

Calculation



Cost price calculation and financing

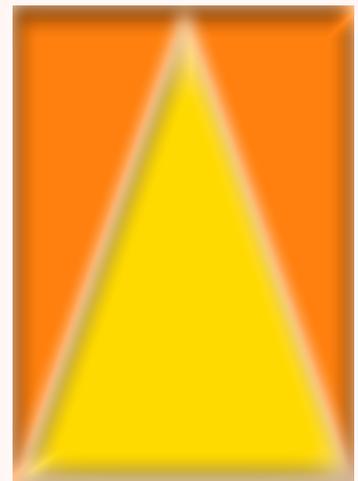
Cost price calculation:

Using a cost calculator to evaluate the price of a Cost Unit regardless of financing.



Financing:

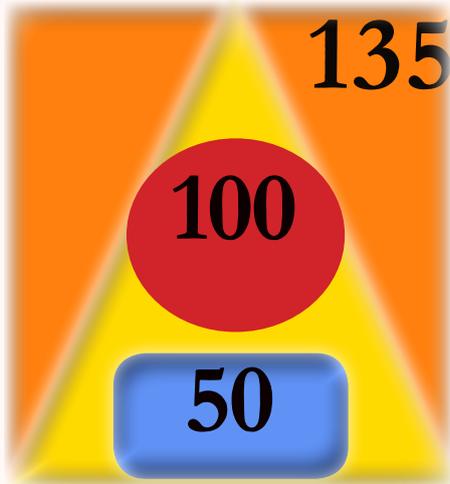
The process of seeking funding from one or more financiers that will amount to the calculated total cost.



Calculation



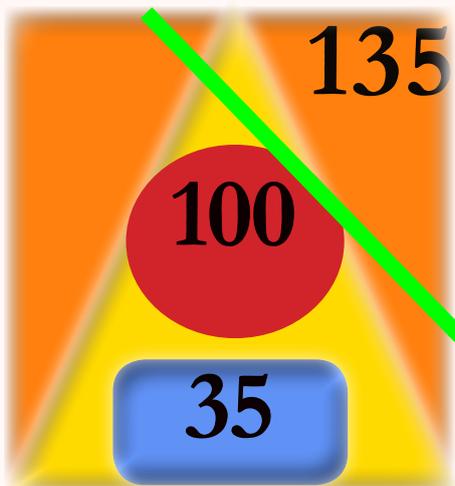
Different ways to account for the result of a Cost Unit



