



TRINITY COLLEGE FOR WOMEN NAMAKKAL

DEPARTMENT OF COSTUME DESIGN & FASHION

**GARMENT QUALITY AND COST CONTROL
ODD SEMESTER**

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COST AND EXPENSES

INTRODUCTION

- When it comes to the fashion industry, there are so many moving parts and pieces that go into making just one piece of garment. This is why garment costing is often considered to be one of the most complex operations in a fashion business.
- As you might know, the basic principles of costing are an essential part of any business, and especially that of a fashion company. It allows the company to understand how much it spends on various factors and how they affect its profitability in the long run. Every cost and expense have to be monitored closely to prevent unnecessary wastage of finite resources and ensure the profitability of the business.

MANUFACTURING COST

- According to the American Accounting Association, cost is defined “the foregoing, in monetary terms, incurred or potentially to be incurred in the realization of the objective of management, which may be manufacturing of a product or rendering of a service.”
- Simply put, manufacturing cost is the total expenditure incurred to produce a product or service. It is also called conversion cost, production cost and direct material cost. The total cost includes the costs of raw materials, labor, and other expenses like utilities, rent etc.

TYPES OF COST

There are two types of costs for a business:

- **Direct Costs** are expenses on actual costs incurred during the production of goods or services (i.e., labor, materials).
- **Indirect Costs** are the general expenses that keep a business running but cannot be directly attributed to the production of a product (i.e., rent, utilities).

TECHNIQUES USED TO CALCULATE COST

There are several techniques used in the fashion industry to calculate costs. These include:

- Direct costing,
- Absorption costing
- Variable costing
- Activity-based costing
- Standard cost accounting.

COMPONENTS OF THE MANUFACTURING COST OF A GARMENT:

The following are the main components of the manufacturing cost of a garment:

- **Fabric**
- **Trims**
- **Cut, Make & Trim charges**
- **Value Addition**
- **Garment Testing .**
- **Quality Control**
- **Labels and Packaging**
- **Transportation and Logistic Costs**
- **Overhead**
- **Profit of the company**

STAGES OF COSTING

The 4 main stages of costing in fashion manufacturing are:

- **Preliminary or pre-costing stage** refers to the initial estimates one can make before the samples are made. This gives a rough idea as to what to expect from the design, based on similar styles.
- **The cost of adoption** is a breakdown of the expected investment required for the design in terms of materials, labor and overhead.
- **Pre-production costing** includes all fixed expenses that have been estimated to be incurred prior to production based on standard production methods.
- **Actual cost analysis** is the original estimates of materials and labor costs, compared to the allowed budget for a project.

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THANK YOU