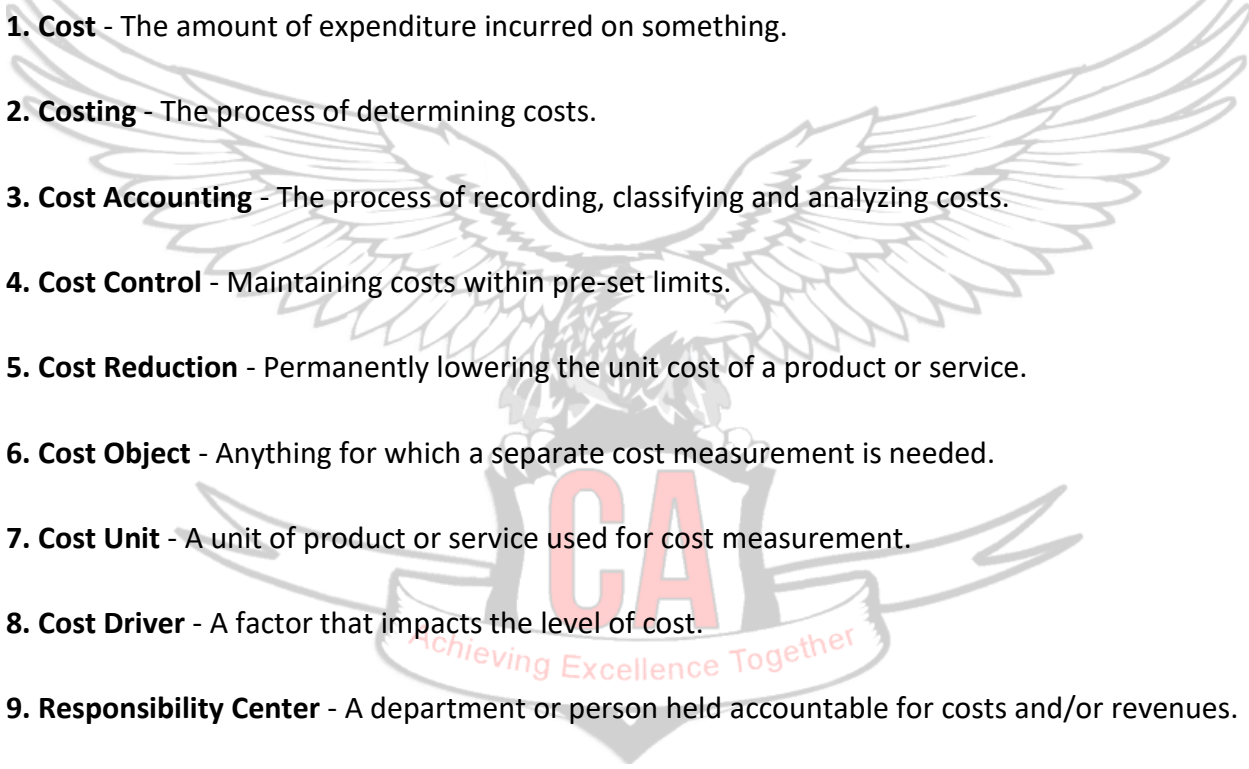


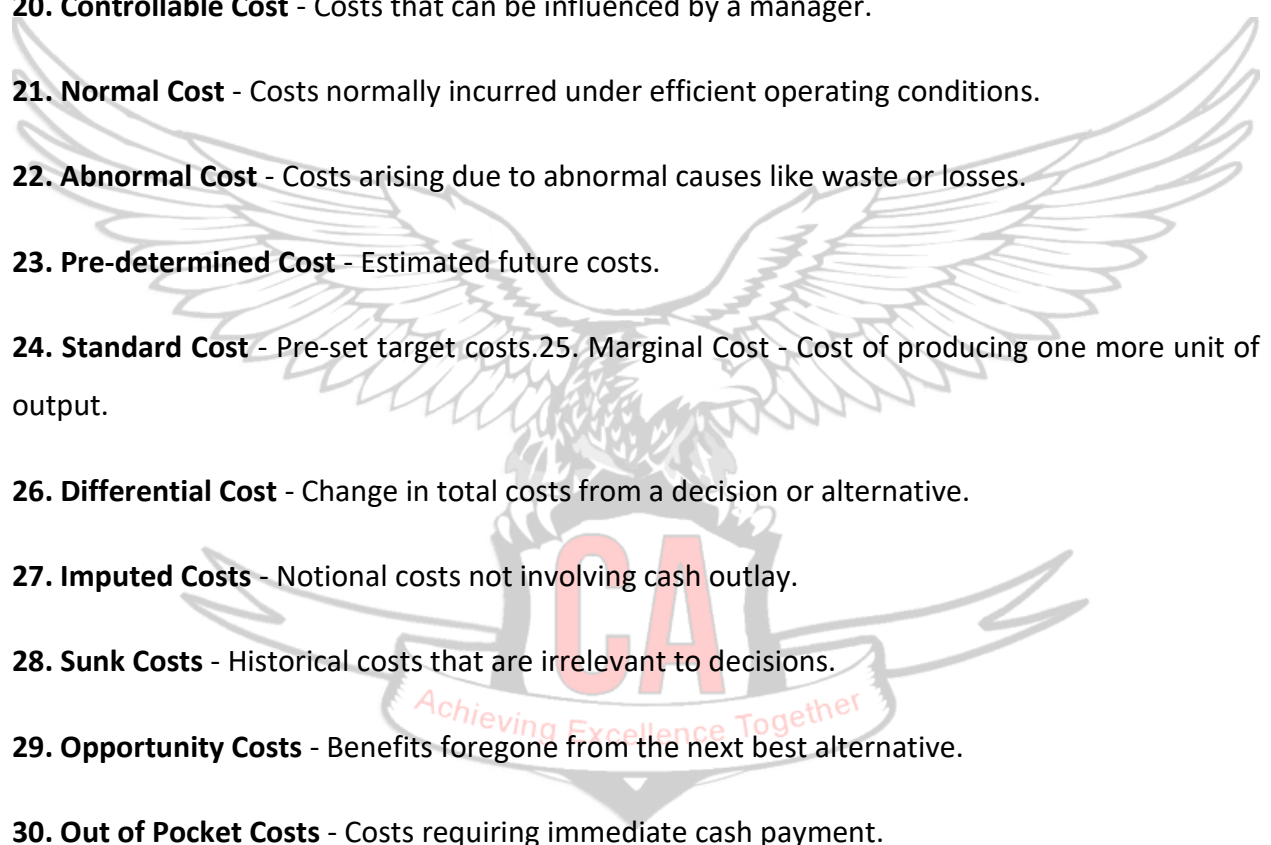
# Cost and Management Accounting

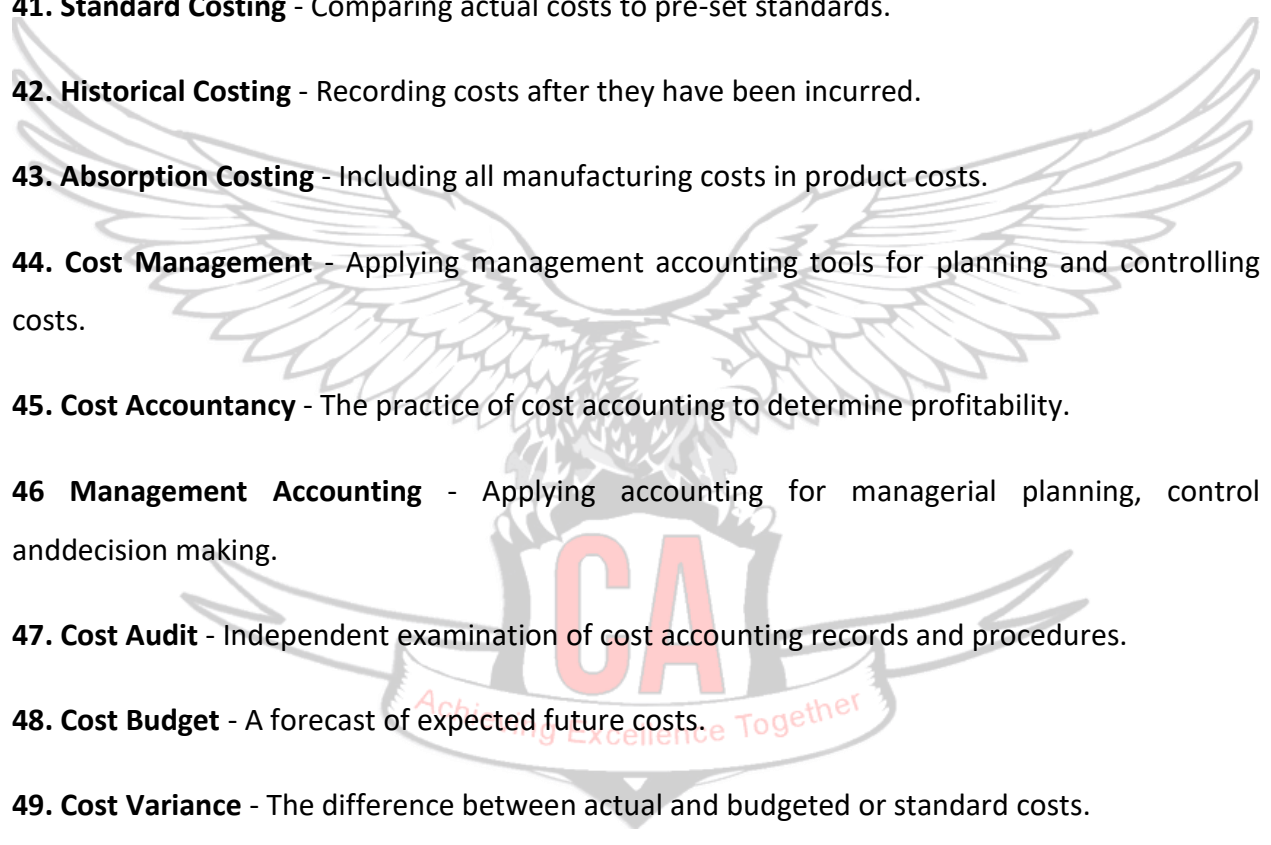
## CH – 1

### Introduction to Cost and Management Accounting

Here are 50 important keywords from the document along with brief one-line explanations:

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- 1. Cost** - The amount of expenditure incurred on something.
  - 2. Costing** - The process of determining costs.
  - 3. Cost Accounting** - The process of recording, classifying and analyzing costs.
  - 4. Cost Control** - Maintaining costs within pre-set limits.
  - 5. Cost Reduction** - Permanently lowering the unit cost of a product or service.
  - 6. Cost Object** - Anything for which a separate cost measurement is needed.
  - 7. Cost Unit** - A unit of product or service used for cost measurement.
  - 8. Cost Driver** - A factor that impacts the level of cost.
  - 9. Responsibility Center** - A department or person held accountable for costs and/or revenues.
  - 10. Cost Center** - Responsible only for costs incurred.
  - 11. Revenue Center** - Responsible only for revenues generated.
  - 12. Profit Center** - Responsible for both costs and revenues.
  - 13. Investment Center** - Responsible for costs, revenues and capital investments.
  - 14. Material Cost** - Cost of materials used in production.

