

## **Costs & production Annex 3 explanation of various costs reported**

### **Costs of production**

#### **Raw materials**

See below a comprehensive list of the components, these are typically purchased on credit terms.

#### **Direct labour**

See below for a list of what is covered. Employees directly involved in the manufacture of the liked goods are paid via BACS weekly. Employee related employer costs are paid in line with appropriate legislation/guidance.

#### **Indirect labour**

See below for a list of what is covered. Some of these employees are paid weekly via BACS others are paid monthly via BACS. Employee related employer costs are paid in line with appropriate legislation/guidance.

#### **Maintenance/Repairs**

The manufacture of the like goods is a machine intensive operation, these machines need regular servicing and maintenance. The costs concerned will be a combination of materials/parts to perform servicing and maintenance and third-party costs. These are typically purchased on credit terms.

#### **Energy costs**

The manufacture of the like goods is energy intensive with a significant electricity and gas spend. These costs are paid monthly based on consumption via direct debit.

#### **Depreciation**

Depreciation charged in line with accounting policy on the machinery used to produce the like goods.

#### **Subcontractors**

Experts providing ongoing support to the existing manufacturing process and supporting future developments. These are typically purchased on credit terms.

#### **Quality control costs**

The like goods and other goods sold by the business are subject to a number of independent and customer audits as outlined in A2.4 These costs are an apportionment based on sales value of the businesses overall quality control costs which cover both employees and third parties.

#### **Others**

Other costs include insurance, property rates and an apportionment of other site costs relevant to the production of like goods.

## **Admin, selling & general costs**

### **Sales staff salaries**

Employee costs relating to the sales of ironing boards. These employees are paid monthly via BACS.

### **Web selling fees**

Fees incurred when selling via online third-party sites. These fees are deducted by the third parties at source.

### **Non-production staff salaries**

Staff include design, supply chain, marketing, finance, HR & IT. These employees are paid monthly via BACS.

### **Consultancy**

The business engages with a connected third-party business which provides strategic consultancy to the business. This type of cost is typically purchased on credit terms of 30 days from end of month of the invoice.

### **Raw materials components**

Coil steel

Steel blanks

Steel wire

Foam

Felt

Adhesive

Tension tape

Sewing thread

Printed cotton fabric

Epxoy powder

Polypropylene

Paper insert

Silicone

Folding sleeve board

Power extension cable

Polythene

Cardboard boxes

Self-adhesive labels

### **Direct/Indirect labour costs**

Employee pay

Employer NI contributions

Employer pension contributions (Auto enrolment scheme)

Statutory payments (Including SSP, SMP, SPP)

Holiday pay

Apprenticeship levy