

Chart of Difference between Direct and Indirect expenses

Basis of Difference	Direct Expenses	Indirect Expenses
Meaning	The expenses related to the production process or purchase of goods.	The expenses not related to the production process or purchase of goods.
Help in Calculation of	Gross Profit	Net Profit Tutor'sTips.com
Included in the cost of Production	These Expenses are included in the cost of goods sold or produce	These Expenses are not included in the cost of goods sold or produce
Financial Statement	Posted in the trading account	Posted in the Profit and loss account
Related to	These expenses are related to Factory.	These expenses are related to office.
Need	Calculate of these expenses are needed to know the actual cost of production.	Calculate of these expenses are needed to know the actual profit for the year.