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| **Concept** | **Meaning** | **Source** |
| **DE Materials Subsystem** | Design, production, distribution and reception of course materials to support an agreed upon academic curriculum of awards and courses | Chapter 1 |
| **DE Student Subsystem** | Recruits & enrolls students, registers them on course of their choice, collects feed, allocates them to tutors, provides ongoing advice, arranges assessments, arranges tutorials & other points of contact, maintains their record, organizes graduation ceremonies, provides transcripts & references | Chapter 1 |
| **Budget** | Statement of money it is planned to spend | Chapter 2, Section 1, Budgets |
| **Financial analyses** | Statement of money that was spent | Chapter 2, Section 1, Budgets |
| **Recurrent or Baseline expenditure** | Significant elements of department’s budget are allocated with the understanding that expenditure in one year will be continued in the next year | Chapter 2, Section 2, Recurrent and Non-Recurrent Expenditure |
| **Non-recurrent expenditure** | Expenditure is agreed for only a limited time | Chapter 2, Section 2, Recurrent and Non-Recurrent Expenditure |
| **Capital expenditure** | Non-recurrent expense with useful life > 1 year | Chapter 2, Section 3, Capital and Revenue Expenditure |
| **Revenue or Operating expenditure** | Expenditure that will provide a benefit only during the current accounting period – can be recurrent or non-recurrent | Chapter 2, Section 3, Capital and Revenue Expenditure |
| **Classification of Resources** | 1. Human Resources
2. Premises and Accommodation
3. Equipment and Furniture
 | Chapter 3 |
| **Proxy Price** | When cost is unknown, use cost of a similar item | Chapter 3, Section 2, Premises and Accommodation |
| **Sunk Costs** | Items once purchased are considered as sunk costs and are not relevant for current decision making | Chapter 3, Section 2, Premises and Accommodation |
| **Replacement cost method** | Uses the replacement price on the day of issue of the material from stores – not recommended as price charged to the project does not reflect the actual price | Chapter 3, Section 4, Stocks, Supplies, Consumables and Expenses |
| **Average price method** | Calculates the total price paid for all the items in the inventory and divides this by the number of items in the inventory to arrive at an average price per item | Chapter 3, Section 4, Stocks, Supplies, Consumables and Expenses |
| **first in, first out (FIFO)** | Assumes stores will always issue the oldest stock first | Chapter 3, Section 4, Stocks, Supplies, Consumables and Expenses |
| **Notational Cost** | A range of estimated cost | Chapter 4, Section 1, Cost |
| **Actual Cost** | The actual cost incurred  | Chapter 4, Section 1, Cost |
| **Cost Unit** | A measured amount of product or service used for the expression of the costs of that product or service | Chapter 4, Section 1, Cost |
| **Unit Cost** | Cost of one measure of output | Chapter 4, Section 1, Cost |
| **Cost Centers** | Cost attributed to location, functions or items of equipment | Chapter 4, Section 1, Cost |
| **Total Cost** | Sum of all the costs attributed to the cost unit or cost center under consideration | Chapter 4, Section 1, Cost |
| **Direct Costs** | Costs directly related to creating the finished product | Chapter 4, Section 2, Direct Costs, Indirect Costs, and Overheads |
| **Direct Materials** | Raw materials or components that become part of the finished goods or used with in delivery of OR supplied with final product | Chapter 4, Section 2, Direct Costs, Indirect Costs, and Overheads |
| **Direct Labor** | Cost of work done by people where the work can be attributable to a particular product or service | Chapter 4, Section 2, Direct Costs, Indirect Costs, and Overheads |
| **Direct Expenses** | Items such as subcontracted work or special tools or equipment with a particular product or service | Chapter 4, Section 2, Direct Costs, Indirect Costs, and Overheads |
| **Indirect Expenses** | Costs cannot be directly attributed to one product  | Chapter 4, Section 2, Direct Costs, Indirect Costs, and Overheads |
| **Overhead Costs** | Any cost other than a direct cost | Chapter 4, Section 2, Direct Costs, Indirect Costs, and Overheads |
| **Fixed Costs** | Costs that do not increase or decrease with changes in the level of activity | Chapter 4, Section 3, Fixed Costs, Variable Costs and Semi-Variable Costs |
