

Assignment number: 1

Cost classification and costing

Use cell references in your formulas instead of copying or copying values.

DO NOT round decimal Excel results to whole units in ALL EXCEL CALCULATIONS!!!

Solved problems

Pillow Corporation Ltd. manufactures three types of pillow cases, namely Standard, XL and Nursing C. A s

1. On the "Pillow" sheet, break down the corporation's total costs into the categories given.
2. Calculate the cost of one unit of output (1 unit of pillow). Use the additional data from item B. on the "F

Separate task

Corporation Profi Ltd. provides two types of consulting services - auditing and tax consulting. A summary o

3. On the "Separately" sheet, break down the total costs of Profi Ltd. into the specified categories.
4. Calculate the cost of one unit of performance (1 hour of consulting service). Use the additional data fr

ummary of its costs for the past reporting period is summarized in the Pillow fact sheet.

Pillow" sheet to do this.

if its costs for the past reporting period is summarized on the "Separate" sheet.

om item B. on the "Separately" sheet to do this.

Pillow s.r.o.

A. Cost for past month

Cost item	Amount	Prime
Standard pillow material	2,800 €	
Energy to power sewing machines	600 €	
Basic salary and health and social insurance of the Managing Director	2,700 €	
Task wages and health and social insurance of seamstresses - XL pillow production	2,380 €	
Cost of statutory audit of financial statements	1,000 €	
Energy for lighting in the production hall	300 €	
Rental of the production hall determined by the price per m2	3,750 €	
Material for the production of XL pillows	2,715 €	
Task wages and health and social insurance of seamstresses - Standard pillow production	4,200 €	
Monthly (time) depreciation of furniture and sewing machines	1,185 €	
Office supplies consumed at the head office	104 €	
Lump sum to bailiff for debt recovery	175 €	
Oil for lubrication of machines	100 €	
Costs for PR and promotion of the company	675 €	
Administrator's basic salary and health and social insurance	1,700 €	
Basic salary and health and social insurance of production foreman	2,330 €	
Invoice for business mediation	1,150 €	
Material for the production of C cushions	3,200 €	
Invoice received for regular transport of material	725 €	
Cleaning of production hall and waste disposal - monthly lump sum	460 €	
Production of special sewing template C - replacement after one month	200 €	
Task wages and health and social insurance of seamstresses - pillow production C	2,240 €	
Total	34,689.00 EUR	

B. Additional data on production and sales for the past month

	Standard	XL
Costs for the past month	2,000 pc.	1,000 pc.
Production volume	1,800 pc.	800 pc.
Sales volume	6 EUR/pc.	15 EUR/pc.
Selling price	15 min./pc.	17 min./pc.

Average production time

Indirect production costs are allocated according to the number of minutes spent in production.

Indirect non-production costs are allocated according to the volume of sales realised.

C. Final calculation per 1 piece

	Standard	XL
Direct costs - material		
Direct costs - wages and CSR		
Other direct		

Total direct costs

Production indirect overheads

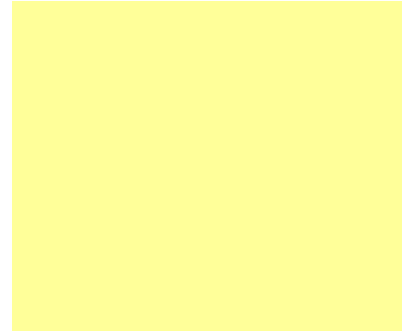
Non-production indirect overheads

Total indirect costs

Total costs

Profit

Selling price



Pillow s.r.o.

A. Cost for past month

Cost item	Amount	Prime	Over
			manuf.
Standard pillow material	2,800 €	2,800.00 €	
Energy to power sewing machines	600 €		600.00 €
Basic salary and health and social insurance of the Managing Director	2,700 €		
Task wages and health and social insurance of seamstresses - XL pillow production	2,380 €	2,380.00 €	
Cost of statutory audit of financial statements	1,000 €		
Energy for lighting in the production hall	300 €		300.00 €
Rental of the production hall determined by the price per m2	3,750 €		3,750.00 €
Material for the production of XL pillows	2,715 €	2,715.00 €	
Task wages and health and social insurance of seamstresses - Standard pillow production	4,200 €	4,200.00 €	
Monthly (time) depreciation of furniture and sewing machines	1,185 €		1,185.00 €
Office supplies consumed at the head office	104 €		
Lump sum to bailiff for debt recovery	175 €		
Oil for lubrication of machines	100 €		100.00 €
Costs for PR and promotion of the company	675 €		
Administrator's basic salary and health and social insurance	1,700 €		
Basic salary and health and social insurance of production foreman	2,330 €		2,330.00 €
Invoice for business mediation	1,150 €		
Material for the production of C cushions	3,200 €	3,200.00 €	
Invoice received for regular transport of material	725 €		725.00 €
Cleaning of production hall and waste disposal - monthly lump sum	460 €		460.00 €
Production of special sewing template C - replacement after one month	200 €		200.00 €
Task wages and health and social insurance of seamstresses - pillow production C	2,240 €	2,240.00 €	
Total	34,689.00 EUR	17,535.00 €	9,650.00 €

B. Additional data on production and sales for the past month

	Standard	XL	Nursing C
Costs for the past month	2,000 pc.	1,000 pc.	500 pc.
Production volume	1,800 pc.	800 pc.	460 pc.
Sales volume	6 EUR/pc.	15 EUR/pc.	32 EUR/pc.
Selling price	15 min./pc.	17 min./pc.	32 min./pc.

Average production time

Indirect production costs are allocated according to the number of minutes spent in production.

Indirect non-production costs are allocated according to the volume of sales realised.

