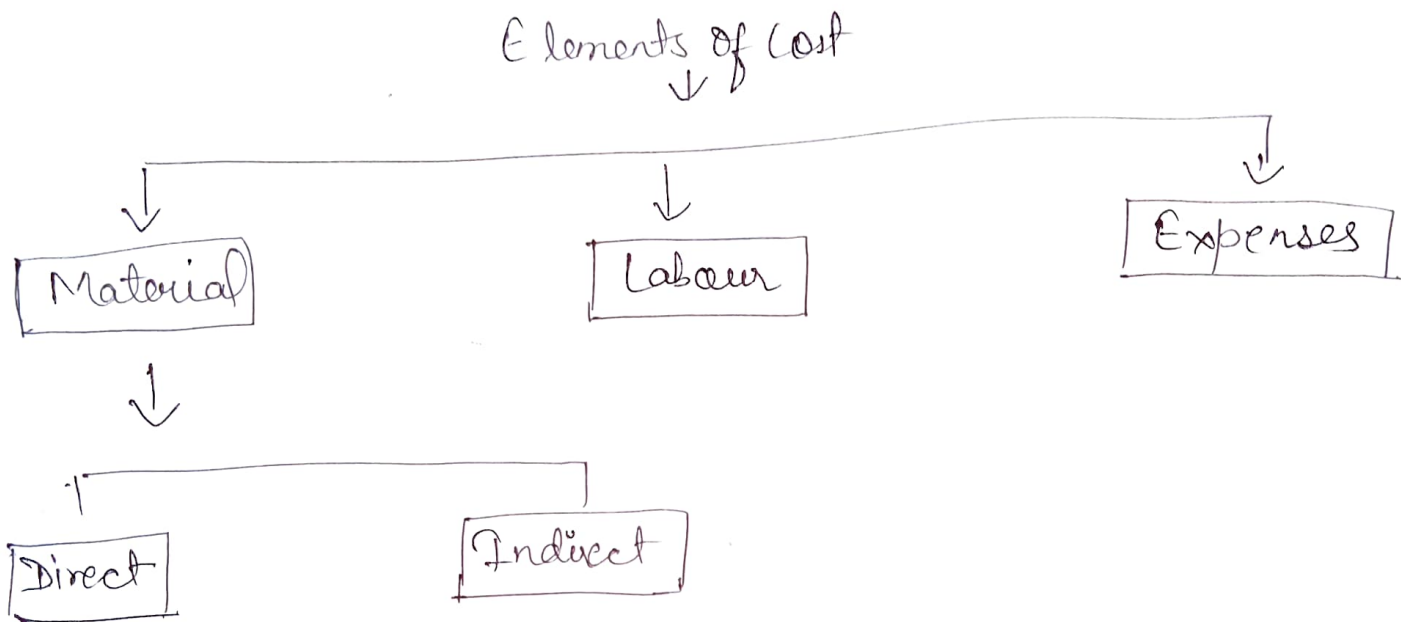


B. Com Part III (Element of Cost)

* There are three broad elements of cost :-



① Material :-

The substance from which the product is made is known as material. It may be in raw, semi-manufactured or a manufactured state. It can be direct as well as indirect.

② Labour :-

For conversion of materials into finished goods, human effort is needed, such human effort is called labour. Labour can be direct as well as indirect.

③ Expenses :-

Any other cost besides material and labour is termed as expense. Expenses may be direct or indirect.