

Sample of L&E Report for Sectional Completion

Ref. 2369.1

FAXED
DATE: _____

29th November 2006

Hung Wan Construction Co. Ltd.
Room 10, Good Hope Building
19/F, 612-618 Nathan Road
Kowloon

By Fax &
To Be Collected
(2770 4239)

Attention : Mr. Kenneth Chan

Dear Sirs,

Construction of Improvement Works for
Choi Wan Estate
Contract No. 55 of 1995

Revised Draft Assessment of Reimbursement of Loss and Expense

Further to our draft assessment of the loss and expense sent under cover of our letter Ref. 2369.1 dated 23rd February 2001 and the additional Extensions of Time granted by the Contract Manager under letters Ref. HD(AR)15/719/2 dated 16th May 2003, 10th March 2004, 10th August 2004, 13th August 2004, 12th May 2005, 6th June 2005 and 24th February 2006, we would enclose our revised draft assessment of reimbursement of loss and expense for your agreement.

Yours faithfully,



C.H. Chan
Managing Director
For and on behalf of
Levett and Bailey Quantity Surveyors Limited

Encl.
CHC/LCW/CKY/lal

c.c. Housing Department - CA/3 - Ms. Shirley Yu (A/14) (w/encl.)
- CQS/CS - Mr. Honson Chiu (SQS/CM2) (w/o encl.)

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28 Nov 2006

CONSTRUCTION OF IMPROVEMENT WORKS
FOR CHOI WAN ESTATE
CONTRACT NO. 55 OF 1995

ASSESSMENT OF REIMBURSEMENT OF
LOSS AND EXPENSE
RESULTING FROM EXTENSIONS OF
TIME TO THE CONTRACT

L/E
cc) 2

**Assessment of Claim from Messrs. Hung Wan Construction Co., Ltd.
for Reimbursement of Loss and Expense Resulting
from Extensions of Time to the Contract**

1. Relevant Details on which Assessment is Based

1.1 Commencement and Completion

| | Section A | Section B | Section C | Section D | Section E | Section F | Section G | Section H | Section I | Section J | Section K |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Contract Date for Commencement | 28/11/95 | 28/11/95 | 28/11/95 | 28/11/95 | 28/11/95 | 27/5/96 | 28/11/95 | 28/11/95 | 28/11/95 | Excised | 10/5/97 |
| Contract Period (days) | 288 | 410 | 592 | 592 | 196 | 245 | 196 | 410 | 410 | Excised | 214 |
| Contract Date for Completion | 10/9/96 | 10/1/97 | 11/7/97 | 11/7/97 | 10/5/96 | 25/2/97 | 10/6/96 | 10/1/97 | 10/1/97 | N/A | 9/1/98 |
| Extension of Time granted * (days) | 345 | 432 | 301 | 271 | 238 | NIL | 78 | 96 | 22 | N/A | 14 |
| Extended Date for Completion | 21/8/97 | 18/3/98 | 8/5/98 | 8/4/98 | 3/2/97 | N/A | 27/8/96 | 16/4/97 | 1/2/97 | N/A | 23/1/98 |
| Actual Date for Completion # | 28/10/97 | 31/3/98 | 8/5/98 | 8/4/98 | 20/2/97 | 18/11/97 | 29/11/96 | 30/9/97 | 23/7/97 | N/A | 23/1/98 |

* Contract Manager's letters ref. HD(AR)14/719/2 dated 12/12/96 and ref. HD(AR)15/719/2 dated 29/10/97, 10/3/98, 4/5/98, 18/9/98, 16/5/2003, 10/3/2004, 10/8/2004, 13/8/2004, 12/5/2005, 6/6/2005 and 24/2/2006 refer.

Contract Manager's letters ref. HD(AR)14/719/2 dated 9/12/96, 2/5/97, 13/8/97, 14/10/97, 6/11/97, 20/11/97, 11/3/98, 5/5/98 and 27/5/98 refer.

