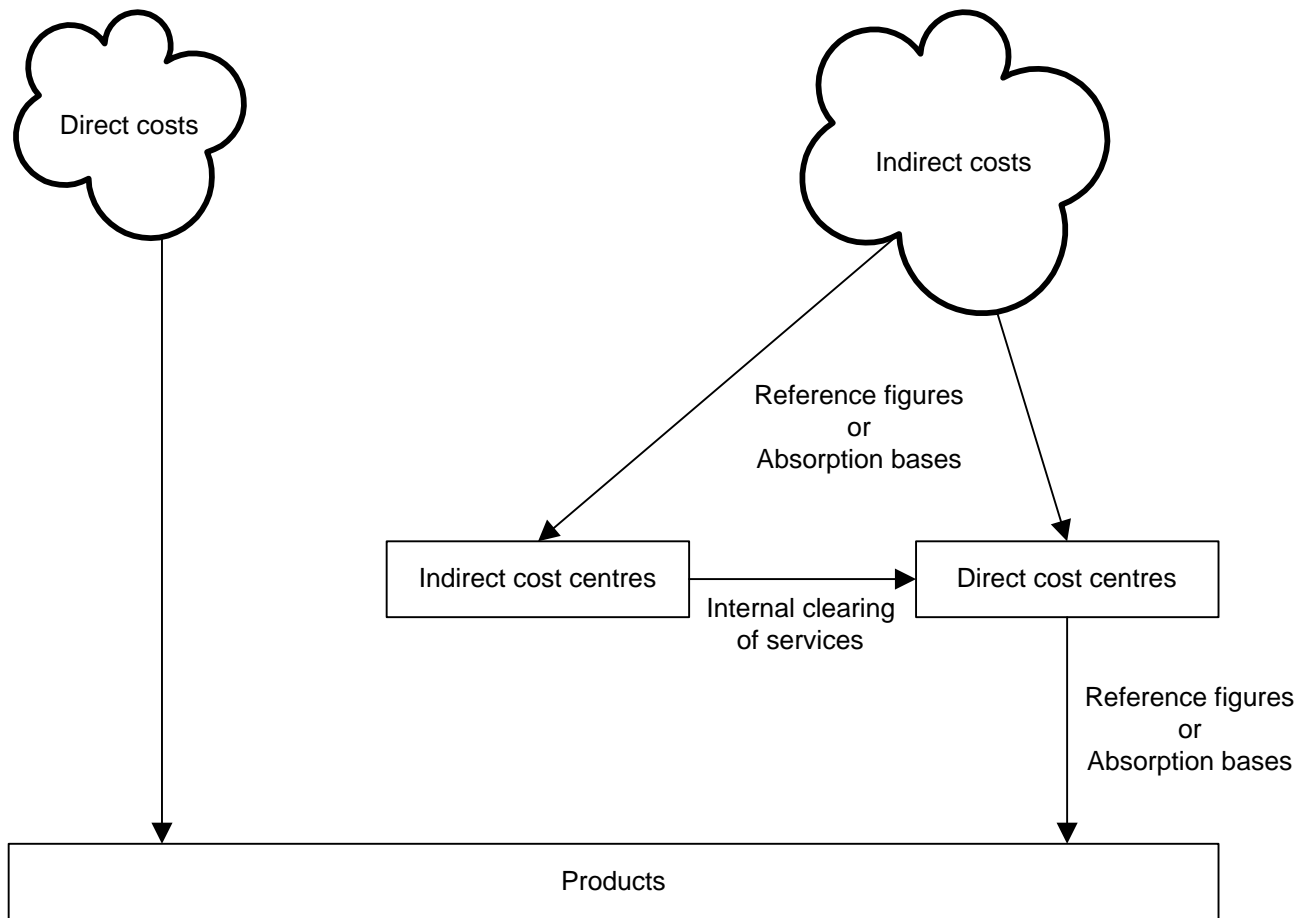


Assigning Costs to Products



Cost centre	=	Organizational unit with responsibility for costs
Indirect cost centre	=	Cost centre the cost of which cannot be attributed directly to products
Direct cost centre	=	Cost centre the cost of which can be attributed directly to products
Reference figure	=	Object representing a scale for attributability of overheads [units of quantity]
Absorption base	=	Object representing a scale for attributability of overheads [currency units]
Rate of overhead absorption	=	$\frac{\text{Overheads related to a specific reference figure or to an absorption base}}{\text{Total units of reference figure or value of absorption base}}$

Wide-spread use of overhead absorption rates in cost planning:

Planned overheads	=	Current rate of overhead absorption × planned units of reference figure
Planned overheads	=	Current rate of overhead absorption × planned value of absorption base

Underlying assumption:

Overheads related to a specific reference figure	~	Total units of reference figure
Overheads related to a specific absorption base	~	Total value of absorption base