

How to calculate the cost-price of an apparel item?

[Factory name]					
Monthly direct labour costs		Monthly indirect labour costs		Monthly overhead costs	
Category 1 monthly wage	\$250,00	Category 1 monthly wage	\$600,00	Rent	\$2.000,00
Number of employees	85	Number of employees	6	Energy	\$900,00
Category 2 monthly wage	\$400,00	Category 2 monthly wage	\$700,00	Insurance	\$100,00
Number of employees	10	Number of employees	5	Tax	\$100,00
Category 3 monthly wage	\$500,00	Category 3 monthly wage	\$1.000,00	Other costs	\$1.000,00
Number of employees	5	Number of employees	3		
Category 4 monthly wage		Category 4 monthly wage			
Number of employees		Number of employees			
Total monthly direct labour cost	\$27.750,0000	Total monthly indirect labour cost	\$10.100,0000	Total monthly overhead cost	\$4.100,0000

Legend


SAM Standard Allowed Minutes
 CM Cut & Make
 FOB Free on Board

Background info on cost-calculation can be found in the study
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Disclaimer

This costing sheet is an example and should be used as such. CBI is not responsible or liable in any manner for any outcomes that are the result of using this sheet.

Step 1: available working minutes at the factory		Step 2: available working minutes at the factory		Step 3: available working minutes		Step 4: SAM		Step 5: CM-price based on SAM	
Working days / month for 1 employee (direct labour)	24	Direct labour costs / year	\$333.000,00	Direct labour costs / working minute	\$0,03	SAM	25	SAM * working minute price	\$1,30
Working days / month * number of employees (direct lab	2.400	Indirect labour costs / year	\$121.200,00	Indirect labour costs / working minute	\$0,01	Efficiency loss percentage	25,00%	CM profit percentage	20,00%
Daily working hours	7	Overhead costs / year	\$49.200,00	Overhead costs / working minute	\$0,00				
Monthly available working hours	16800								
Monthly available working minutes	1008000								
Total monthly available working minutes	12096000	Total yearly working cost	\$503.400,0000	Total break-even price for 1 working mir	\$0,0416	Total SAM	31,25	CM-price	\$1,5606

[Product name]		Fabric cost		Packing material cost		Trim cost	
		Consumption	1,65	Polybag / item	\$0,02	Hang-tag and labels	\$0,10
		Price 100% cotton 60*60 per yard	\$1,66	Inner carton / item	\$0,00	Interlining	\$0,13
		Wastage percentage	3,00%	Export carton box / item	\$0,01	Thread	\$0,06
				Wastage percentage	2,00%	Button price	\$0,02
						Number of buttons	13
					Wastage percentage	2,00%	
		Total fabric cost	\$2,8212	Total packaging cost	\$0,0347	Total trim cost	\$1,0020

Product costing	
Total fabric cost	\$2,82
Total packaging cost	\$0,03
Total trim cost	\$1,00
CM	\$1,56
Subtotal	\$5,42
FOB profit percentage	20,00%
Profit	\$1,08
FOB sales-price	\$6,5022