1. Relevant Details on which Assessment is Based (cont'd)

1.2 Extensions of Time

Extensions of time have been granted as follows:

| Date of Contract Manager's Letter | Conditions of Contract Clause | Section A (days) | Section B (days) | Section C (days) | Section D (days) | Section E (days) | Section F (days) | Section G (days) | Section H (days) | Section I (days) | Section J (days) | Section K (days) |
|---|-------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| 12/12/96 (Ref. HD(AR) 14/719/2) | - | | | | | 123* | | 57# | | | | |
| 29/10/97 (Ref. HD(AR) 15/719/2) | GCC50 (1) (b) (vi) | | | | 271 | | | | | | | |
| 10/3/98 (Ref. HD(AR) 15/719/2) | GCC50 (1) (b) (iii) | 41 | | | | | | | | | | |
| 4/5/98 (Ref. HD(AR) 15/719/2) | GCC50 (1) (b) (iv) | | 414 | | | | | | | | | |
| 18/9/98 (Ref. HD(AR) 15/719/2) | GCC50 (1) (b) (vii) | | | | | | | | | | | 14 |
| 16/5/2003 (Ref. HD(AR) 15/719/2) | GCC50 (1) (b) (ix) | 31 | | | | | | | | | | |
| 10/3/2004 (Ref. HD(AR) 15/719/2) | SCC23(3) | | 18** | | | | | | | | | |
| 10/8/2004, 13/8/2004 (Ref. HD(AR) 15/719/2) | GCC50 (1) (b) (iv) | | | 301 | | | | | | | | |
| 12/5/2005 (Ref. HD(AR) 15/719/2) | GCC50 (1) (b) (iv) | 30 | | | | | | | 96 | 22 | | |
| 6/6/2005 (Ref. HD(AR) 15/719/2) | GCC50 (1) (b) (vii) | | | | | 32 | | 21 | | | | |
| Ditto | GCC50 (1) (b) (iv) | | | | | 83 | | | | | | |
| 24/2/2006 (Ref. HD(AR) 15/719/2) | GCC50 (1) (b) (ix) | 243 | | | | | | | | | | |
| Total Extension of Time granted | | 345 | 432 | 301 | 271 | 238 | Nil | 78 | 96 | 22 | | 14 |

Notes:

* EOT granted due to delay caused by resolution of soil bearing pressure at Section E.

EOT granted due to delay caused by further excavation and associated work for footings for covered walkway due to poor soil condition and redesign of footings to avoid diversion of existing utilities at Section G.

** EOT granted due to inclement weather during the extended period.

1. Relevant Details on which Assessment is Based (cont'd)

1.3 Percentage of Value of the Respective Sections

The percentage of contract value of the respective Sections on pro-rata basis would be as follows:

| | |
|-----------|---------|
| Section A | 31.04% |
| Section B | 29.08% |
| Section C | 3.36% |
| Section D | 9.91% |
| Section E | 2.18% |
| Section F | 3.15% |
| Section G | 3.75% |
| Section H | 7.65% |
| Section I | 4.98% |
| Section K | 4.90% |
| Total | 100.00% |

1.4 Contract Sum Analysis

| | | | |
|---|---------------|---------------|----------------|
| | | \$ | \$ |
| Original Contract Sum | | | 156,552,745.10 |
| <u>Less</u> | | | |
| i) Contingency Sum | 5,000,000.00 | | |
| ii) Prime Cost Sums | 11,306,000.00 | | |
| iii) Provisional Sum for fluctuations in cost of labour and materials | 6,880,000.00 | 23,186,000.00 | |
| Total builder's works in original Contract Sum | | | 133,366,745.10 |

2. Ground for Claim

Of the total extension granted, the Contract Manager has certified that 31 days and 243 days for Section A were in connection with delay caused by utility undertakers/duly constituted authorities for which the Contractor is not entitled to reimbursement of loss and expense.