C. Final calculation per 1 piece

	Standard	XL	Nursing C
Direct costs - material	1.40 EUR/pc.	2.72 EUR/pc.	6.40 EUR/pc.
Direct costs - wages and CSR	2.10 EUR/pc.	2.38 EUR/pc.	4.48 EUR/pc.
Other direct			0.40 EUR/pc.
Total direct costs	3.50 EUR/pc.	5.10 EUR/pc.	11.28 EUR/pc.
Production indirect overheads	2.25 EUR/pc.	2.55 EUR/pc.	4.80 EUR/pc.
Non-production indirect overheads	1.20 EUR/pc.	3.00 EUR/pc.	6.40 EUR/pc.
Total indirect costs	3.45 EUR/pc.	5.55 EUR/pc.	11.20 EUR/pc.
Total costs	6.95 EUR/pc.	10.65 EUR/pc.	22.48 EUR/pc.
Profit	-0.95 EUR/pc.	4.36 EUR/pc.	9.52 EUR/pc.
Selling price	6.00 EUR/pc.	15.00 EUR/pc.	32.00 EUR/pc.
Sales	10,800.00 €	12,000.00 €	14,720.00 €
Time in production process	30,000 min.	17,000 min.	16,000 min.

head	Direct			Indi
non-man.	Standard	XL	Nursing C	manuf.
	2,800.00 €			
				600.00 €
2,700.00 €				
		2,380.00 €		
1,000.00 €				
				300.00 €
				3,750.00 €
		2,715.00 €		
	4,200.00 €			
				1,185.00 €
104.00 €				
175.00 €				
				100.00 €
675.00 €				
1,700.00 €				
				2,330.00 €
1,150.00 €				
			3,200.00 €	
				725.00 €
				460.00 €
			200.00 €	
			2,240.00 €	
7,504.00 €	7,000.00 €	5,095.00 €	5,640.00 €	9,450.00 €
34,689.00 €				

Total

3,500 pc.

3,060 pc.

Total	Calculation method		
8,715.00 €	simple division		
8,820.00 €	simple division		
200.00 €	simple division		
17,735.00 €			
9,450.00 €	allocation key	minute	0.15 EUR/pc.
7,504.00 €	allocation key	sales	20.00%
16,954.00 €			
34,689.00 €			
2,831.00 €	ROS	8%	
37,520.00 €			
37,520.00 €			
63,000 min.			

rect	Variable	Fixed
non-man.		
	2,800.00 €	
	600.00 €	
2,700.00 €		2,700.00 €
	2,380.00 €	
1,000.00 €		1,000.00 €
		300.00 €
		3,750.00 €
	2,715.00 €	
	4,200.00 €	
		1,185.00 €
104.00 €		104.00 €
175.00 €		175.00 €
	100.00 €	
675.00 €		675.00 €
1,700.00 €		1,700.00 €
		2,330.00 €
1,150.00 €		1,150.00 €
	3,200.00 €	
		725.00 €
		460.00 €
		200.00 €
	2,240.00 €	
7,504.00 €	18,235.00 €	16,454.00 €
34,689.00 €		34,689.00 €

Profi s.r.o.

A. Cost for past month

Cost item	Amount
Monthly licence for tax return software	850 EUR
Personnel costs attributable to the audit according to the statements of work	35,000 EUR
Depreciation of furniture and office equipment	20,000 EUR
Travel expenses for travel to tax and audit clients	2,100 EUR
Personal costs attributable to tax consultancy as per statements of work	20,000 EUR
Non-billable personal costs - holidays, training, etc.	10,200 EUR
Rent for office space in the city centre	6,000 EUR
Costs of printing and sending tax returns	1,700 EUR
Lump sum cost for cleaning, reception, security of common areas	2,900 EUR
Costs for auditor training	1,500 EUR
Total	100,250 EUR

B. Additional data on production and sales for the past month

	Audit
Total invoiced performances per month	1,240 hours
Selling price	62.50 EUR/hour
Employees reported a total of	1,500 hours
Direct and indirect costs are allocated according to the number of hours billed.	

C. Resulting cost calculation for 1 hour of service provision

	Audit
Direct costs - in kind	1.21 EUR/hour
Direct costs - personnel (salaries and CAP only)	28.23 EUR/hour
Total direct costs	29.44 EUR/hour
Total indirect costs	22.89 EUR/hour
Total costs	52.32 EUR/hour
Profit	10.18 EUR/hour
Selling price	62.50 EUR/hour
ROS	16.28%
	28.226 Kč
	1.210 Kč
	29.435 Kč

Prime	Overhead	Direct		Indirect	Variable
		Audit	Tax consulting		
	850 EUR		850 EUR		
35,000 EUR		35,000 EUR			35,000 EUR
	20,000 EUR			20,000 EUR	
	2,100 EUR			2,100 EUR	
20,000 EUR			20,000 EUR		
	10,200 EUR			10,200 EUR	
	6,000 EUR			6,000 EUR	
	1,700 EUR		1,700 EUR		
	2,900 EUR			2,900 EUR	
	1,500 EUR	1,500 EUR			
55,000 EUR	45,250 EUR	36,500 EUR	22,550 EUR	41,200 EUR	35,000 EUR
100,250 EUR		100,250 EUR			35,850

<u>Taxes</u>	<u>Celkem</u>
560 hours	1,800 hours
75.00 EUR/hour	x
800 hours	2,300 hours

<u>Taxes</u>	<u>Total</u>		
4.55 EUR/hour	4,050 EUR		
35.71 EUR/hour	55,000 EUR		
40.27 EUR/hour	59,050 EUR		
22.89 EUR/hour	41,200 Kč	22.89	EUR/hour
63.16 EUR/hour			
11.84 EUR/hour			
75.00 EUR/hour			
15.79%			

Fixed	
850 EUR	
850 EUR	
0 EUR	