

3.3 Quoting for a job

To understand the figures involved in preparing a quotation for a job



When preparing a quotation for a job, a company has to consider all of its overheads as well as the expenses involved in the particular job, i.e. the fixed costs and the variable costs. Examine and discuss the examples of these two types of cost listed below.

Fixed costs	Variable costs
Lease on office/shop/ work premises	Labour
Property insurance	Cost of materials
All risks insurance	Equipment hire
Motor insurance	
Electricity	
Telephone/internet	
Bank charges/interest	
Lease on van	
Advertising	
Management/office salaries	

You are on a work placement with a company that supplies and fits out kitchens. You have been asked to help to prepare a quotation for a job by filling in the missing details on the following sheets.

Quotation 1 - preparation sheet

Cost of kitchen units - floor & wall units	€2,500
Cost of marble worktop	€750
Cost of sink	€125
Cost of taps	€75
Labour cost: 3 men for 3 days @ €100 each per day	
Subtotal	
Add 10% to cover fixed overheads	
Subtotal	
Add 20% mark-up (profit)	
Total excluding VAT	
Add 13.5% VAT	
Total including VAT	

Date:

**The Pine Kitchen Company**

Date:




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**Quotation 1**

To supply and fit kitchen units as per drawing

VAT @ 13.5%

Signed \_\_\_\_\_

	<b>Total</b>	€
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Unfortunately the client is not willing to pay this amount. You must now prepare a second quotation, reducing costs where possible\*. Fill in the missing details below.

Quotation 2 - preparation sheet

Cost of kitchen units	€2,500
Cost of formica worktop*	€130
Cost of sink	€125
Cost of taps	€75
Labour cost: 3 men for 3 days @ €100 each per day	
Subtotal	
Add 10% to cover fixed overheads	
Subtotal	
*Add 15% mark-up	
Total excluding VAT	
Add 13.5% VAT	
Total including VAT	

CONCLUSION: What I have done...

