

ABSTRACT

AN EVALUATION OF SELLING PRICE DETERMINATION BASED ON THE COST-TYPE CONTRACT METHOD

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1998/1999**

The aim of this thesis was to find out whether the method of selling price determination based on the cost-type contract method applied by Duta Karya Contractor is in accordance with current theory.

The problem was analyzed through five steps. First step a description of selling price determination based on the cost-type contract method according to the company. Second a description of selling price determination based on the cost-type contract method according to the theoretical review. The third step was to compare selling price determination based on the cost-type contract according to the company and that according to the theoretical review. The fourth step was to evaluate the causes of the similarities between selling price determination based on the cost-type contract method according to the company and that according to the theoretical review. The fifth step was to evaluate the cause of any differences between selling price determination based on the cost-type contract method according to the company and that according to the theoretical review.

The conclusion of the analysis is that there were differences and similarities between selling price determination based on the cost-type contract method, according to the company and to the theoretical review. The similarities were in calculating the direct cost of raw materials and marketing cost. The differences were in calculating the direct cost of labour, factory overhead cost, production cost, the general and administration cost, the operation cost, the real overall cost, the expected profit and the selling price.

The writer suggests to make several improvements, such as to categorize the cost of labour meals as direct labour cost, to categorize indirect material cost and indirect labour cost as factory overhead cost and to determine a depreciation allowance for construction equipment, office equipment and office building.

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