Part II: Descriptive Questions (70 Marks)

Question 1(A) **Marks 15**

The standard labour employment and the actual labour engaged in a 40-hours week for a job are as: -

Particulars	Standard		Actual	
	No. of Workers	Wage per hour (₹)	No. of Workers	Wage rate per hour (₹)
Skilled	65	45	50	50
Semi-skilled	20	30	30	35
Unskilled	15	15	20	10

Standard output – 2,000 units, actual output – 1,800 units, abnormal idle time 2 hours in the week. **Calculate** the labour cost variance. Also calculate DLYV with the help of alternative output method.

(B) **Limitations of standard costing.** **(Marks 5)**

Question : 2 **Marks 10**

A Mini–Bus, having a capacity of 32 Passengers, operates between two places – 'A' and 'B'. The distance between the Place 'A' and Place 'B' is 30 km. The Bus makes 10 round trips in a day for 25 days in a month. On an average, the Occupancy Ratio is 70% and is expected throughout the year. The details of other expenses are as under: -

Insurance - ₹ 15,600 per annum	Repairs - ₹ 4,800 per quarter
Garage Rent - ₹ 2,400 per quarter	Salary of Operating Staff - ₹ 7,200 per month
Road Tax - ₹ 5,000 per annum	Tyres and Tubes - ₹ 3,600 per quarter

Diesel: (one Litre is consumed for every 5 km) 13 per Litre Oil and Sundries 22 per 100 km run Depreciation 68,000 per annum. Passenger Tax @ 22% on Total Taking is to be levied and Bus Operator requires a Profit of 25% on Total Taking.

Prepare Operating Cost Statement on annual basis and find out the Cost per Passenger Kilometer and One–Way Fare per Passenger.

Question No. 3 **Marks 10**

The management of a company are worried about their increasing labour turnover in the factory and before analyzing the causes and taking remedial steps, they want to have an idea of the profit foregone as a result of labour turnover in the last year. Last year sale amounted ₹ 83,03,300 and variable cost was 80% of sales. The total number of actual hours worked by the Direct Labour Force was 4.45 lakhs.

As a result of the delay by the Personnel Department in filling vacancies due to labour turnover, 1,00,000 potentially productive hours were lost. The actual direct labour hours included 30,000 hours attributable to training new recruits, out of which half of the hours were unproductive.The costs incurred consequent on labour turnover revealed on analysis the following: -

Settlement costs due to leaving -₹43,820	Selection costs -₹12,750
Recruitment costs -₹26,740	Training costs -₹30,490

Assuming that the potential production lost as a consequence of labour turnover could have been sold at prevailing prices. **Find** the profit foregone last year on account of labour turnover

Q. No. 4 **Marks 10**

The following data are available in respect of process 1: -
Opening work-in-progress - 900 units at ₹ 4,500
Degree of completion - Materials 100%, Labour 60% and overheads60%
Input of materials - 9,100 units at ₹ 27,300
Direct wages - ₹ 8,200 and Production overhead - ₹ 16,400
Units scrapped - 1,200 units
Degree of completion - Materials 100%, Labour 70% and Overheads 70%
Closing work-in-progress - 1,000 units
Degree of completion - Materials 100%, Labour 80% and Overhead 80%,
Units transferred to next process - 7,800 units
Normal process loss is 10% of total input (Opening stock plus units put in) and scrap value is ₹ 3 per unit. You are **required** to follow FIFO method and compute: -**(a)** Equivalent production, **(b)** Cost per equivalent unit for each element and cost of abnormal loss, closing work-in-progress and units transferred to next process, and **(c)** To prepare statement of apportionment of cost.

Question .NO 5 **Marks 10**

RST Limited produces three joint products **X, Y** and **Z,** The products are processed further. Pre-separation costs are apportioned on the basis of weight of output of each joint product. The following data are provided for the month of April, 2022.
Cost incurred up to separation point: ₹ 10,000

	Product X	**Product Y**	**Product Z**
Output (in Litre)	100	70	80
	₹	**₹**	**₹**
Cost incurred after separation point	2,000	1,200	800
Selling Price per Litre:			
After further processing	50	80	60
At per- separation point (estimated)	25	70	45

You are required to:

(i) Pre pare a statement showing profit or loss made by each product after further processing using the presently adopted method of apportionment of pre-separation cost.

(ii) Advise the management whether on purely financial consideration the three product are to be processed further or not.

Question : 6 **[10 Marks]**

A skilled worker, in PK Ltd., is paid a guaranteed wage rate of ₹ 15.00 per hour in a 48-hour week. The standard time to produce a unit is 18 minutes. During a week, a skilled worker-Mr. 'A' has produced 200 units of the product. The Company has taken a drive for cost reduction and wants to reduce its labor cost.
You are required to:
(i) Calculate wages of Mr. 'A' under each of the following methods:
A. Time rate, B. Piece-rate with a guaranteed weekly wage,
C. Halsey Premium Plan D. Rowan Premium Plan
(ii) Suggest which bonus plan i.e. Halsey Premium Plan or Rowan Premium Plan, the company should follow.