Full cost
accounting

-15

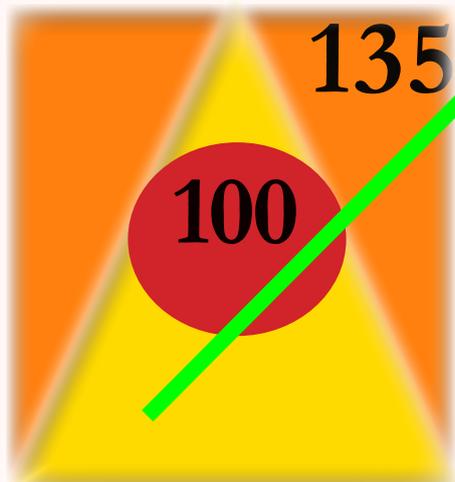
The actual result
is disclosed



Partial cost
accounting

0

A non-factual
result is disclosed



Contribution
accounting

35

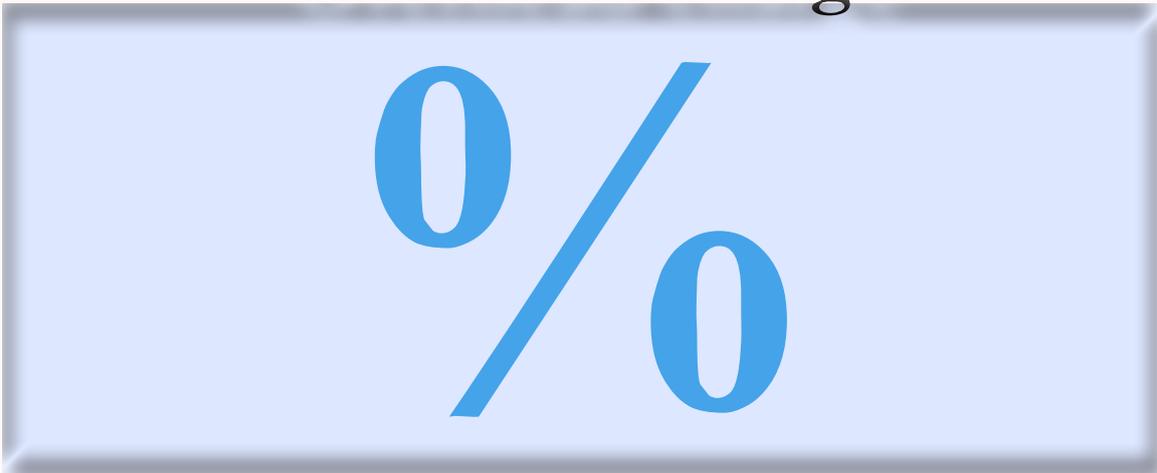
An incomplete result
is disclosed

Calculation



Cost plus pricing

Overhead charge



Direct labour as cost allocation basis



(Alternative cost allocation basis:
Direct labour costs AND direct operational costs)

