

Report TNB9: Cost Unit Accounting

Cost Type Accounting

	Total	Overhead	Direct Costs
			Classic
Material Costs			
Input Materials / Parts	21.09	0.00	21.09
Factory Materials	2.00	0.00	2.00
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	0.87	1.20
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
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
Total	113.14	43.46	69.68
(*) with Overtime Costs			

Cost Center Accounting

	Total	Purchasing	Production	R&D	Sales	Administration
Material Costs						
Input Materials / Parts	0.00	0.00	0.00	0.00	0.00	0.00
Factory Materials	0.00	0.00	0.00	0.00	0.00	0.00
Staffing Costs						
Wages / Salaries (*)	13.47	0.54	1.57	1.54	4.00	5.82
Recruitment / Dismissals / Training	1.83	0.01	1.48	0.03	0.11	0.20
Additional Dismissal Costs	0.00	0.00	0.00	0.00	0.00	0.00
Non-Salary Staff Costs	5.39	0.22	0.63	0.62	1.60	2.33
Pension Reserves	0.67	0.03	0.08	0.08	0.20	0.29
Depreciation						
Buildings	0.25	0.01	0.18	0.01	0.01	0.04
Production Lines	6.75	0.00	6.75	0.00	0.00	0.00
Environ. Techn.	0.15	0.00	0.15	0.00	0.00	0.00
Finished Products	0.00	0.00	0.00	0.00	0.00	0.00
Other Costs						
Other Fixed Costs	3.25	0.00	3.25	0.00	0.00	0.00
Maintenance / Rationalization	7.00	0.00	6.00	0.00	0.00	1.00
Process Optimization	0.00	0.00	0.00	0.00	0.00	0.00
Environmental Tax	1.35	0.00	1.35	0.00	0.00	0.00
Rework / Scrap	0.00	0.00	0.00	0.00	0.00	0.00
Storage Costs	1.25	0.75	0.00	0.00	0.50	0.00
Advertising / Market Research / CI	2.10	0.00	0.00	0.00	2.10	0.00
Other Costs R&D	0.00	0.00	0.00	0.00	0.00	0.00
Transport Costs	0.00	0.00	0.00	0.00	0.00	0.00
Total Costs	43.46	1.56	21.43	2.27	8.53	9.69
(*) with Overtime Costs						

Cost Unit Accounting

Direct Costs from **Cost Type Accounting** and the Total Overhead Costs of the **Cost Centers** will be put together in the **Cost Unit Accounting** to calculate the Cost of Goods Manufactured (CMG) and the Total Costs per Unit

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TOTAL (MEUR)

Cost Center	Allocation	Total	Classic
+ Purchasing	Direct Costs	23.09	23.09
+ Purchasing	Overhead	1.56	1.56
+ Production	Direct Costs	36.01	36.01
+ Production	Overhead	21.43	21.43
= Cost of Goods Manufactured		82.09	82.09
+/- Increase/Decrease in Finished Goods Inventory		5.93	5.93
= Cost of Sales		88.02	88.02
+ R&D	Direct Costs	3.50	3.50
+ R&D	Overhead	2.27	2.27
+ Sales	Direct Costs	7.08	7.08
+ Sales	Overhead	8.53	8.53
+ Administration	Direct Costs	0.00	0.00
+ Administration	Overhead	9.68	9.68
= Cost of Goods Sold		119.07	119.07

- Cost of unit accounting will be done for each cost object, here only „Copy Classic“
- **Costs of Goods Manufactured** are the costs you have to spend to have one product available (either you produce it on your own: then mainly purchasing and production costs or you buy it externally from another supplier: then mainly purchasing and transportation costs (landing costs))

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TOTAL (MEUR)

Cost Center	Allocation	Total	Classic
+ Purchasing	Direct Costs	23.09	23.09
+ Purchasing	Overhead	1.56	1.56
+ Production	Direct Costs	36.01	36.01
+ Production	Overhead	21.43	21.43
= Cost of Goods Manufactured		82.09	82.09
+/- Increase/Decrease in Finished Goods Inventory		5.93	5.93
= Cost of Sales		88.02	88.02
+ R&D	Direct Costs	3.50	3.50
+ R&D	Overhead	2.27	2.27
+ Sales	Direct Costs	7.08	7.08
+ Sales	Overhead	8.53	8.53
+ Administration	Direct Costs	0.00	0.00
+ Administration	Overhead	9.68	9.68
= Cost of Goods Sold		119.07	119.07

