

31.201-1 Composition of total cost.

(a) The total cost, including *standard costs* properly adjusted for applicable *variances*, of a contract is the sum of the direct and *indirect costs* allocable to the contract, incurred or to be incurred, plus any allocable cost of money pursuant to [31.205-10](#), less any allocable credits. In ascertaining what constitutes a cost, any generally accepted method of determining or *estimating costs* that is equitable and is consistently applied *may* be used.

(b) While the total cost of a contract includes all costs properly allocable to the contract, the allowable costs to the Government are limited to those allocable costs which are allowable pursuant to [part 31](#) and applicable agency supplements.

Parent topic: [31.201 General](#).