Cost Classification

Accounting & Finance

The ways costs are split, and why each split exists.

Classification and its use.

Split	Types	Used for
By behaviour	Fixed, variable, semi-variable	Break-even, forecasting
By traceability	Direct, indirect	Product costing
By function	Production, admin, selling	Reporting
By relevance	Relevant, sunk, committed	Decisions

Sunk costs are never relevant to a decision. Money already spent cannot be changed by what you choose next.