

## 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 8.1%. Calculate by completing the following table (all in £).

	Cost of materials	30.00	100%	———
+	<b>Overheads</b>	15.00	<b>50%</b>	———
=	Cost of sales	45.00	<b>150%</b>	100%
+	<b>Net profit</b>	4.50	———	<b>10%</b>
=	Sales price	49.50	98%	<b>110%</b>
+	Cash discount	<b>1.01</b>	<b>2%</b>	———
=	Net selling price (Invoice price)	50.51	100%	90%
+	Discount	5.61	———	<b>10%</b>
=	Gross selling price excl. VAT	56.12	———	100%
+	<b>VAT</b>	<b>4.55</b>	———	<b>8.1%</b>
=	Gross selling price incl. VAT	<b>60.67</b>	———	<b>108.1%</b>