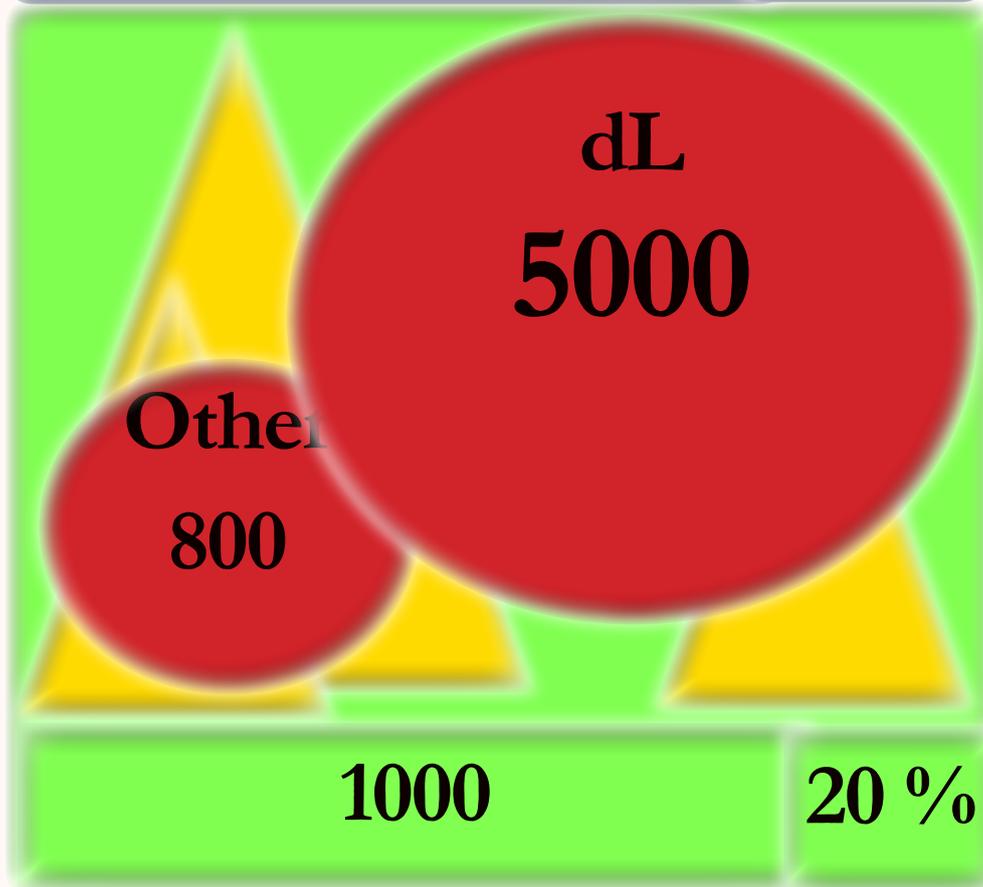
Calculation



Cost plus accounting with a fixed amount - three levels

Fixed amount: 750 15 %

Fixed amount: 600 12 %



The calculation is done at the Department Level

Rate for Central Level costs: $750/5000 = 15 \%$

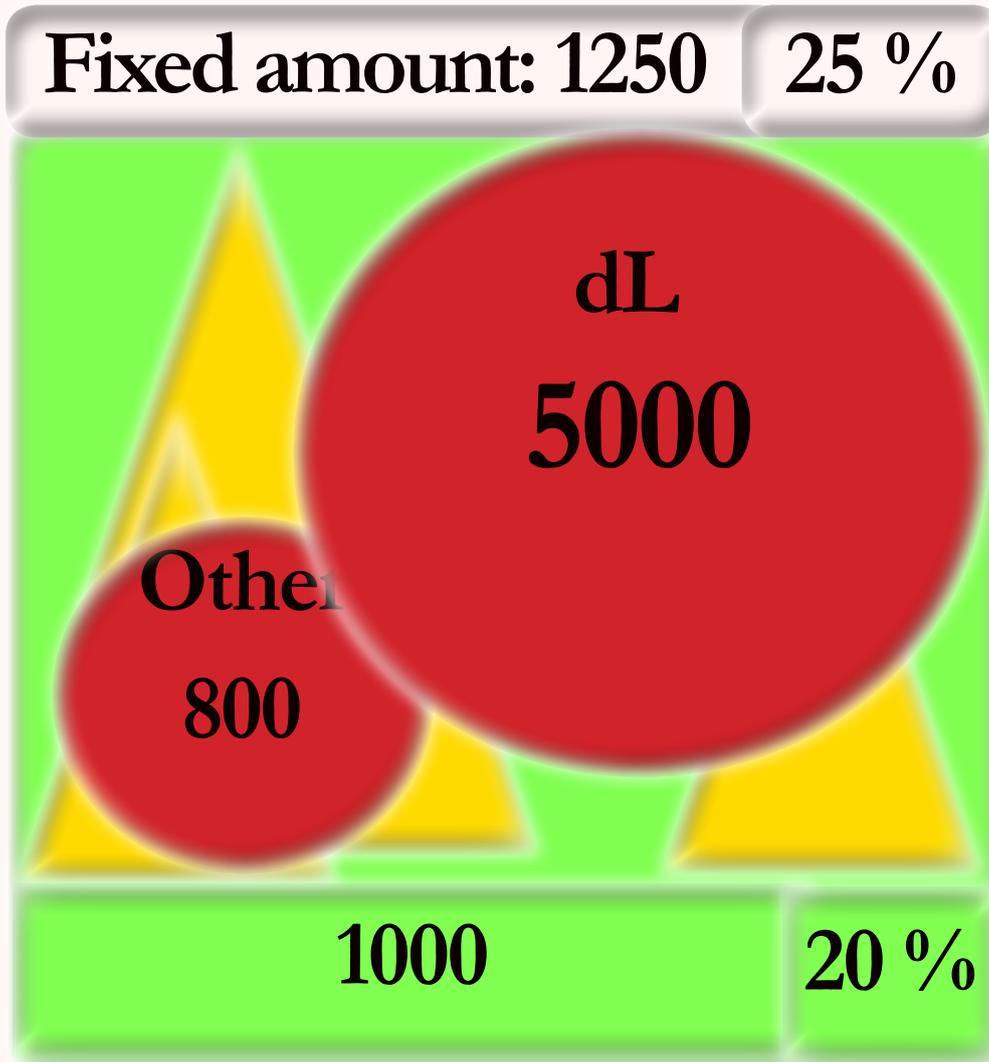
Rate for Faculty Level costs: $600/5000 = 12 \%$

