Expenses

Expense is the cost of service provided to an undertaking and the theoretical cost of the use of owned assets. It is the expenditure other than labour and material. Expenses are also of two types: direct expenses and indirect expenses.

Direct expenses are the expenses that can be directly identified with a unit of output, job, process, or operation. They are specifically incurred for a job, or unit process and in no way they are connected with other jobs or processes. For example, the cost of special patterns, design, or plans for a particular job or work order.

Indirect expenses are expenses other than indirect material and indirect labour, which cannot be directly identified with units of output, job, process, or operation. These expenses are incurred commonly for jobs and processes, for example, rent, power, depreciation, bank charges, advertising etc.