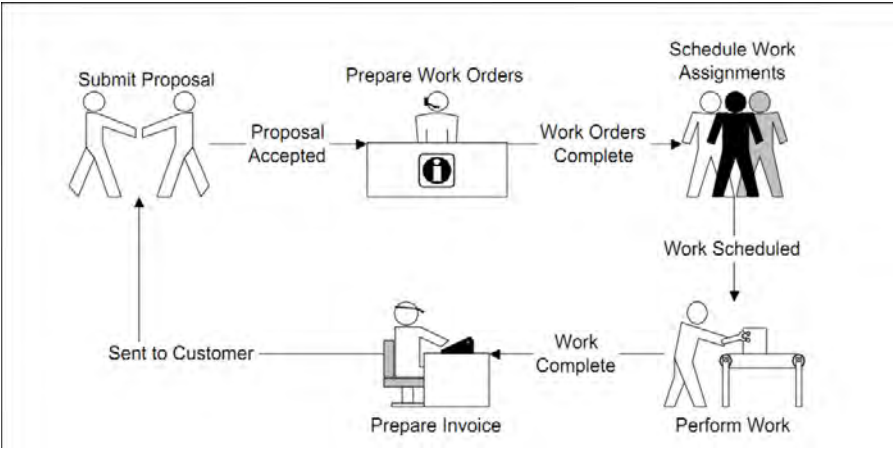


Case Study

KeepWarm Insulation is an insulation subcontracting firm providing insulation services, insulation products and materials. The primary services provided to clients such as homeowner, general contractor, or government. The accounting functions for KeepWarm Insulation are similar to those of most retail companies. In particular, inventory quantities must be maintained, payroll calculated for all employees, accounts payable maintained as payment is sent to vendors for material received, accounts receivable maintained as invoices are sent to customers, and a general ledger maintained on all accounts.

A typical contracting job involves submission of a proposal, preparation of work orders, scheduling of work, and preparation of invoices as depicted in figure above.



The proposal number uniquely identifies a proposal.
Figure above shows a sample proposal for a commercial customer.

Proposal			
Proposal No.	P100	Date Written	6 June-2009
Customer No.	C100	Status	Accepted
Est. Method	Walk-through	Decision Date	8 June 2009
Billing Address			
Name	Pet Store #1		
Address	4724 Pembroke Chatham, ME4 4TB 2		
Locations:			
<u>Task</u>	<u>Square Feet</u>	<u>Price/SqFt</u>	<u>Amount</u>
Wall Insulation	40	15.00	600.00
Ceiling Acoustics	100	12.00	1200.00
Total Before Tax			1800.00
Tax (8.2%)			147.60
Total			\$1947.60
Customer Type	General Contractor	Commercial	X
	Government	Residential	
Salesperson	Sally Supervisor		

When a customer accepts a proposal, a primary work order is completed. Figures above shows a primary work order for a commercial customer and a secondary work order a second location within the same proposal.

Primary Work Order

Work Order No.	W100	Date	10 June 2009	
Proposal No	P100			
Work Location		Notes		
Name	Pet Store #1			
Address	4724 Pembroke Chatham, ME4 4TB			
Task	Square Feet	Est. Hours	Status	Date Complete
Wall Insulation	20	4	Pending	--
Ceiling Acoustics	50	8	Pending	--
Manager	Mary Manager	Date Required:	30 June 2009	

Secondary Work Order

Work Order	W101	Date	10 June 2009	
Proposal No	P100			
Work Location		Notes		
Name	Pet Store #2			
Address	132 Windmill Road Gillingham, ME7 5PD			
Task	Square Feet	Est. Hours	Status	Date Complete
Wall Insulation	20	4	Pending	--
Ceiling Acoustics	50	8	Pending	--
Manager	Mary Manager	Date Required:	2 July 2010	

On the day in which a work order is performed, tasks are assigned to employees. Employees are assigned a specific hourly pay rate for each task based on total allowable labor charges. For each task, a specific quantity and type of material is sent with the work crew. A crew might perform up to four or five residential work orders in a day or only a small portion of a large commercial work order. In the latter case, a new assignment would be issued on each day in which work is performed to define the day's labor and material requirements. When a crew has completed its work for the day, it returns to the home office with any unused material and adjustments for the actual material quantities used on the job and amount of work completed. The employee's pay records are then credited by the hour, piece rate, or contracted amount for the job. Figure above shows a sample assignment form before work begins.. This form is generated when a work order (or part of a work order) is assigned to a crew.

Work Assignment				
Assignment No	A100	Start Date:	14 June 2009	
Work Order:	W100	Finish Date:	--	
Location				
Name	Pet Store #1			
Address	4724 Pembroke Chatham, ME4 4TB			
Supervisor:	Frank Foreman	Vehicle No:	--	
Material Assignment				
<u>Task</u>	<u>Material</u>	<u>Unit Cost</u>	<u>Qty Sent</u>	<u>Qty Used</u>
Wall Insulation	Fiber Glass	£4.00	8	--
Ceiling Acoustics	Rock Wool	£6.30	3	--
Ceiling Acoustics	Foam Board	£2.50	8	--
Labor Assignment				
<u>Task</u>	<u>Employee</u>	<u>Rate</u>	<u>Hrs. Est.</u>	<u>Hrs. Used</u>
Wall Insulation	Randy Riveter	£12.50	4	--
Ceiling Acoustics	Beth Blaster	£13.30	3	--
Ceiling Acoustics	Carl Carpenter	£15.50	4	--
Authorized By:	Sally Supervisor	Authorization Date:	13 June 2009	

At specified intervals, Insulation Unlimited sends invoices to customers. For a completed job, an invoice is sent immediately. Commercial jobs in progress are billed on a monthly basis using a billing cycle date specific to the customer. An invoice lists the charges for completed tasks in a specified date range. For each task, an invoice lists the date completed and amount. All completed tasks of a customer in the billing period are listed on the invoice even if the tasks span work orders.

Invoice			
Invoice No	I100	Date	5 July 2009
Proposal No	P100	End Date	30 June 2009
Start Date	1 June 1995		
<u>Task</u>	<u>Location</u>	<u>Amount</u>	<u>Date Complete</u>
Wall Insulation	Pet Store #1	£300.00	14-June 2009
Wall Insulation	Pet Store #2	£300.00	15-June 2009
Ceiling Acoustics	Pet Store #1	£600.00	14-June 2009
Ceiling Acoustics	Pet Store #2	£600.00	15-June 2009
	Total Before Tax	£1800.00	
	Tax	£147.60	
	Total After Tax	£1947.60	