Rate for Department Level costs: $1000/5000 = 20 \%$

Calculation



Cost plus accounting with a fixed amount - two levels



The calculation is done at the Department Level

Rate for Central Level costs: $1250/5000 = 25 \%$

Rate for Department Level costs: $1000/5000 = 20 \%$

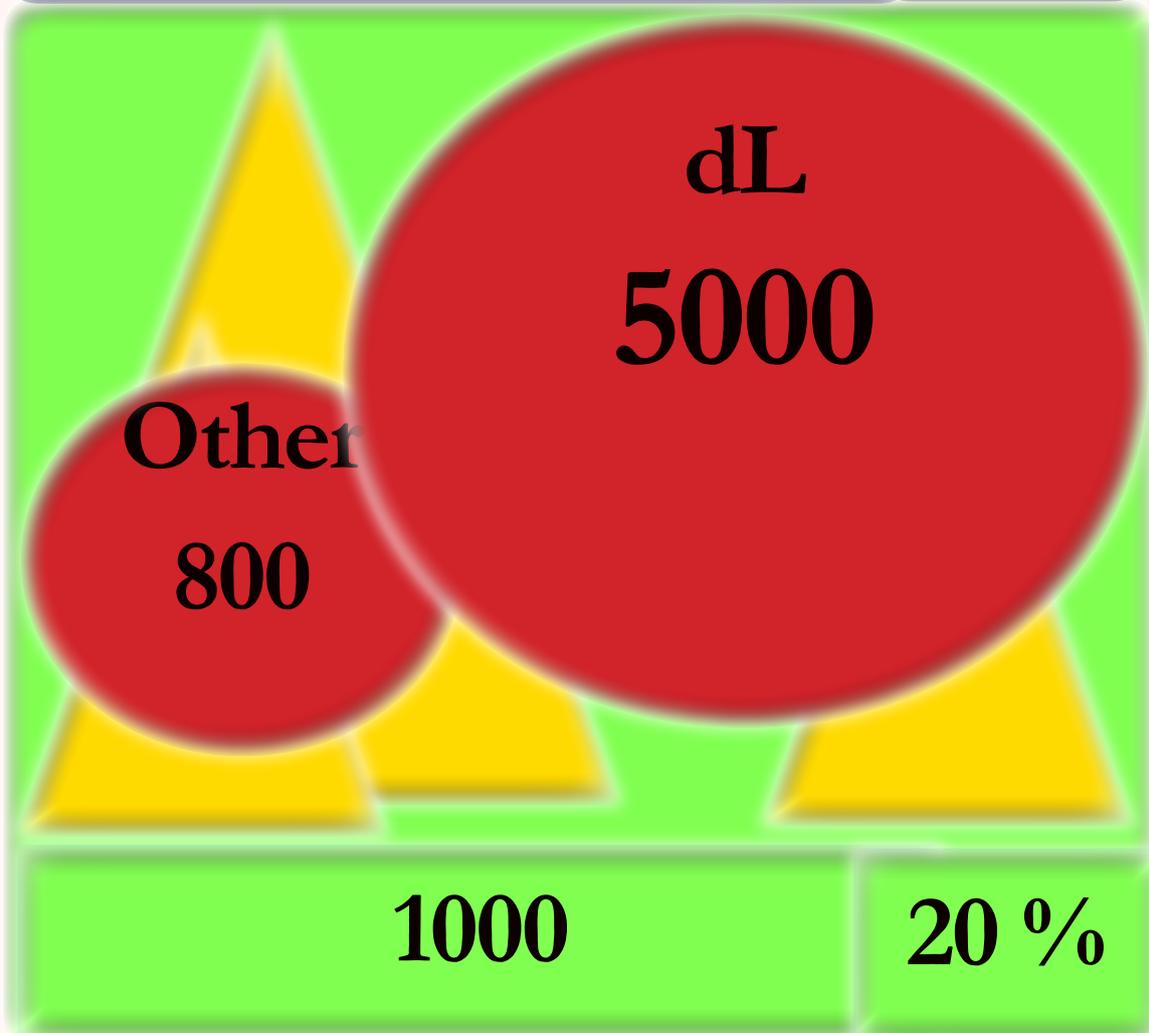
Calculation



**Cost plus accounting
with a percentage rate
- three levels**

Calculation at Central Level **15 %**

Calculation at Faculty Level **12 %**



Calculation at Department Level:

