Brief Exercise 1-7

Differential cost: A difference in cost between two alternatives.

Opportunity cost: Potential benefit that is given up when one alternative is selected over another.

Sunk cost: A cost that has already been incurred and that cannot be changed by any decision made now or in the future.

2. Salary of head of Radiology Department – none of the above.
5. Rent on space occupied by radiology – none of the above.