

Report TNB7: Cost Type Accounting

Cost type accounting: Allocation of direct costs and overheads – here material costs

	Total	Overhead	Direct Costs
			Classic
Material Costs			
Input Materials / Parts	21.09	0.00	21.09
Factory Materials	2.00	0.00	2.00

This table shows the costs for the product “Copy Classic”. If more than one cost object (here: product) will be manufactured, there are direct costs for each cost object. In period 0 you only produce the **Copy „Classic“**, however.

Costs for input materials/parts: Report Inventory (quantity used in production in mEUR)

Factory materials (chapter 3.4.4) ($40.000 \cdot 50 = 2$ mEUR)

→ Both can be assigned directly to “Copy Classic” as direct costs.

Report TNB7: Cost Type Accounting

Cost type accounting: Allocation of direct costs and overheads – here Staffing costs

	Total	Overhead	Direct Costs
			Classic
Staffing Costs			
Wages / Salaries (*)	37.46	13.47	23.99
Recruitment / Dismissals / Training	1.83	1.83	0.00
Additional Dismissal Costs	0.00	0.00	0.00
Non-Salary Staff Costs	14.99	5.39	9.60
Pension Reserves	1.87	0.67	1.20

Column with total staffing costs is equivalent to the **total staff costs** from Report No. 4

→ Differences will only occur when overtime costs have to be added to the wages & salaries)

Production causes direct costs which can be directly allocated to the production of one copy machine. The required production staff to produce the products will be considered as **direct staffing costs** (799,66 x 30.000 euro = 23,99 mEUR), plus 40% non salary staff costs and 5% pension reserves.

If you deduct the direct staff costs from the total staff costs you will get **the overhead staffing costs**.

Report TNB7: Cost Type Accounting

Cost type accounting: Allocation of direct costs and overheads – here Depreciation

	Total	Overhead	Direct Costs
			Classic
Depreciation			
Buildings	0.25	0.25	0.00
Production Lines	6.75	6.75	0.00
Environ. Techn.	0.15	0.15	0.00
Finished Products	0.00	0.00	0.00

Costs for depreciation are overhead costs, since they cannot be assigned to one special product.
Buildings: 0.25 m EUR each period (see chapter 3.6.11.1)

Production lines: See THB03 sum of depreciation of all product lines

Environmental technology: the money you invest here is depreciated over 10 years; from THB03 we know that in Period 0 1.50 mEUR were invested
depreciation for one period: $1.50/10 = 0.15$ mEUR

These costs are considered as overhead costs as buildings, productions lines and environmental technology could also be used for other cost objects (products)

Report TNB7: Cost Type Accounting

Cost type accounting: Allocation of direct costs and overheads – here Other Costs (1)

	Total	Overhead	Direct Costs
			Classic
Other Costs			
Other Fixed Costs	3.25	3.25	0.00
Maintenance / Rationalization	7.00	7.00	0.00
Process Optimization	0.00	0.00	0.00
Environmental Tax	1.35	1.35	0.00
Rework / Scrap	1.23	0.00	1.23
Storage Costs	1.25	1.25	0.00
Advertising / Market Research / CI	8.10	2.10	6.00
Other Costs R&D	3.50	0.00	3.50
Transport Costs	1.08	0.00	1.08

- Other Fixed Costs 3.25 mEUR: THB03 sum of other FC for the production lines
- Maintenance/Rationalization: 6.0 mEUR (THB03) plus 1.0 mEUR (fix) for admin (chapter 3.6.11.2)
- Process Optimization (nothing invested yet)
- Environmental tax (Penalty if the Environmental damage indicator is below 100 (chapter 3.4.5))

These costs considered as overhead costs as the production facilities could also be used for other cost objects (products)

Report TNB7: Cost Type Accounting

Cost type accounting: Allocation of direct costs and overheads – here Other Costs (2)

	Total	Overhead	Direct Costs
			Classic
Other Costs			
Other Fixed Costs	3.25	3.25	0.00
Maintenance / Rationalization	7.00	7.00	0.00
Process Optimization	0.00	0.00	0.00
Environmental Tax	1.35	1.35	0.00
Rework / Scrap	1.23	0.00	1.23
Storage Costs	1.25	1.25	0.00
Advertising / Market Research / CI	8.10	2.10	6.00
Other Costs R&D	3.50	0.00	3.50
Transport Costs	1.08	0.00	1.08

- Rework/Scrap: directly allocated to “Copy Classic” as direct costs; (this figure you can’t know in advance – but it is the only cost figure you don’t know exactly) – (see chapter 3.4.3)
- Storage costs: Report THB5

With a good and detailed warehouse management system, storage costs could also be direct costs, but here they are considered as overhead costs

Report TNB7: Cost Type Accounting

Cost type accounting: Allocation of direct costs and overheads – here Other Costs (3)

	Total	Overhead	Direct Costs
			Classic
Other Costs			
Other Fixed Costs	3.25	3.25	0.00
Maintenance / Rationalization	7.00	7.00	0.00
Process Optimization	0.00	0.00	0.00
Environmental Tax	1.35	1.35	0.00
Rework / Scrap	1.23	0.00	1.23
Storage Costs	1.25	1.25	0.00
Advertising / Market Research / CI	8.10	2.10	6.00
Other Costs R&D	3.50	0.00	3.50
Transport Costs	1.08	0.00	1.08

- **Advertising/Market Research/Corporate Identity:**
 - Money spend for marketing (6 mEUR) = direct costs of the advertised product
 - 2.10 mEUR overheads = 2.0 mEUR (for CI) + 0.1 mEUR (for the market research report)
- **Miscellaneous R&D costs 3.5 mEUR:** money spent to increase ecology index (2.5 mEUR) + Value Analysis index (1 mEUR) – are considered as direct costs as consultancy services will be done for the specific cost object
- **Transport costs:** 25 EUR per distributed copy machine; $43.000 \cdot 25 = 1.075.000$ EUR = 1.08 mEUR (chapter 3.1.5) – are considered as direct cost as you know what cost object you have to ship /deliver