



# Internal financing - the dilemma

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**Fairness**

**Efficiency**





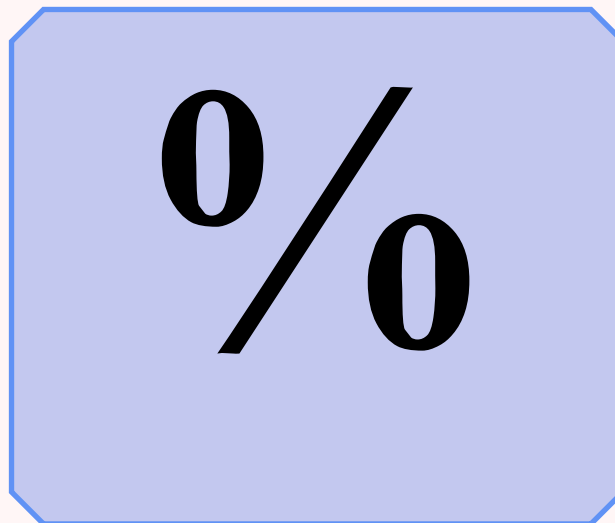
# Two internal allocation techniques

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As a fixed amount



As a percentage



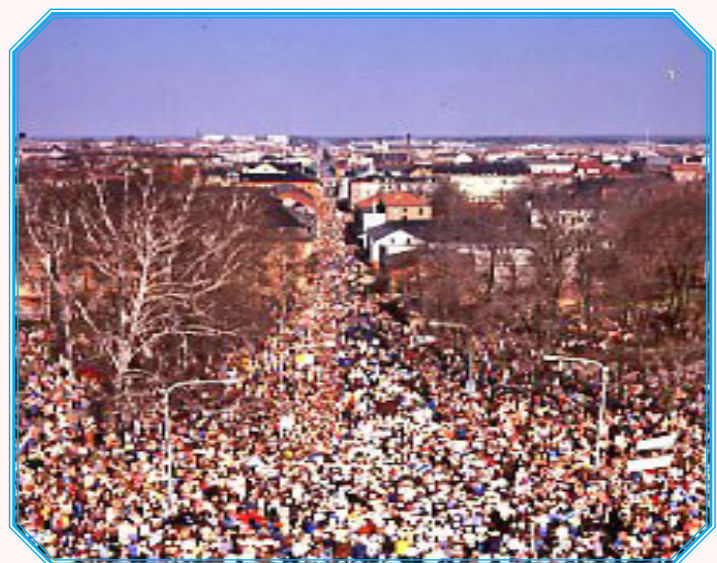


# Examples of cost allocation basis when a fixed amount is used

## Direct labour costs



## Number of students



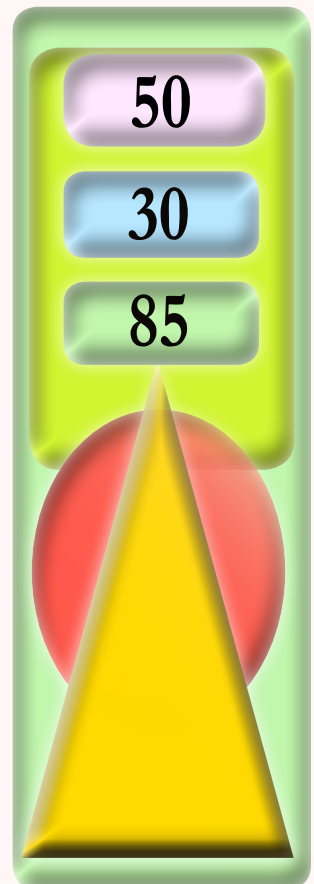
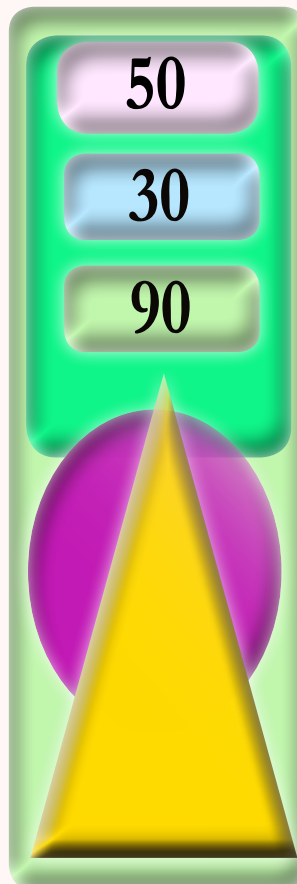
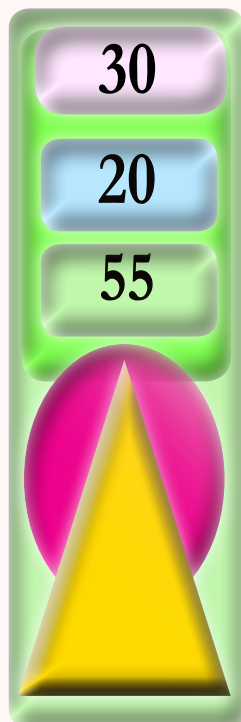
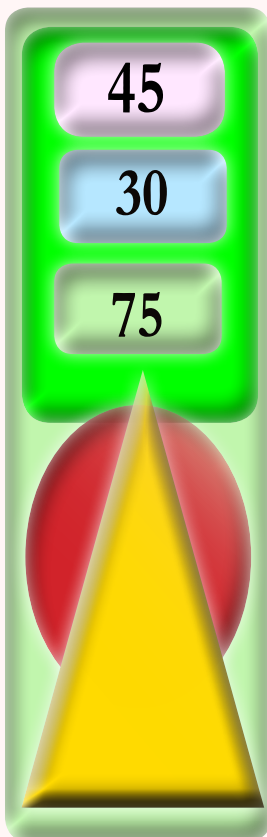
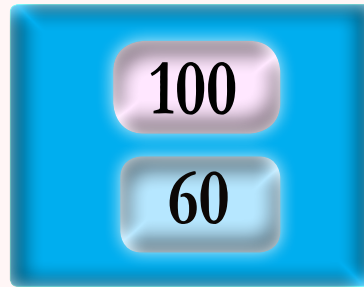
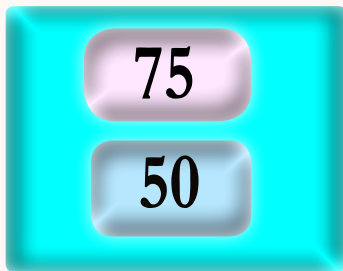
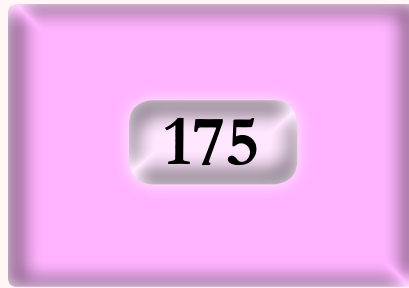
## Time units