So, the Extensions of Time granted that would entitle the Contractor to reimbursement of loss and expense so incurred under Clause SCC12 of the Special Conditions of Contract are:

| | |
|-----------|----------|
| Section A | 71 days |
| Section B | 432 days |
| Section C | 301 days |
| Section D | 271 days |
| Section E | 238 days |
| Section G | 78 days |
| Section H | 96 days |
| Section I | 22 days |
| Section K | 14 days |

3. Assessment of Loss and Expense

The assessment of the loss and expense incurred by the Contractor is based on the Contractor's claim for loss and expense due to prolongation of Contract period including submission of supportive substantiations under his letter ref. CW/10/6/2097 dated 13/9/1999 and his further substantiations submitted under his letters ref. CW/10/6/2101 dated 23/10/1999 and ref. CW/10/6/2109 dated 6/12/1999.

3. Assessment of Loss and Expense (cont'd)

The weighted averages of Contract period and extended period justified for loss and expense are as follows:

Weighted Average of Contract Period

| | | | | | |
|-----------|----------|----------|---|----------|-------------|
| Section A | 31.04% X | 288 days | = | 89.3952 | days |
| Section B | 29.08% X | 410 days | = | 119.2280 | days |
| Section C | 3.36% X | 592 days | = | 19.8912 | days |
| Section D | 9.91% X | 592 days | = | 58.6672 | days |
| Section E | 2.18% X | 196 days | = | 4.2728 | days |
| Section F | 3.15% X | 245 days | = | 7.7175 | days |
| Section G | 3.75% X | 196 days | = | 7.3500 | days |
| Section H | 7.65% X | 410 days | = | 31.3650 | days |
| Section I | 4.98% X | 410 days | = | 20.4180 | days |
| Section K | 4.90% X | 214 days | = | 10.4860 | days |
| | | | | 368.7909 | days |
| | | | | say | 368.79 days |

Weighted Average of Extended Period Justified for Loss and Expense

| | | | | | |
|-----------|----------|----------|---|----------|-------------|
| Section A | 31.04% X | 71 days | = | 22.0384 | days |
| Section B | 29.08% X | 432 days | = | 125.6256 | days |
| Section C | 3.36% X | 301 days | = | 10.1136 | days |
| Section D | 9.91% X | 271 days | = | 26.8561 | days |
| Section E | 2.18% X | 238 days | = | 5.1884 | days |
| Section F | 3.15% X | 0 days | = | 0 | days |
| Section G | 3.75% X | 78 days | = | 2.9250 | days |
| Section H | 7.65% X | 96 days | = | 7.3440 | days |
| Section I | 4.98% X | 22 days | = | 1.0956 | days |
| Section K | 4.90% X | 14 days | = | 0.6860 | days |
| | | | | 201.8727 | days |
| | | | | say | 201.87 days |

3. Assessment of Loss and Expense (cont'd)

3.1 Extended Site Overheads

3.1.1 Site Management and Administration Cost

3.1.1.1 General Site Staff for All Sections

The reimbursable period for general site staff for all Sections shall be from the latest Contract date for completion to the latest extended date for completion, i.e. Section C from 12/7/97 to 8/5/98 (i.e. 301 days)

(Note: Under Contract, works in Section K is subject to excision and the instruction to either commence or omit such Section shall be issued within 3 months from the Contract date for commencement (Clause SCC 103 in Appendix C to PS on page PSA/C/9 refers). According to Clause A8(1) of PS on page PSA/39, the time for completion for Section K shall be 7 months from the date of possession of area K1 and/or K2 while Clause A7(1)(xii) of PS on page PSA/36 specifies that if works in Section K is to be carried out, area K1 would be available within 4 to 11 months after the Contract date for commencement. Assuming area K1 would be available at the end of the 11-month period (i.e. on 27/10/96) and with the Contract period of 7 months for Section K, the latest Contract date for completion for Section K should be 26/5/97 which is not the latest Contract date for completion for the above purpose.)

