**Costing Garments Test Key**

Part I: Single garment costing.

1. Why is costing important to a designer? Designers must ensure they know what to pay for all their materials, labor and other expenses. Designers must also know how to calculate their profit margins.
2. What are overhead costs? Costs needed to operate, such as facility rent or utilities.
3. What is the formula to calculate overhead? Add 12% to your subtotal
4. What are marginal costs? Costs added to make a single garment item
5. What is the formula to calculate margin? Add 20% of your subtotal to your cost
6. What is the formula to calculate the garment cost with profit? Multiply subtotal by 2.2
7. Calculate your overhead: $ 98.76
8. Calculate your new subtotal (with overhead added): $921.76
9. Calculate margin: $ 184.35
10. Calculate your new subtotal (with margin added) : $ 1106.11
11. Calculate cost with profit: $ 2433.44 final sells price of garment
12. Calculate your profit from garment: $ 1327.33
13. What is self-material? The outside shell of the garment
14. What are trimmings? Notions, labels, care labels, poly bags, hangers, size tickets
15. Why is having a garment sketch useful in an apparel production cost worksheet? It helps the manufacturer understand what you are looking for in the garment
16. What is FOB? Why is the calculation different if it is by air or sea? FOB is the cost you need to pay to get the garments shipped. It is calculated by volume for sea freight; calculated by weight for airfreight

Complete the single garment fields with the information provided:

Your Subtotal is $1435.00:

1. Calculate overhead: $ 172.20
2. Calculate your new subtotal (with overhead) and add $47 FOB: $ 1654.20
3. Calculate mark up: $ 3639.24
4. Calculate your wholesale cost per garment (with 500 units): $ 7.28