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15. **Labor Cost** - Wages and salaries paid to employees.
  16. **Overhead** - Indirect production costs like rent and utilities.
  17. **Fixed Cost** - Costs that remain constant with activity changes.
  18. **Variable Cost** - Costs that vary directly with activity changes.
  19. **Semi-variable Cost** - Costs that have both fixed and variable components.
  20. **Controllable Cost** - Costs that can be influenced by a manager.
  21. **Normal Cost** - Costs normally incurred under efficient operating conditions.
  22. **Abnormal Cost** - Costs arising due to abnormal causes like waste or losses.
  23. **Pre-determined Cost** - Estimated future costs.
  24. **Standard Cost** - Pre-set target costs.
  25. **Marginal Cost** - Cost of producing one more unit of output.
  26. **Differential Cost** - Change in total costs from a decision or alternative.
  27. **Imputed Costs** - Notional costs not involving cash outlay.
  28. **Sunk Costs** - Historical costs that are irrelevant to decisions.
  29. **Opportunity Costs** - Benefits foregone from the next best alternative.
  30. **Out of Pocket Costs** - Costs requiring immediate cash payment.
  31. **Product Costs** - Costs assigned to production for inventory valuation.
  32. **Period Costs** - Non-manufacturing costs treated as current expenses.
  33. **Single Costing** - Determining the cost of a single product type.
  34. **Batch Costing** - Finding the cost of a group of identical products.
  35. **Job Costing** - Finding the cost of a specialized, unique product.

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- 36. Process Costing** - Finding the cost at each stage of production.
- 37. Operating Costing** - Finding the cost of providing services.
- 38. Contract Costing** - Finding the cost of each project or contract.
- 39. Uniform Costing** - Using a standardized costing method across multiple companies.
- 40. Marginal Costing** - Separating costs into fixed and variable components.
- 41. Standard Costing** - Comparing actual costs to pre-set standards.
- 42. Historical Costing** - Recording costs after they have been incurred.
- 43. Absorption Costing** - Including all manufacturing costs in product costs.
- 44. Cost Management** - Applying management accounting tools for planning and controlling costs.
- 45. Cost Accountancy** - The practice of cost accounting to determine profitability.
- 46. Management Accounting** - Applying accounting for managerial planning, control and decision making.
- 47. Cost Audit** - Independent examination of cost accounting records and procedures.
- 48. Cost Budget** - A forecast of expected future costs.
- 49. Cost Variance** - The difference between actual and budgeted or standard costs.
- 50. Cost Allocation** - Assigning indirect costs to cost objects.