The number, post, salary, overtime and other allowance of general site staff for all Sections as submitted by the Contractor for the previously assessed period 12/7/97 to 8/4/98 (i.e. 271 days) are assessed as follows:

| Position | No. of Staff | Basic salary | Overtime and other allowance | Total |
|--------------------------|--------------|--------------|------------------------------|------------|
| | | \$ | \$ | \$ |
| Project Manager | 1 | 250,980.00 | 89,693.36 | 340,673.36 |
| Site Agent | 1 | 202,920.00 | 41,542.03 | 244,462.03 |
| Quality Control Engineer | 1 | 270,382.00 | 74,576.70 | 344,958.70 |
| Resident Engineer | 1 | 340,000.00 | Included | 340,000.00 |
| Assistant Engineer | 1 | 80,116.67 | 10,346.79 | 90,463.46 |
| C/F | | | | |

3. Assessment of Loss and Expense (cont'd)

3.1.1 Site Management and Administration Cost (cont'd)

| Position | No. of Staff | Basic salary \$ | Overtime and other allowance \$ | Total \$ |
|--|--------------|-----------------|---------------------------------|--------------|
| | | | B/F | |
| Quantity Surveyor, Assistant Quantity Surveyor | 1 | 241,412.50 | 51,251.12 | 292,663.62 |
| Site Clerk, Storekeeper and trainee | 3 (total) | 191,528.66 | 28,370.79 | 219,899.45 |
| Contract Car Driver | 1 | 75,294.00 | 11,403.62 | 86,697.62 |
| Total | | 1,652,633.83 | 307,184.41 | 1,959,818.24 |

P&S to make reason above judgement.

It was estimated that about 50% of the time of the above general site staff during the 271-day period had been engaged in defects rectification during the maintenance period for the completed sections or in the final account settlement, so the apportioned amount subject to reimbursement is:

$$\$1,959,818.24 \times 50\% = \$979,909.12$$

So, for the period 12/7/97 to 8/5/98 (i.e. 301 days), the apportioned amount subject to reimbursement is:

$$\$979,909.12 \times \frac{301 \text{ days}}{271 \text{ days}} = \$1,088,386.14$$

3.1.1.2 Site Staff for relevant Sections

Apart from tower crane operator, the reimbursable period for site staff for relevant Sections shall be the weighted average of the extended period i.e. 201.87 days. Since the tower crane was solely deployed for Section D, the reimbursable period for tower crane operator should be the extended period for Section D only i.e. 271 days from 12/7/97 to 8/4/98.

The number, post, salary, overtime and other allowance of site staff for relevant Sections as submitted by the Contractor for the period 11/6/96 to 8/4/98 (i.e. 667 days) are assessed as follows:

3. Assessment of Loss and Expense (cont'd)

3.1.1.2 Site Staff for relevant Sections (cont'd)

| Position | No. of Staff | Basic salary \$ | Overtime and other allowance \$ | Total \$ |
|--|--------------|-----------------|---------------------------------|--------------|
| Project co-ordinator | 4 | 1,217,000.00 | Included | 1,217,000.00 |
| Foreman, Assistant Foreman | 4 | 1,235,330.00 | 322,420.94 | 1,557,750.94 |
| Mechanic workshop supervisor and ganger | 3 | 922,333.33 | 273,968.69 | 1,196,302.02 |
| Tower crane operator (for period of 601 days from 16/8/96 to 8/4/98) | 1 | 191,202.49 | 26,496.11 | 217,698.60 |

Therefore, reimbursable amount is:

| | | | | | |
|---|----------------|---|------------------------|---|----------------|
| Project co-ordinator | \$1,217,000.00 | x | 201.87 days / 667 days | = | \$368,329.52 |
| Foreman, Assistant Foreman | \$1,557,750.94 | x | 201.87 days / 667 days | = | \$471,459.04 |
| Mechanic workshop supervisor and ganger | \$1,196,302.02 | x | 201.87 days / 667 days | = | \$362,065.20 |
| Tower crane operator | \$217,698.60 | x | 271 days / 601 days | = | \$98,163.60 |
| Total | | | | | \$1,300,017.36 |

3. Assessment of Loss and Expense (cont'd)

3.1.1.3 Direct Labours → work-related cost = inadmissible.

The Contractor has submitted claim for reimbursement of payment (i.e. salaries, overtime payment and other allowance) for employment of direct labours which are considered as work-related costs and not to be loss and expense as a direct result of the prolongation of the Contract period and have considered inadmissible.

3.1.1.4 Consultants and Part-time Staff

The Contractor has submitted claim for reimbursement of design fees invoiced from his consultants, which is considered not to be loss and expense as a direct result of the prolongation of the Contract period and hence considered inadmissible.

