



## Sample Costing Worksheet to a Buyer

ITEM	Sub-total	Total
<p><b>Manufacturing Costs</b></p> <ul style="list-style-type: none"> <li>+ Export packaging (depending on mode of transport)</li> <li>+ Profit margin</li> <li>- Discounts/rebates/volume discounts/sales commission</li> </ul> <p><b>= Selling price ex works (EXW)</b></p> <ul style="list-style-type: none"> <li>+ Transport costs from plant to place of loading (train/truck)</li> </ul> <p><b>= Selling price free carrier (FCA)</b></p> <ul style="list-style-type: none"> <li>+ Transport costs from place of loading to shipping port</li> <li>+ Unloading at harbour</li> <li>+ Transport insurance to shipping port</li> </ul> <p><b>= Selling price free alongside ship (FAS)</b></p> <ul style="list-style-type: none"> <li>+ Storage costs, terminal handling charge (THC), loading onto ship</li> <li>+ Costs for export clearance</li> <li>+ Commission of port agent</li> </ul> <p><b>= Selling price free on board (FOB)</b></p> <ul style="list-style-type: none"> <li>+ Freight to port of destination</li> </ul> <p><b>= Selling price cost and freight (CFR)</b></p> <ul style="list-style-type: none"> <li>+ Insurance</li> </ul> <p><b>= Selling price cost, insurance, freight (CIF)</b></p> <ul style="list-style-type: none"> <li>+ Additional costs for full transport insurance</li> </ul> <p><b>= Price ex ship (DES)</b></p> <ul style="list-style-type: none"> <li>+ Costs of import clearance</li> <li>+ Unloading, THC</li> <li>+ Costs for documents (ie delivery order)</li> </ul> <p><b>= Selling price delivered ex-quay (DEQ)</b></p> <ul style="list-style-type: none"> <li>+ Land transport costs to nominated destination</li> <li>+ Full transport to destination</li> </ul> <p><b>= Selling price delivered duty unpaid (DDU)</b></p> <ul style="list-style-type: none"> <li>+ Costs of customs duty</li> </ul> <p><b>= Price delivered duty paid (DDP)</b></p>		

### Important Notes and Considerations

1. What will the market bear and what is the marketing strategy for the product?
2. Bulk buying/increased buying due to increased sales.
3. Increased efficiency of labour due to high-volume production.
4. Possibility of reduction of export price if fixed overhead costs are already included and completely covered by domestic sales (marginal costing).
5. Export incentive rebate.
6. Agent's commission, finance cost, export credit insurance premium and profit margin should be included in Ex Works price.

### Sample Cost-Plus Calculation of Product Cost

Factory price		\$7.50	\$7.50
Domestic freight		\$0.70	\$0.70
	Sub-total	\$8.20	\$8.20
Export documentation			\$0.50
	Sub-total		\$8.70
Ocean freight and insurance			\$1.20
	Sub-total		\$9.90
Import duty (12% of landed cost)			\$1.19
	Sub-total		\$11.09
Wholesaler mark-up (15%)		\$1.23	
	Sub-total	\$9.43	
Importer/distributor mark-up (22%)			\$2.44
	Sub-total		\$13.53
Retail mark-up (50%)		\$4.72	\$6.77
<b>Final consumer price</b>		<b>\$14.15</b>	<b>\$20.30</b>

*Source: Austrade Canada, Tradeport and Australian Business Limited.*