# Cost allocation principle when a fixed amount is used - three levels

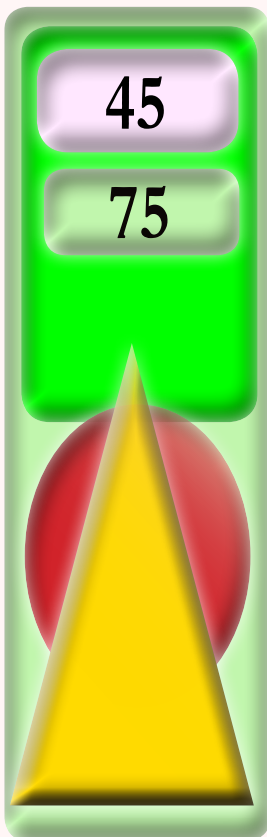




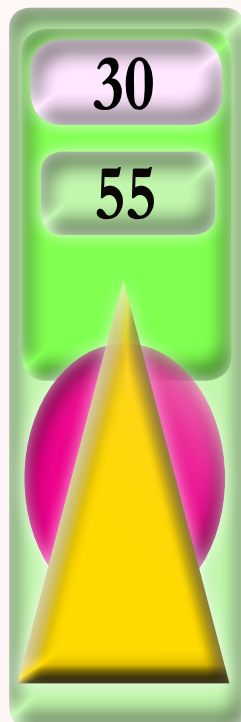
# Cost allocation principle when a fixed amount is used - two levels

175

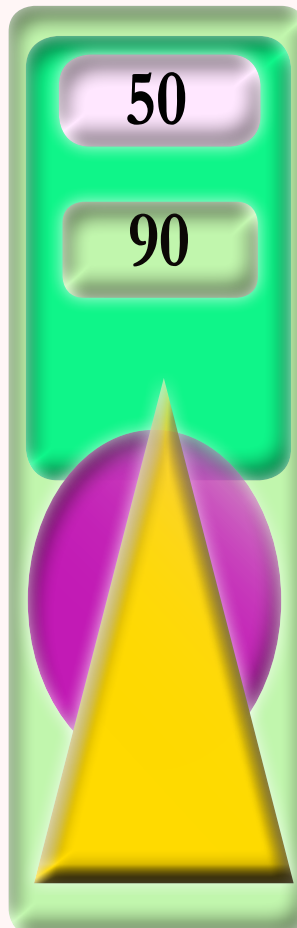
45  
75



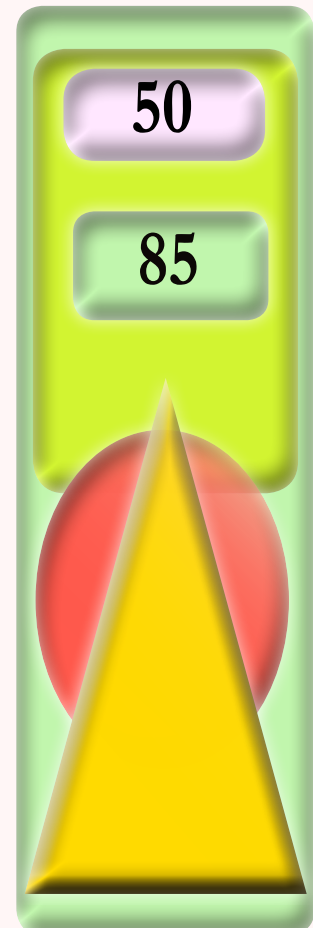
30  
55



50  
90



50  
85





**Cost allocation basis  
when a percentage  
is used**

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**Direct labour costs**



**As an exception:**

**Direct labour costs + Direct operational costs**





# Cost allocation principle when a percentage is used - three levels

15 %

14 %

16 %

20 %  
15 %  
14 %  
20 %

22 %  
15 %  
14 %  
22 %

21 %  
15 %  
16 %  
21 %

19 %  
15 %  
16 %  
19 %





# Cost allocation principle when a percentage is used - two levels

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27 %

