Internal financing - the dilemma

Fairness

Efficiency
Two internal allocation techniques

As a fixed amount

As a percentage

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

Direct labour costs

Time units

Number of students
Cost allocation principle when a fixed amount is used - three levels
Cost allocation principle when a fixed amount is used - two levels
Cost allocation basis when a percentage is used

Direct labour costs

As an exception:

Direct labour costs + Direct operational costs
Cost allocation principle when a percentage is used - three levels
Cost allocation principle when a percentage is used - two levels