

Unit - III Ref. Book: Cost Accounting - Jain & Narang.

Labour - System of Wage Payment -
 Idle time - Control of Overtime and
 Idle time cost - Labour Turnover - Overhead
 - classification of overheads - Allocation
 and Absorption of overhead.

Types of Labour: - a) Direct Labour
 b) Indirect Labour

System of Wage Payment:-

1. Time Rate System
2. Piece Rate System
3. Premium & Bonus plan.

Prepared by
 Dr. P. BRIDGI
 Asst. Professor

Prob. NO. 1 / P. NO. II - 161 - Jain & Narang.

Rate Per hour = Rs. 1.50 Per hour.

Time Allowed for Job = 20 hours

Time Taken = 15 hours

Calculate the total earnings of the worker under Halsey Plan & Rowan Plan.

Problem NO. 2 / P. NO. II - 163

The standard time allowed for the job is 30 hours. Hourly rate Rs. 1.50; saving in time, a worker X gets an hourly wage of Rs. 1.80 under Rowan Premium Bonus System. Calculate the hourly rate of wages a worker Y will get under Halsey Premium Bonus System.

Labour Turnover: - It denotes the percentage change in the labour force of an organization

Methods of Labour Turnover

1. Separation method
2. Replacement Method
3. Flux Method.

Causes of Labour Turnover -

- I Personal causes
- II Unavoidable causes
- III Avoidable causes.

Problem NO. 3 / P. NO. II - 110

Find out the Labour Turnover rate by applying i) Flux ; ii) Replacement and iii) Separation Method :-

NO. of workers on the payroll :-

At the beginning of the month	500
At the end of the month	600

NO. of workers left	5
NO. of workers discharged	20
NO. of workers recruited	75
NO. of workers replaced (out of 75)	10

Bin card :

Idle Time

Over Time

Overheads :- Any expenditure over and above prime cost is known as overhead.

Classification :-

- I Functional wise
- II Behaviour of the expenditure wise
- III Element wise
- IV Nature of Expenditure wise.

Allocation of Overhead :- Basis of Apportionment

Store service Exp	- Material value
E S I	- Wages
Factory Rent	- Floor Area.
Rates & Taxes	- Floor Area.
Insurance / Depreciation on Asset	- value of Assets
Creche exp.	- NO. of Female employees.
Electric Light	- calculated units.

Problem NO. 4. / P. NO. II - 243

Production Dept. = P₁ P₂ & P₃
 Service Dept = S₁ S₂

Common Expenses details given below:-

i) Rent & Rates	Rs. 25000
ii) General lighting	3000
iii) Indirect wages	7500
iv) power	7500
v) Depreciation on machinery.	50000
vi) Sundry exp.	50000

Additional data, department-wise: -

	P ₁	P ₂	P ₃	S ₁	S ₂
Direct wages (Rs.)	15000	10000	15000	7500	2500
H.P. of machine used.	60	30	50	10	-
Cost of machinery (Rs.)	300000	400000	500000	25000	25000
Production hours worked	6226	4028	4066	-	-
Floor space used (sq. mtr.)	2000	2500	3000	2000	500
Lighting points (nos.)	10	15	20	10	5

Service department's Expenses Allocation:-

	P ₁	P ₂	P ₃	S ₁	S ₂
S ₁ Dept.	20%	30%	40%	-	10%
S ₂ Dept.	40%	20%	30%	10%	-

Compute the overheads of the Production department under Repeated Distribution Method.