

887 Views | 3 CrossRef citations to date | 0 Altmetric

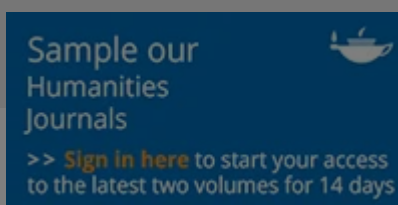
Miscellany

Direct versus absorption costing: A comment

Will T. Baxter *

Pages 89-91 | Published online: 01 Feb 2007

🗨️ Cite this article 🔗 <https://doi.org/10.1080/09585200500033139>



📄 Full Article

🖼️ Figures & data

🗨️ Citations

📊 Metrics

🖨️ Reprints & Permissions

Read this article

We Care About Your Privacy

We and our 845 partners store and/or access information on a device, such as unique IDs in cookies to process personal data. You may accept or manage your choices by clicking below, including your right to object where legitimate interest is used, or at any time in the privacy policy page. These choices will be signaled to our partners and will not affect browsing data. [Privacy Policy](#)

We and our partners process data to provide:

Use precise geolocation data. Actively scan device characteristics for identification. Store and/or access information on a device. Personalised advertising and content, advertising and content measurement, audience research and services development.

[List of Partners \(vendors\)](#)

I Accept

Essential Only

Show Purpose



Direct Versus Absorption Costing: A Comment

WILL T. BAXTER

London School of Economics and Political Science, UK

In November 2003, *Accounting, Business and Financial History* published a notable article on 'Battles in the costing war' by David Dugdale and T. Colwyn Jones. The 'war' was between supporters of direct costing and of absorption costing. Their disputes broke out from time to time in the nineteenth and twentieth centuries, and filled many pages in journals such as *The Cost Accountant* (as it was then). The 'war' was sometimes fierce: the article quotes with relish words such as 'horror', 'passion', 'distress', and 'rising blood pressure'.

The article suggests that neither side has been a clear winner in this war: some firms use direct figures, but absorption costing is probably the most common. Since the topic is important for accountants, some extension of the article's analysis may be useful.

The Roles of 'Cost'

The 'cost' in question is that of a firm's unit of product or activity (here a 'job'). This figure may serve as a measure of value, for example, in financial reporting. And it acts as a handy guide to many decisions. Thus, it can be compared with a product's sale price; if cost of a unit is less than price, the product may be worth making.

A cost not only points to outflow of cash or other assets, but also warns of a job's claims on the firm's productive capacity – and consequent loss of revenue from alternative work.

Direct Costing



Log in

> Accounting

> Log in

Restore content access

> Restore content access for purchases made as guest


Purchase options *

Save for later

PDF download + Online access

- 48 hours access to article PDF & online version
- Article PDF can be downloaded
- Article PDF can be printed


USD 53.00

 Add to cart

Issue Purchase

- 30 days online access to complete issue
- Article PDFs can be downloaded
- Article PDFs can be printed

USD 497.00

 Add to cart

* Local tax will be added as applicable

Related



Information for

- Authors
- R&D professionals
- Editors
- Librarians
- Societies

Opportunities

- Reprints and e-prints
- Advertising solutions
- Accelerated publication
- Corporate access solutions

Open access

- Overview
- Open journals
- Open Select
- Dove Medical Press
- F1000Research
- Help and information
- Help and contact
- Newsroom
- All journals
- Books

Keep up to date

Register to receive personalised research and resources by email

 Sign me up