The Contractor has also submitted expense for part-time engineer and nursing cost for the period 11/6/96 to 8/4/98 (i.e. 667 days) under this heading, and the assessed amount is:

Part-time engineers:
(4 No.) \$115,667.77 x 201.87 days / 667 days = \$35,007.28

Nursing cost:
\$350.00 x 201.87 days / 667 days = \$105.93

Total = \$35,113.21

3.1.1.5 Termination Payment

The Contractor has submitted claim for reimbursement of payment for termination of employment of his site staff and direct labours, which considered not to be loss and expense as a direct result of the prolongation of the Contract period and hence considered inadmissible.

3. Assessment of Loss and Expense (cont'd)

3.1.1.6 General Expenses

The general expenses submitted by the Contractor cover expenditures on stationeries and photos, postage, lunch and travel allowance for site staff, entertainment and other general expenses for the period 11/6/96 to 8/4/98 (i.e. 667 days). After deducting the expenditure on entertainment which is inadmissible, the apportioned amount subject to reimbursement is:

\$366,835.11 x 201.87 days / 667 days = \$111,023.99

3.1.2 Insurance for the Works

The extra premium paid for the contractor's all risk insurance and employees' compensation insurance is calculated in proportional to the extra premium paid for the period 28/8/97 to 8/4/98 (i.e. 224 days) as submitted by the Contractor.

The apportioned amount subject to reimbursement is:

\$206,630.22 x $\frac{201.87 \text{ days}}{224 \text{ days}}$ = \$186,216.26

3.1.3 Site Cleanliness

The Contractor has submitted claim for reimbursement of payment for routine site cleanliness and for final cleaning on completion, the latter category of which is considered not to be loss and expense as a direct result of the prolongation of the Contract period and hence considered inadmissible.

The cost of routine site cleanliness for the period 1/9/96 to 8/4/98 (i.e. 585 days) as submitted by the Contractor and the apportioned amount subject to reimbursement is:

\$57,800.00 x $\frac{201.87 \text{ days}}{585 \text{ days}}$ = \$19,945.45

3. Assessment of Loss and Expense (cont'd)

3.1.4 Temporary Services

The cost of providing temporary services as submitted by the Contractor is:

| <u>Temporary Services</u> | <u>Period</u> | <u>Amount</u> |
|---------------------------|---|---------------|
| | | \$ |
| (i) Telephone | 11/6/96 to 8/4/98 (i.e. 667 days) | 31,829.78 |
| (ii) Water | Sections-based (covering the extended periods) | 32,949.14 |
| (iii) Electricity | Sections-based (covering the extended periods) | 153,761.44 |

The apportioned amount subject to reimbursement is:

$$\$31,829.78 \times \frac{201.87 \text{ days}}{667 \text{ days}} + \$32,949.14 + \$153,761.44 = \underline{\underline{\$196,343.98}}$$

3.1.5 Lorries and Mobile Cranes

The cost of providing plant and small tools for the period 2/7/96 to 12/3/98 (i.e. 619 days) as submitted by the Contractor and the apportioned amount subject to reimbursement is:

$$\$831,862.02 \times \frac{201.87 \text{ days}}{619 \text{ days}} = \underline{\underline{\$271,289.15}}$$

The claim under this heading as submitted by the Contractor also covers cost of providing lorries for internal material transportation and removing wastes and debris off site which are considered not to be loss and expense as a direct result of the prolongation of the Contract period unless the Contractor can substantiate otherwise.

