

C1.3 Explanation of costs & how the costs are transferred from one production process to another

Costs of production

Raw materials

See below a comprehensive list of the components, these are typically purchased on credit terms of 30 days from end of month of the invoice.

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.

Raw materials components

Ironing board covers

Foam

Felt

Adhesive

Tension tape

Sewing thread

Printed cotton fabric

Plastic feet

Polypropylene

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

Transferring costs from one production process to another

Cost transfers are based on the standard product costing covering the standard cost of raw materials and labour only. There is no apportionment of overheads done at this stage and there isn't any transfer pricing margin for the producing site.