

Assignment number: 1

Cost classification and costing

Solved problems

Pillow Corporation Ltd. manufactures three types of pillows, namely Standard, XL and Nursing C. A summary of the costs for the year is as follows:

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 "Pillow" sheet.

Individual Task

Corporation Profi Ltd. provides two types of consulting services - auditing and tax consulting. A summary of the costs for the year is as follows:

3. On the "Individually" 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 from the "Individually" sheet.

ary 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 "Individually" 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

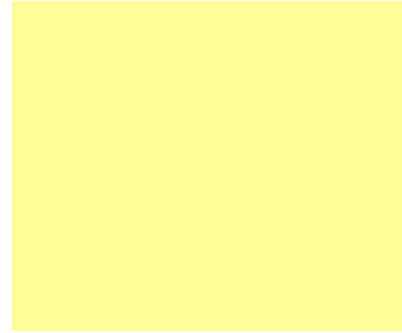
Non-production indirect overheads

Total indirect costs

Total costs

Profit

Selling price



Pillow s.r.o.

A. Cost for past month

Cost item	Amount	Prime	Overhead		Direct			Indirect		Variable	Fixed
			manuf.	non-man.	Standard	XL	Nursing C	manuf.	non-man.		
Standard pillow material	2,800 €	2,800.00 €			2,800.00 €					2,800.00 €	
Energy to power sewing machines	600 €		600.00 €					600.00 €		600.00 €	
Basic salary and health and social insurance of the Managing Director	2,700 €			2,700.00 €					2,700.00 €		2,700.00 €
Task wages and health and social insurance of seamstresses - XL pillow production	2,380 €	2,380.00 €				2,380.00 €				2,380.00 €	
Cost of statutory audit of financial statements	1,000 €			1,000.00 €					1,000.00 €		1,000.00 €
Energy for lighting in the production hall	300 €		300.00 €					300.00 €			300.00 €
Rental of the production hall determined by the price per m2	3,750 €		3,750.00 €					3,750.00 €			3,750.00 €
Material for the production of XL pillows	2,715 €	2,715.00 €				2,715.00 €				2,715.00 €	
Task wages and health and social insurance of seamstresses - Standard pillow production	4,200 €	4,200.00 €			4,200.00 €					4,200.00 €	
Monthly (time) depreciation of furniture and sewing machines	1,185 €		1,185.00 €					1,185.00 €			1,185.00 €
Office supplies consumed at the head office	104 €			104.00 €					104.00 €		104.00 €
Lump sum to bailiff for debt recovery	175 €			175.00 €					175.00 €		175.00 €
Oil for lubrication of machines	100 €		100.00 €					100.00 €		100.00 €	
Costs for PR and promotion of the company	675 €			675.00 €					675.00 €		675.00 €
Administrator's basic salary and health and social insurance	1,700 €			1,700.00 €					1,700.00 €		1,700.00 €
Basic salary and health and social insurance of production foreman	2,330 €		2,330.00 €					2,330.00 €			2,330.00 €
Invoice for business mediation	1,150 €			1,150.00 €					1,150.00 €		1,150.00 €
Material for the production of C cushions	3,200 €	3,200.00 €					3,200.00 €			3,200.00 €	
Invoice received for regular transport of material	725 €		725.00 €					725.00 €			725.00 €
Cleaning of production hall and waste disposal - monthly lump sum	460 €		460.00 €					460.00 €			460.00 €
Production of special sewing template C - replacement after one month	200 €		200.00 €				200.00 €				200.00 €
Task wages and health and social insurance of seamstresses - pillow production C	2,240 €	2,240.00 €					2,240.00 €			2,240.00 €	
Total	34,689.00 EUR	17,535.00 €	9,650.00 €	7,504.00 €	7,000.00 €	5,095.00 €	5,640.00 €	9,450.00 €	7,504.00 €	18,235.00 €	16,454.00 €
				34,689.00 €					34,689.00 €		34,689.00 €

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

	Standard	XL	Nursing C	Total
Production Volume	2,000 pc.	1,000 pc.	500 pc.	3,500 pc.
Sales volume	1,800 pc.	800 pc.	460 pc.	3,060 pc.
Selling price	6 EUR/pc.	15 EUR/pc.	32 EUR/pc.	
Average production time	15 min./pc.	17 min./pc.	32 min./pc.	

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	Total	Calculation method
Direct costs - material	1.40 EUR/pc.	2.72 EUR/pc.	6.40 EUR/pc.	8,715.00 €	simple division
Direct costs - wages and CSR	2.10 EUR/pc.	2.38 EUR/pc.	4.48 EUR/pc.	8,820.00 €	simple division
Other direct			0.40 EUR/pc.	200.00 €	simple division
Total direct costs	3.50 EUR/pc.	5.10 EUR/pc.	11.28 EUR/pc.	17,735.00 €	
Production indirect overheads	2.25 EUR/pc.	2.55 EUR/pc.	4.80 EUR/pc.	9,450.00 €	allocation key
Non-production indirect overheads	1.20 EUR/pc.	3.00 EUR/pc.	6.40 EUR/pc.	7,504.00 €	allocation key
Total indirect costs	3.45 EUR/pc.	5.55 EUR/pc.	11.20 EUR/pc.	16,954.00 €	
Total costs	6.95 EUR/pc.	10.65 EUR/pc.	22.48 EUR/pc.	34,689.00 €	
Profit	-0.95 EUR/pc.	4.36 EUR/pc.	9.52 EUR/pc.	2,831.00 €	ROS
Selling price	6.00 EUR/pc.	15.00 EUR/pc.	32.00 EUR/pc.	37,520.00 €	8%
<i>Supporting data</i>					
Sales	10,800.00 €	12,000.00 €	14,720.00 €	37,520.00 €	
Time in production process	30,000 min.	17,000 min.	16,000 min.	63,000 min.	

Profi s.r.o.

A. Cost for past month

Cost item	Amount
Monthly payment license fee 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 travelling 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	0.06 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	
Direct costs - personnel (salaries and CAP only)	
Total direct costs	
Total indirect costs	
Total costs	
Profit	
Selling price	

Prime	Overhead	Direct		Indirect	Variable
		Audit	Tax consulting		
0 EUR	0 EUR	0 EUR	0 EUR	0 EUR	0 EUR
0 EUR		0 EUR			0 E

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

<u>Taxes</u>	<u>Total</u>