3. Assessment of Loss and Expense (cont'd)

3.1.6 Site Security Charges

The cost of site security for the period 11/6/96 to 8/4/98 (i.e. 667 days) as submitted by the Contractor and the apportioned amount subject to reimbursement is:

$$\$1,244,079.00 \times \frac{201.87 \text{ days}}{667 \text{ days}} = \underline{\underline{\$376,525.08}}$$

3.1.7 Depreciation on Motor Vehicles

The depreciation on contract car at 10% for the year 97/98 as submitted by the Contractor and the apportioned amount subject to reimbursement for the period 12/7/97 to 8/5/98 (i.e. 301 days) is:

$$\$10,780.00 \times \frac{301 \text{ days}}{365 \text{ days}} = \underline{\underline{\$8,889.81}}$$

3.1.8 Petrol, Repairs and General Expenses for Motor Vehicles

The cost of licence fee, insurance, maintenance, fuel, parking fee and tunnel fares for the contract car for the period 11/6/96 to 8/4/98 (i.e. 667 days) as submitted by the Contractor and the apportioned amount subject to reimbursement for the period 12/7/97 to 8/5/98 (i.e. 301 days) is:

$$\$53,205.06 \times \frac{301 \text{ days}}{667 \text{ days}} = \underline{\underline{\$24,010.08}}$$

3.1.9 Depreciation on General Plant - Tower Crane

The depreciation on tower crane (owned by the Contractor and deployed for Section D) at 15% for the year 97/98 as submitted by the Contractor and the apportioned amount subject to reimbursement for the extended period of Section D 12/7/97 to 8/4/98 (i.e. 271 days) is:

$$\$175,950.00 \times \frac{271 \text{ days}}{365 \text{ days}} = \underline{\underline{\$130,636.85}}$$

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3. Assessment of Loss and Expense (cont'd)

3.1.10 Maintenance on Plant and Equipment

The cost of maintenance on plant and equipment for the period 21/6/96 to 8/4/98 (657 days) as submitted by the Contractor and the apportioned amount subject to reimbursement is:

$$\$303,531.09 \times \frac{201.87 \text{ days}}{657 \text{ days}} = \$93,263.05$$

3.1.11 Insurance for Plant – Tower Crane

The extra premium paid for the plant and machinery insurance for tower crane deployed for Section D is calculated in proportional to the extra premium paid for the period 11/6/96 to 8/4/98 (i.e. 667 days) as submitted by the Contractor.

The apportioned amount subject to reimbursement for the extended period of Section D 12/7/97 to 8/4/98 (i.e. 271 days) is:

$$\$21,423.26 \times \frac{271 \text{ days}}{667 \text{ days}} = \$8,704.20$$

3.1.12 Setting Out

The cost of setting out for the period 11/6/96 to 8/4/98 (i.e. 667 days) as submitted by the Contractor and the apportioned amount subject to reimbursement is:

$$\$1,413,783.33 \times \frac{201.87 \text{ days}}{667 \text{ days}} = \$427,886.72$$

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3. Assessment of Loss and Expense (cont'd)

3.2 Extended Head Office Overheads

3.2.1 Extended Head Office Overheads Based on Contract Sum

The calculation is based on an assumption of 3% head office overheads. The Contractor has claimed 8.11% (average) head office overheads in the submission based on his audited accounts for the years ending March 1996 to March 1999 which is considered unreasonably high and unacceptable.

Calculation of Extended Head Office Overheads

| | | | |
|--|--------|---|------------------|
| Total Builder's Works in original Contract Sum | x 3% x | $\frac{\text{Weighted average of extended period}}{\text{Weighted average of Contract period}}$ | |
| i.e. \$133,366,745.10 | x 3% x | $\frac{201.87 \text{ days}}{368.79 \text{ days}}$ | = \$2,190,087.43 |

3.2.2 Deduction for Additional Head Office Overheads Received within the Value of Additional Works

Item 3.2.1 above is based on the assumption that the value of builder's works executed was the \$133,366,745.10 included in the Original Contract. However, the final account figure for builder's works executed (excluding fluctuation payments and interest payments due to reimbursement of liquidated damages previously deducted for extensions of time subsequently granted) is \$137,250,895.41. The total value of additional builder's work is \$3,884,150.31, being \$137,250,895.41, less \$133,366,745.10.

Part of the cost under item 3.2.1 above would have been recovered from the payments for the additional work and a deduction shall therefore be made for that portion.