Rate for Department Level costs: $1000/5000 = 20\%$

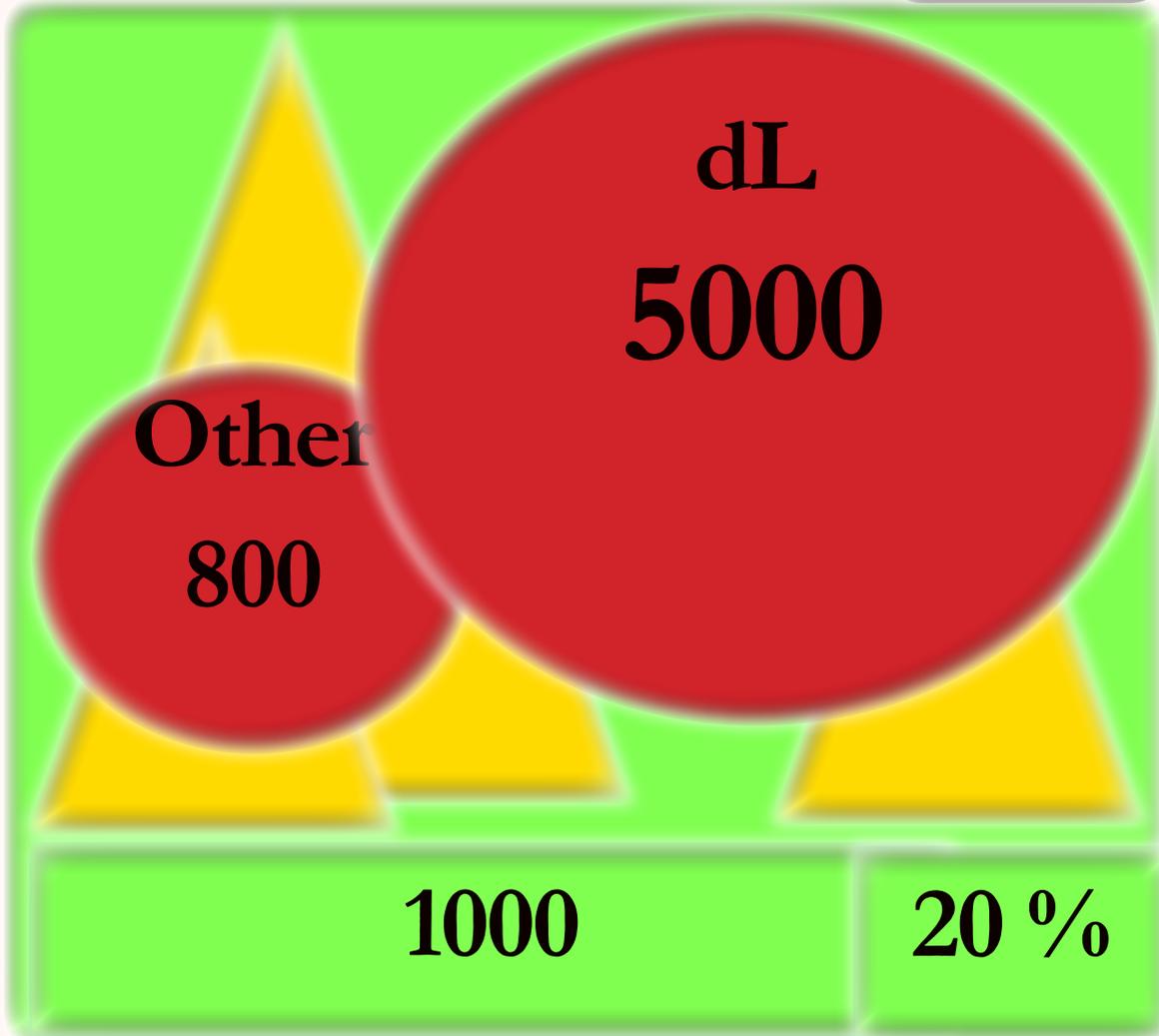
Calculation



**Cost plus accounting
with a percentage rate
- two levels**

Calculation at Central Level

25 %



Calculation at Department Level:

Rate for Department Level costs: $1000/5000 = 20\%$

Calculation



Full cost allocated to a Cost Unit - three levels

dL	400
Other direct	100
Central Level	60
Faculty Level	48
Dptmt Level	80
=	688

Central Level costs
15 %
of 400 = 60

60

Faculty Level costs 12 % of
400 = 48

48

Department Level costs
20 % of 400 = 80

100

80

dL
400

Calculation



Full cost allocated to a Cost Unit - two levels

dL	400
Other direct	100
Central Level	100
Dptmt Level	80
	=680

Central
Level
costs
25 %
of 400 = 100

100

Department Level costs
20 % of 400 = 80

80

100

dL
400