- **Cost of Sales** show the total costs if you also consider the value of finished goods you have sold out of the warehouse which were manufactured in previous periods (THB5 Inventory)
- **Costs of Goods Sold** better named **Total Costs** (in order to not get confused with the wording later in the profit and loss statement). Show you the costs if you allocate all costs to you need to the cost object

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TOTAL (MEUR)

Cost Center	Allocation	Total	Classic
+ Purchasing	Direct Costs	23.09	23.09
+ Purchasing	Overhead	1.56	1.56
+ Production	Direct Costs	36.01	36.01
+ Production	Overhead	21.43	21.43
= Cost of Goods Manufactured		82.09	82.09

Costs of Goods Manufactured (Purchasing and Production activities to produce the copy classic are considered). Both – purchasing and production costs will be separated into direct and overhead costs. Direct costs will be taken out of Cost Type Accounting and Overhead costs out of Cost Center Accounting

- Direct purchasing costs: Material costs for “Copy Classic” (costs for required input and factory materials to produce the desired amount of copy classic): here 21.09 mEUR input material + 2 mEUR factory material
- Overhead purchasing costs: All activities that have to be done in the cost centers to get the material. Here, only purchasing activities are considered. Resulting total purchasing overhead costs: 1.56 mEUR
- Direct Production Costs: Wages/Salaries (23.99 mEUR), Non Salary Staff Costs (9.60 mEUR) and Pension Reserve (1.20 mEUR) of the needed staff (799.66 employees) plus the costs of rework (1.23 mEUR): 36.02 mEUR (rounding problem as report shows 36.01 EUR)
- Overhead Production Costs: Total Costs of Cost Center Production: 21.43 mEUR

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TOTAL (MEUR)

= Cost of Goods Manufactured		82.09	82.09
+/- Increase/Decrease in Finished Goods Inventory		5.93	5.93
= Cost of Sales		88.02	88.02
+ R&D	Direct Costs	3.50	3.50
+ R&D	Overhead	2.27	2.27
+ Sales	Direct Costs	7.08	7.08
+ Sales	Overhead	8.53	8.53
+ Administration	Direct Costs	0.00	0.00
+ Administration	Overhead	9.68	9.68
= Cost of Goods Sold		119.07	119.07

Cost of Goods Sold: All additional direct and overhead costs of the other departments / cost centers will be added. Direct costs will be taken from the report “cost type accounting”, and overhead costs from the report “cost center accounting”. Additionally the value of the sold units from the warehouse (3.000 units with a value of 5.93 mEUR) will be added as costs, here.

- R&D: Direct costs (3.5 mEUR consultancy expenses), Overhead costs: 2.27 mEUR
- Sales: Direct costs (6 mEUR marketing + 1.075 transportation), Overhead costs: 8.53 mEUR
- Administration: Direct costs (do not exist), Overhead costs: 9.58 mEUR

If you add these costs to the Costs of Goods Manufactured of 82.07 mEUR you get the total costs of 119.07 mEUR (these costs were already visible as total costs in the cost type accounting)

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PER UNIT (EUR)

Cost Center	Allocation	Classic
+ Purchasing	Direct Costs	577.27
+ Purchasing	Overhead	38.95
+ Production	Direct Costs	900.37
+ Production	Overhead	535.64
= Cost of Goods Manufactured (*)		2,052.23
= Cost of Sales (**)		2,046.86
+ R&D	Direct Costs	81.40
+ R&D	Overhead	52.80
+ Sales	Direct Costs	164.53
+ Sales	Overhead	198.26
+ Administration	Direct Costs	0.00
+ Administration	Overhead	225.17
= Cost of Goods Sold (**)		2,769.02

- **Cost of Good Manufactured (CGM):** If you divide the total costs of 82.09 mEUR by the **production volume** of 40.000 units, you will get the **CGM per unit**
- **Costs of Goods Sold and Costs of Sales.** If you divide the total costs of 119.07 mEUR by the **sales volume** of 43.000 units, you will get the Cost of Sales or **Total Costs per unit**.