| **Semi-variable Costs** | Costs that may vary with significant changes in the level of activity | Chapter 4, Section 3, Fixed Costs, Variable Costs and Semi-Variable Costs |
| **Relevant Range** | Range of activity in which costs are unchanged | Chapter 4, Section 3, Fixed Costs, Variable Costs and Semi-Variable Costs |
| **Variable Costs** | Costs directly affected by increase or decrease in activity | Chapter 4, Section 3, Fixed Costs, Variable Costs and Semi-Variable Costs |
| **Marginal Cost** | Cost of adding just one unit of output – usually associated with direct cost (Section 5.4)  | Chapter 4, Section 3, Fixed Costs, Variable Costs and Semi-Variable Costs |
| **Cost Driver** | Anything that, following a change in its volume, causes the overall cost to change | Chapter 4, Section 4, Cost Drivers |
| **Economies of Scale** | Occurs wherever the unit cost of production of goods or services does not rise in direct proportion to the increase in output of the goods or services; variable costs flatten out as economies of scale are reached | Chapter 4, Section 5, Variable Costs, Linearity and Economies of Scale |
| **Committed Costs** | Those that cannot be eliminated or cut back without a major effect on the enterprises objectives or profits | Chapter 4, Section 6, Committed and Managed Costs  |
| **Managed Costs**: | Costs which can be reduced fairly easily without any immediate major disruption to the objectives or profits of the organization | Chapter 4, Section 6, Committed and Managed Costs |
| **Total Cost Formula (Eq 5.1)** | Total cost = Fixed Costs + (Variable Cost Per Unit \* Number of Units) | Chapter 5, Section 2, Average Costs |
| **Average Cost Formula (Eq 5.2)** | Average cost = Total Cost/Number of Units | Chapter 5, Section 2, Average Costs |
| **Average Cost Formula (Eq 5.3)** | Average cost per unit = Variable Cost per unit + (Fixed Cost/Number of Units) | Chapter 5, Section 2, Average Costs |
| **Incremental Cost** | Additional cost of adding an incremental amount of units (> 1) | Chapter 5, Section 4, Marginal Costs |
| **Break Even Point (Eq 5.4)** | Break Even = Fixed Costs/Variable Costs | Chapter 5, Section 5, Break-Even |
| **Break Even Point (2) (Eq 5.5)** | Break Even = (Fixed Costs1 – Fixed Costs2)/(Variable Costs2 – Variable Costs1) | Chapter 5, Section 5, Break-Even |
| **Depreciation** | The monetary value of the wearing out or loss of value of capital goods arising from use, the passage of time and technological or market obsolescence | Chapter 6, Section 1, Depreciation |
| **Written Down Value or Net Book Value** | Subtracting the total depreciation to date from the historical cost  | Chapter 6, Section 1, Depreciation |
| **Social discount rate** | An opportunity cost or value of that which must be given up to acquire or achieve something | Chapter 6, Section 2, Social Discount Rate |
| **Approach to calculating opportunity cost** | Approach for including the opportunity cost in deprecation:1. Determine the replacement value of the item
2. Determine the useful life of the item
3. Divide the replacement value of the item by the number of years of life to obtain the cost of depreciation for each year of use
4. Multiply the undepreciated portion by the interest rate to obtain the opportunity cost of having resources invested in the undepreciated portion of the item
5. Add the annual cost of the depreciation and the annual interest foregone on the remaining investment to obtain the annual cost
 | Chapter 6, Section 2, Social Discount Rate |
| **Annualization Formula (Eq. 6.1)** | Annualization Rate (r,n) = r (1+r)n /(1+r)n - 1Where:R = Prevailing rate of interest expressed a percentageN = Life of capital equipment expressed as a whole number | Chapter 6, Section 3, Annualization Factor |
| **Cost Allocation** | The process of allocating costs that are readily identifiable as belonging to a cost center, product or customer | Chapter 7, Section 1, Direct and Indirect Costs and their Relation to Products and Services |
| **Cost Apportionment** | Dividing overhead across cost centers when direct benefit is not possible or worthwhile | Chapter 7, Section 2, Traditional Management Accounting |
| **Cost Absorption**  | Assigning overhead costs to the products  | Chapter 7, Section 2, Traditional Management Accounting |
| **Cost Objects** | Reasons for performing activities. For example, products, services, customers | Chapter 7, Section 4, Activity-Based Costing |
| **Activity** | The processes or procedures that cause work | Chapter 7, Section 4, Activity-Based Costing |
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