

**COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
REQUIRED BY PUBLIC LAW 100-679**

PART VIII - HOME OFFICE EXPENSES

NAME OF REPORTING UNIT

Item No.	Item description
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8.3.0 Expenses or Pools of Expenses and Methods of Allocation.

For classification purposes, three methods of allocation, defined as follows are to be used:

- (i) **Directly Allocated**—those expenses that are charged to specific corporate segments or other intermediate level home offices based on a specific identification of costs incurred, as described in 9904.403;
- (ii) **Homogeneous Expense Pools**—those individual or groups of expenses which are allocated using a base which reflects beneficial or causal relationships, as described in 9904.403; and
- (iii) **Residual Expense**—the remaining expenses which are allocated to all segments by means of a base representative of the total activity of such segments.

Allocation Base Codes

- A. Sales
- B. Cost of Sales
- C. Total Cost Input (Direct Material, Direct Labor, Other Direct Costs, and Applicable Overhead)
- D. Total Cost Incurred (Total Cost Input Plus G&A Expenses)
- E. Prime Cost (Direct Material, Direct Labor, and Other Direct Costs)
- F. Three factor formula (CAS 9904.403-50(c))
- G. Processing or Conversion Cost (Direct Labor and Applicable Overhead)
- H. Direct Labor Dollars
- I. Direct Labor Hours
- J. Machine Hours
- K. Usage
- L. Unit of Production
- M. Direct Material Cost
- N. Total Payroll Dollars (Direct and Indirect Employees)
- O. Headcount or Number of employees (Direct and Indirect Employees)
- P. Square Feet
- Q. Value Added
- Y. Other, or More than One Basis ^{1/}

(On a continuation sheet, under each of the headings 8.3.1, 8.3.2, and 8.3.3 enter the type of expenses or the name of the expense pool(s). For each of the types of expense or expense pools listed, also indicate as item (a) the major functions, activities, and elements of cost included. In addition, for items listed under 8.3.2 and 8.3.3 enter one of the Allocation Base Codes A through Q, or Y, to indicate the basis of allocation and describe as item (b) the make up of the base(s). For example, if direct labor dollars are used, are overtime premiums, fringe benefits, etc. included? For items listed under 8.3.2 and 8.3.3, if a pool is not allocated to all reporting units listed under 8.1.0, then list those reporting units either receiving or not receiving an allocation. Also identify special allocations of residual expenses and/or fixed management charges (see 9904.403-40(c)(3)).

^{1/} Describe on a Continuation Sheet.