

Unit costing

Unit costing calculates the cost of sales and the sales revenues for one single selling unit. For this, the percentage surcharges are needed.

Task 2

Skirty Plc trades in skirts. Cost of materials is £30. What will be the gross selling price for each skirt if there is a regular discount of 10% and a cash discount of 2%? Think of the valued-added tax (VAT) too, which is 7.7%. Calculate by completing the following table (all in £).

	Cost of materials	30.00	100%	———
+	Overheads	15.00	50%	———
=	Cost of sales	45.00	150%	100%
+	Net profit	4.50	———	10%
=	Sales price	49.50	98%	110%
+	Cash discount	1.01	2%	———
=	Net selling price (Invoice price)	50.51	100%	90%
+	Discount	5.61	———	10%
=	Gross selling price excl. VAT	56.12	———	100%
+	VAT	4.32	———	7.7%
=	Gross selling price incl. VAT	60.44	———	107.7%