

## Step 6      Synthesis – Principle of full costing

*What is the nature of the full costs allocated to the outputs?*

- 1      Once the remaining costs have been distributed, the full costs of all cost centres (corresponding to the total primary costs in Step 1) are allocated to outputs.
- 2      This sequential cost-allocation process enables the financial information system to show all cost elements detailed by account, activity, provider, cost and volume, for both the planned and the actual values at output level.
- 3      Furthermore, the system keeps track of all provider/receiver relationships so that the cost-allocation path can be retraced at any time.

Output report	Nature	Planned cost & volume	Actual cost & volume	Variances (planned/ actual cost & volume)
Direct costs	From Step 1			
Services received	From Step 4			
Indirect costs	From Step 5			
Revenue <sup>*)</sup>	Income <sup>*)</sup>			
Grand total				
<sup>*)</sup> For outputs subject to cost recovery, the appropriate amount of revenue is directly allocated to the output to make any surplus/shortfall in relation to the total costs of the output transparent.				

Ref.: Documents C05/111 and C05/116.

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