3. Assessment of Loss and Expense (cont'd)

3.2.2 Deduction for Additional Head Office Overheads Received within the Value of Additional Works (cont'd)

Calculation

Total value of additional builder's work x 3%
(-) \$3,884,150.31 x 3% = (-) \$116,524.51

3.2.3 Fluctuation Compensation for the Nett Extended Head Office Overheads

The nett extended head office overheads calculated in items 3.2.1 and 3.2.2 above is based on the builder's works value included in the Original Contract Sum, while the Contract included the contractual provisions for fluctuation compensation. Hence, the fluctuation compensation for the extended head office overheads is reimbursable.

Calculation

Nett extended head office overheads X Average fluctuation factor over the extended period calculated in accordance with the contract provisions

The above will be shared by the relative contract values of the respective extended Sections (i.e. the percentage of contract values for Sections A, B, C, D, E, G, H, I and K as tabulated in item 1.3 above) on the pro-rata basis as follows:

| % of Contract Value | Section | | | | | | | | | |
|---------------------|---------|-----------------|---|---------------|---|----------|---|--------|---|----------------------|
| 31.04 | A | (\$2,190,087.43 | - | \$116,524.51) | X | 0.074416 | X | 31.04% | / | 96.85% = \$49,454.48 |
| 29.08 | B | (\$2,190,087.43 | - | \$116,524.51) | X | 0.129956 | X | 29.08% | / | 96.85% = \$80,911.14 |
| 3.36 | C | (\$2,190,087.43 | - | \$116,524.51) | X | 0.142582 | X | 3.36% | / | 96.85% = \$10,257.03 |
| 9.91 | D | (\$2,190,087.43 | - | \$116,524.51) | X | 0.141385 | X | 9.91% | / | 96.85% = \$29,998.16 |
| 2.18 | E | (\$2,190,087.43 | - | \$116,524.51) | X | 0.072937 | X | 2.18% | / | 96.85% = \$3,404.25 |
| 3.75 | G | (\$2,190,087.43 | - | \$116,524.51) | X | 0.046003 | X | 3.75% | / | 96.85% = \$3,693.47 |
| 7.65 | H | (\$2,190,087.43 | - | \$116,524.51) | X | 0.114376 | X | 7.65% | / | 96.85% = \$18,733.28 |
| 4.98 | I | (\$2,190,087.43 | - | \$116,524.51) | X | 0.111945 | X | 4.98% | / | 96.85% = \$11,935.80 |
| 4.90 | K | (\$2,190,087.43 | - | \$116,524.51) | X | 0.155288 | X | 4.90% | / | 96.85% = \$16,291.14 |
| 95.85 | | | | | | | | | | \$224,678.75 |

3. Assessment of Loss and Expense (cont'd)

3.2.4 Head Office Profits

Profit on overheads is **not an admissible head of claims** as the loss and expense clause SCC12 of the Special Conditions of Contract does not refer to or include profit on the additional incurred expenses. "Cost" is defined in GCC Clause 1(1) as not including profit and so the Contractor's claim under this heading is considered inadmissible.

3.3 Finance Charges

The calculation is based on the weighted average interest charge of prime rates over the following period between (a) and (b) (i.e. 2154 days).

(a) the date at the mid point (i.e. 10/3/2001) of the date of the first letter of granting of EOT with cost effect (i.e. 12/12/96) and the latest letter of granting of EOT with cost effect (i.e. 6/6/2005).

(b) the anticipated payment date at 31/1/2007.

Calculation L&E amount delayed

| | Extended site overhead as para. 3.1 | Extended head office overheads as para. 3.2 | Amount already paid | Percentage value of respective extended Sections | Interest charge | Period during which the interest charges were incurred |
|-----------|---|---|---------------------|--|-----------------|--|
| Section A | (\$4,278,251.33 + \$2,298,241.67 - \$5,700,000.00) x 31.04% | | | 96.85% | x 6.02% | x 2154 days / 365 days = \$99,797.55 |
| Section B | (\$4,278,251.33 + \$2,298,241.67 - \$5,700,000.00) x 29.08% | | | 96.85% | x 6.02% | x 2154 days / 365 days = \$93,495.90 |
| Section C | (\$4,278,251.33 + \$2,298,241.67 - \$5,700,000.00) x 3.36% | | | 96.85% | x 6.02% | x 2154 days / 365 days = \$10,802.83 |
| Section D | (\$4,278,251.33 + \$2,298,241.67 - \$5,700,000.00) x 9.91% | | | 96.85% | x 6.02% | x 2154 days / 365 days = \$31,861.91 |
| Section E | (\$4,278,251.33 + \$2,298,241.67 - \$5,700,000.00) x 2.18% | | | 96.85% | x 6.02% | x 2154 days / 365 days = \$7,008.98 |

