

Accounting for Labour

Tutorial Questions

1. An employee is paid £18.90 per hour for all hours worked up to a total of 38 hours each week. For any overtime hours they are paid at time and a third.

In a week where they worked 50 hours, what is their total gross pay and their overtime premium?

	Gross Pay	Overtime Premium
A	1120.00	75.00
B	1020.60	75.60
C	1020.60	75.00
D	999.00	75.60

2. An employee is paid £21.40 per hour for all hours worked up to a total of 26 hours per week. For any overtime hours, they are paid time and a half.

In a week where they work 38 hours, what is their total gross pay and their overtime premium?

	Gross Pay	Overtime Premium
A	941.60	128.40
B	880.40	128.40
C	941.60	200.60
D	880.90	221.50

3. Callie normally works 35 hours a week and is paid £11.60 per hour. In the current week she has worked 48 hours, 5 of which were idle.

They company's customer has requested that the production be completed as soon as possible and has stipulated in the contract that they will cover any overtime payments. Overtime on this basis will be paid at time and a half.

What were her gross wages and how would these be broken down into direct and indirect Labour Costs?

Gross Wages

Basic Wage Component $48 \times 11.60 \text{ ph}$
Overtime Premium $13 \times 11.60/2$
Total

556.80
75.40

632.20

Direct Wages

Basic Wage for Productive hours 43×11.60
Overtime premium

498.80
75.40

574.20

Indirect Wages

Basic Wage for idle time 5×11.60

58.00

4. Gavin normally works a 38-hour week and is paid £10.40 per hour. In the current week he has worked 60 hours, of which 8 were idle. He gets time and a quarter for any overtime hours.

What are his gross wages and how would these be broken down into direct and indirect Labour Costs?

Gross Wages

Basic Wage Component

$$60 \text{ hrs} \times 10.40$$

$$\begin{array}{r} \text{£} \\ 624.00 \end{array}$$

Overtime Premium

$$22 \text{ hrs} \times 10.40 / 4$$

$$57.20$$

$$\begin{array}{r} 624.00 \\ + 57.20 \\ \hline 681.20 \end{array}$$

Direct Wages

Basic Wage for productive hours 52×10.40

$$540.80$$

Indirect Wages

Basic Wage for idle time 8×10.40

$$83.20$$

Overtime premium

$$57.20$$

$$\begin{array}{r} 83.20 \\ + 57.20 \\ \hline 140.40 \end{array}$$