



LABOUR COSTING EXAMPLE



DIRECT COSTS

OVERHEAD COSTS

TYPE OF EMPLOYEE	# of employees	HOURLY RATE	Hours Per Day	Hours per Week	Hours per week all employees	Hours per Month	TOTAL DAILY COST	Total per Week	Total Per Month	Variable Overhead	Fixed Overhead	One Time	TOTAL HOURLY LABOUR	Profit %	FINAL HOURLY LABOUR
										Rate per Hour	Rate Per Hour	Fixed Cost Per Hour	LABOUR RATE		LABOUR RATE
Labour															5%
Carpenter	1	\$ 35.00	8	40	40	160	\$ 280.00	\$ 1,400.00	\$ 5,600.00	\$ 4.60	\$ 3.59	\$ 0.37	\$ 43.56	\$ 2.18	\$ 45.74
Electrician	1	\$ 40.00	6	30	30	120	\$ 240.00	\$ 1,200.00	\$ 4,800.00	\$ 5.69	\$ 3.59	\$ 0.37	\$ 49.65	\$ 2.48	\$ 52.13
Manager	1	\$ 45.00	8	40	40	160	\$ 360.00	\$ 1,800.00	\$ 7,200.00	\$ 5.28	\$ 3.59	\$ 0.37	\$ 54.24	\$ 2.71	\$ 56.95
TOTAL	3	\$ 120.00	\$ 22.00	110	110	440	\$ 880.00	\$ 4,400.00	\$ 17,600.00	\$ 15.56	\$ 10.77	\$ 1.12	\$ 147.45	\$ 7.37	\$ 154.83
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)/(U)	(K)/(W)	(L)	(M)	(N)	(O)

INSTRUCTIONS FOR MANUAL COMPUTATIONS

- (A) The number of employees in each category
- (B) The rate of pay for each employee or the Blended Rate if more than one of that type is averaged in this number Or a separate line for each type can be used
- (C) The number of hours that each type or person will work
- (D) **MULTIPLY** the number of hours worked per day by 5 for the total hours per week. Or INPUT this if your persons work a flat number of hours per week vs. daily X 5 (C x 5)
- (E) **MULTIPLY** the number of hours X the number of employees in this category/type to get the Hours per week for all employees ((D) X (A) =(E))
- (F) **MULTIPLY** the number of hours for all employees from (E) by 4, for the number of weeks in (most) months to get the Hours Per Month To get the Total Hours to be worked for the Month. (E) X 4 =(F)
- (G) **MULTIPLY** the number of hours for all employees from (D) by 4, for the number of weeks in (most) months. (D) X 4 =(E)
- (H) **MULTIPLY** the daily rate in (G) by 5 to get the weekly rate (G) X 5 =(H)
- (I) **MULTIPLY** the weekly rate in (H) by 4 to get the monthly rate (H) X 4 =(I)
- (J) **VARIABLE OVERHEAD RATE (see (U) below) per each type of employee**
- (K) **FIXED OVERHEAD RATE (see (W) below) same for each type of employee**
- (L) ONE TIME Cost for items - the same for employee
- (M) **ADD** - The total of the rate paid (B), plus variable overhead (J), plus fixed overhead (K) and one time cost (L) to get the TOTAL RATE (M)
- (N) **MULTIPLY** - Total Rate (M) X the profit percentage (You can determine the profit percentage, in this example we use 5%) to compute the profit. ((M) x 5% = (N)
- (O) **ADD** the TOTAL rate (M) and the Profit (N) to get the FINAL LABOUR RATE (O)

(1) OVERHEAD - VARIABLE COSTS (Detail)	PR Tax	Social Insurance	Health Insurance	Pension	TOTAL VARIABLE COSTS	Hours per week	VARIABLE OVERHEAD HOURLY RATE
GOVERNMENT OBLIGATIONS			\$ 214.62				
Weekly	WEEKLY COST	1.75%	35.92	\$ 53.66	5%		
Carpenter	\$ 1,400.00	\$ 24.50	\$ 35.92	\$ 53.66	\$ 70.00	\$ 184.08	40 \$ 4.60
Electrician	\$ 1,200.00	\$ 21.00	\$ 35.92	\$ 53.66	\$ 60.00	\$ 170.58	30 \$ 5.69
Manager	\$ 1,800.00	\$ 31.50	\$ 35.92	\$ 53.66	\$ 90.00	\$ 211.08	40 \$ 5.28
	(H)	(P)	(Q)	(R)	(S)	(T)	(U)

- (P) **MULTIPLY** the Employer's PR Tax Rate by the weekly pay ((H) X (1.75% for this example) = (P))
- (Q) Weekly Social Insurance Rate (Employer's portion)
- (R) In this example HIP Insurance is used. \$429.24 per month,. Employer's portion (1/2) \$214.62. **DIVIDE** the employer's monthly cost by 4 (for 4 weeks of the month) = (R)
- (S) **MULTIPLY** the Weekly Rate by 5\$ to obtain the pension amount. (5% used as the standard pension rate)
- (T) **ADD** - PR Tax, Social Insurance, Health Insurance and Pension to compute tht TOTAL Variable Costs for the Week
- (U) **DIVIDE** the Total Variable costs (T) By the total hours for the Weej (From (D) above) to arrive at the VARIABLE OVERHEAD HOURLY RATE to use the the overall computation (above)

