

CMA		CA R. K. Mehta
<b>Test - 8</b>		
Time Allowed : 50 min.	January, 27 2019	Total Marks: 30 Marks

**Q.1:** Explain Accounting Treatment of Overtime. How can it be controlled? (5 Marks)

**Q.2:** The standard time for a job is 50 hours. The hourly rate of guaranteed wages is ₹ 9. Because of saving in time, a worker X gets an effective hourly wage of ₹ 10.80 under Rowan Premium Bonus System. For the same saving in time, **calculate** the hourly rate of wages a worker Y will get under Halsey Premium Bonus System, assuming 50% bonus to worker. (5 Marks)

**Q.3:** The present **output details** of a manufacturing department are as follows: -

Average output per week - 48,000 units from 160 employees	Contribution made by output towards fixed expenses and profit - ₹ 2,40,000
Saleable value of output - ₹ 6,00,000	

The Board of Directors plans to improve the business at a capital cost of ₹ 1,60,000. The effect of this will be to reduce the number of employees to 120 and increasing the output per individual employee by 60%. The Board intends to offer a 1% increase on the piece-work rate of ₹ 1 per unit for every 2% increase in average individual output achieved. In order to sell the increased output, it will be necessary to decrease the selling price by 4%. **Calculate** extra weekly contribution resulting from proposed change and evaluate the Board's decision of introducing the change. (10 Marks)

**Q.4:** The Management of sunshine Ltd. wants to have an idea of profit lost as a result of labour turnover last year. Last year sales accounted to ₹ 66,00,000 and variable cost was 80% of sales. The total number of actual hours worked by the direct labour force was 3.45 lakhs. As a result of labour turnover, total 75,000 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 is: -

Settlement cost due to leaving - ₹ 27,420	Selection cost - ₹ 12,750
Recruitment cost - ₹ 18,725	Training cost - ₹ 16,105

Assuming that the potential production lost due to labour turnover could have been sold at prevailing prices, ascertain the profit lost last year on account of labour turnover. (10 Marks)