

Important Formulas of Cost Accounting PDF



Formulas Examples with Units

List of 16 Important Formulas of Cost Accounting

1) Backorder Rate Formula ↻

Formula

$$BR = \left(\frac{NUO}{TNO} \right)$$

Example

$$0.1525 = \left(\frac{45}{295} \right)$$

Evaluate Formula ↻

2) Conversion Cost Formula ↻

Formula

$$CC = DLC + MOC$$

Example

$$1100 = 600 + 500$$

Evaluate Formula ↻

3) Cost of Goods Sold Formula ↻

Formula

$$COGS = BI + PDP - EI$$

Example

$$17355 = 13200 + 6800 - 2645$$

Evaluate Formula ↻

4) Customer Acquisition Cost Formula ↻

Formula

$$CAC = \frac{CSM}{NNCA}$$

Example

$$1.8 = \frac{2700}{1500}$$

Evaluate Formula ↻

5) Labour Cost Variance Formula ↻

Formula

$$LCV = (SO \cdot SR) - (ATH \cdot ART)$$

Example

$$465 = (6 \cdot 140) - (5 \cdot 75)$$

Evaluate Formula ↻

6) Labour Efficiency Variance Formula ↻

Formula

$$LV = SR \cdot (ST - AT) \cdot V$$

Example

$$2100 = 140 \cdot (5 - 4) \cdot 15$$

Evaluate Formula ↻

7) Learning Curve Formula ↻

Formula

$$LC = (a \cdot X)^{-b}$$

Example

$$0.0004 = (10 \cdot 5)^{-2}$$

Evaluate Formula ↻



8) Material Usage Variance Formula

Formula

$$\text{MUV} = \text{STP} \cdot (\text{AQU} - \text{SQ})$$

Example

$$8550 = 855 \cdot (110 - 100)$$

Evaluate Formula 

9) Noria Effect Formula

Formula

$$\text{NE} = \frac{\text{NHSC} - \text{LSC}}{\text{PSC}}$$

Example

$$4 = \frac{6550 - 550}{1500}$$

Evaluate Formula 

10) On-Time Delivery Formula

Formula

$$\text{OTD} = \frac{\text{OTU}}{\text{TTU}}$$

Example

$$5 = \frac{2500}{500}$$

Evaluate Formula 

11) Overall Equipment Effectiveness Formula

Formula

$$\text{OEE} = \text{GC} \cdot \frac{\text{ICT}}{\text{PPT}}$$

Example

$$3280 = 6560 \cdot \frac{5}{10}$$

Evaluate Formula 

12) Prime Cost Formula

Formula

$$C_{\text{Prime}} = \text{DMC} + \text{DLC}$$

Example

$$1600 = 1000 + 600$$

Evaluate Formula 

13) Production Cost Formula

Formula

$$\text{PC} = \text{TFC} + \text{TVC}$$

Example

$$13750 = 4985 + 8765$$

Evaluate Formula 

14) Takt Time Formula

Formula

$$\text{TT} = \frac{\text{PT}}{\text{CD}}$$

Example

$$0.01 = \frac{15}{1500}$$

Evaluate Formula 

15) Total Addressable Market Formula

Formula

$$\text{TAM} = \text{ACV} \cdot \text{NPC}$$

Example

$$780000 = 15600 \cdot 50$$

Evaluate Formula 



16) Unit Cost Formula

Formula

$$UC = \frac{TC}{TUP}$$

Example

$$59.4737 = \frac{56500}{950}$$

Evaluate Formula 



Variables used in list of Important Formulas of Cost Accounting above

- **a** Time Taken to Produce Initial Quantity
- **ACV** Annual Contract Value per Client
- **AQU** Actual Quantity Units
- **ART** Actual Rate
- **AT** Actual Time
- **ATH** Actual Hours
- **b** Learning Coefficient
- **BI** Beginning Inventory
- **BR** Backorder Rate
- **C_{Prime}** Prime Cost
- **CAC** Customer Acquisition Cost
- **CC** Conversion Cost
- **CD** Customer Demand
- **COGS** Cost of Goods Sold
- **CSM** Cost of Sales and Marketing
- **DLC** Direct Labour Cost
- **DMC** Direct Materials Cost
- **EI** Ending Inventory
- **GC** Good Count
- **ICT** Ideal Cycle Time
- **LC** Learning Curve
- **LCV** Labour Cost Variance
- **LSC** Leavers Salary Cost
- **LV** Labour Efficiency Variance
- **MOC** Manufacturing Overhead Cost
- **MUV** Material Usage Variance
- **NE** Noria Effect
- **NHSC** New Hires Salary Cost
- **NNCA** Number of New Customers Acquired
- **NPC** Number of Potential Clients
- **NUO** Number of Undeliverable Orders
- **OEE** Overall Equipment Effectiveness
- **OTD** On-Time Delivery
- **OTU** On Time Units
- **PC** Production Cost
- **PDP** Purchases During the Period
- **PPT** Planned Production Time



- **PSC** Previous Salary Cost
- **PT** Production Available Time
- **SO** Standard Hours for Actual Output
- **SQ** Standard Quantity
- **SR** Standard Rate
- **ST** Standard Time
- **STP** Standard Price
- **TAM** Total Addressable Market
- **TC** Total Cost
- **TFC** Total Fixed Costs
- **TNO** Total Number of Orders
- **TT** Takt Time
- **TTU** Total Units
- **TUP** Total Units Produced
- **TVC** Total Variable Costs
- **UC** Unit Cost
- **V** Variance
- **X** Cumulative Number of Batches



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