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3. Assessment of Loss and Expense (cont'd)

3.3 Finance Charges (cont'd)

Section G
 $(\$4,278,251.33 + \$2,298,241.67 - \$5,700,000.00) \times 3.75\% / 96.85\% \times 6.02\% \times 2154 \text{ days} / 365 \text{ days} = \$12,056.73$

Section H
 $(\$4,278,251.33 + \$2,298,241.67 - \$5,700,000.00) \times 7.65\% / 96.85\% \times 6.02\% \times 2154 \text{ days} / 365 \text{ days} = \$24,595.72$

Section I
 $(\$4,278,251.33 + \$2,298,241.67 - \$5,700,000.00) \times 4.98\% / 96.85\% \times 6.02\% \times 2154 \text{ days} / 365 \text{ days} = \$16,011.33$

Section K
 $(\$4,278,251.33 + \$2,298,241.67 - \$5,700,000.00) \times 4.90\% / 96.85\% \times 6.02\% \times 2154 \text{ days} / 365 \text{ days} = \$15,754.12$

Total = \$311,385.07

4. Summary

The nett amount to be due to the Contractor in respect of the loss and expense incurred as a result of the extensions of time is summarised as follows:

| | \$ | \$ |
|--|-------------------|----|
| 4.1 <u>Extended Site Overheads</u> | | |
| Site management and administration cost | | |
| - General site staff for all Sections as para. 3.1.1.1 | 1,088,386.14 | |
| - Site staff for relevant Sections as para. 3.1.1.2 | 1,300,017.36 | |
| - Direct labours as para. 3.1.1.3 | Nil | |
| - Consultants and part-time staff as para. 3.1.1.4 | 35,113.21 | |
| - Termination payment as para. 3.1.1.5 | Nil | |
| - General expenses as para. 3.1.1.6 | <u>111,023.99</u> | |
| | 2,534,540.70 | |
| Insurance for the Works as para. 3.1.2 | 186,216.26 | |
| Site cleanliness as para. 3.1.3 | 19,945.45 | |
| Temporary services as para. 3.1.4 | 196,343.98 | |
| Lorries and mobile cranes as para. 3.1.5 | 271,289.15 | |

4. Summary (cont'd)

| | \$ | \$ |
|---|-------------------|---------------------|
| 4.1 <u>Extended Site Overheads</u> (cont'd) | | |
| Site security charges as para. 3.1.6 | 376,525.08 | |
| Depreciation on motor vehicles as para. 3.1.7 | 8,889.81 | |
| Petrol, repairs and general expenses for motor vehicles as para. 3.1.8 | 24,010.08 | |
| Depreciation on general plant – tower crane as para. 3.1.9 | 130,636.85 | |
| Maintenance on plant and equipment as para. 3.1.10 | 93,263.05 | |
| Insurance for plant – lower crane as para. 3.1.11 | 8,704.20 | |
| Settling out as para. 3.1.12 | <u>427,886.72</u> | 4,278,251.33 |
| 4.2 <u>Extended Head Office Overheads</u> | | |
| Extended head office overheads based on Contract Sum as para. 3.2.1 | 2,190,087.43 | |
| Deduction for additional head office overheads received within the value of additional works as para. 3.2.2 | (-) 116,524.51 | |
| Fluctuation compensation for the nett extended head office overheads as para. 3.2.3 | 224,678.75 | |
| Head office profits as para. 3.2.4 | <u>Nil</u> | 2,298,241.67 |
| 4.3 <u>Finance Charges</u> | | |
| Finance charges as para. 3.3 | | <u>311,385.07</u> |
| Total | | <u>6,887,878.07</u> |