

Form a five-person team. Three team members will be "laborers." One team member will be in charge of materials. The last team member will be the "accountant."

Each laborer should prepare an individual time sheet for each of the three days described below.

The team member in charge of materials should prepare a materials requisition form for each employee similar to that illustrated in the chapter (you can use one per employee and don't have to do a separate one for each day).

The "accountant" will collect the time sheets and materials requisition forms, and compile job cost sheets for the two jobs described in the following facts. Overhead is to be applied at \$5 per direct labor hour.

What cost is assigned to each job? At the conclusion of the problem, consider if you believe the overhead application rate is too low. Why?

#### DAY 1

The company refurbishes airplane engines. The Engine A job was begun, and all three laborers worked 8 hours each. Laborers #1 and #2 worked exclusively on Engine A, but laborer #3 spent 3 hours on repairing factory tools and maintenance. Laborer #1 requisitioned engine pistons (16 at \$400 each) and Laborer #3 requisitioned two engine manifolds that cost \$4,000 each. Laborer #2 requisitioned a lubricant for freeing stuck bolts (2 cans at \$8 each). Each laborer is paid \$25 per hour.

#### DAY 2

Engine B job was begun, and all three laborers worked 8 hours each. Laborer #1 continued to work on Engine A for 7 hours, and spent 1 hour reviewing a training manual containing information needed to pass an upcoming certification test. Laborers #2 and #3 each worked 6 hours on Engine B. Laborer #2 requisitioned engine glow plugs (4 at \$300 each), and heat resistant tape (1 roll at \$7). Laborer #3 requisitioned cleaning solution needed to remove spilled grease from the shop floor (1 can at \$24), and Laborers #2 and #3 spent 2 hours each cleaning the floor.

#### DAY 3

Engine A and B were finished. Laborer #1 equally split 8 hours of work between Engine A and Engine B. Laborer #2 did not report for work due to illness brought on by the cleaning solution used the day before, and will be paid for 8 hours of sick time. Laborer #3 worked 8 hours on Engine B. The only materials used were miscellaneous gaskets costing \$6 that had been requested by Laborer #1.