

VIVEKANANDA COLLEGE
THAKURPUKUR
KOLKATA-700063
NAAC ACCREDITED 'A' GRADE



Topic: Employee Cost and Incentive Systems

Course Title: CC 2.1Cg

Paper: COST&MANAGEMENT ACCOUNTING-1

Unit: 03

Semester: II

Name of the teacher: DR. SARBAPRIYA RAY

Name of the department: COMMERCE

COST&MANAGEMENT ACCOUNTING-1

DR SARBAPRIYA RAY

Problem of labour remuneration cost on sliding scale

Practical problem:1

Bharat shawl workers has introduced the following sliding scales for its workers:

Within first 10% savings in standard time	Bonus is 40% of time saved
Within next 20% savings in standard time	Bonus is 50% of time saved
Within next 30% savings in standard time	Bonus is 60% of time saved
For the balance	Bonus is 75% of time saved

Smt Ishita Agarwal, a worker, whose basic rate per hour is Rs2, completed a particular job in 120 hours, time allowed 200 hours. Compute her earning from the job.

Solution:

Computation of earnings of Mrs Ishita Agarwal

Standard time allowed = 200 hours

Less: Time taken = 120 hours

Time saved= 80 hours

Calculation of bonus hours:

bonus hours

First 10% savings in standard time : $20 \times \frac{40}{100} =$ 8 hours

[i.e 10% 200Hrs i.e20hours] [40% of time saved]

For the second 10% savings in standard time : $40 \times \frac{50}{100} =$ 20 hours

[i.e 20% 200Hrs i.e40hours] [50% of time saved]

Balance [80-60] i.e 20 hours : $20 \times \frac{60}{100} =$ 12 hours

[60% of time saved]

Total Bonus hours = 40 hours

Statement showing the earnings of Mrs Ishita Agarwal

Particulars	Amount(Rs)
Basic wage for hours worked: 120hours@Rs2 per hour	240
Bonus: 40hours @Rs 2 per hour	80
Total earnings	320

Practical problem:2

From the following particulars, calculate the total earnings of Aishi Banerjee, a worker:

Time saved(% of standard)	Bonus(% of time saved)
Upto 25%	10%
Above 25% and upto 35%	Plus 20% of time saved above 25% and upto 35%
Above 35%	Plus 30% of time saved above 35%

The worker, Aishi Banerjee ,whose wage rate is Rs2.40 per hour,takes 50 hours to complete a job, the standard time allowed for which is 100 hours.

Solution:

Standard time allowed = 100 hours

Less: Time taken = 50 hours

Time saved=50 hours

Calculation of bonus

Particulars(SAVINGS IN STANDARD TIME)	Time saved in hours	Bonus hours	Rate(Rs)	Amount(Rs)
First 25% i.e	25 hours	$25 \times 10\% = 2.50$	2.40	6.00
Next,10% i.e	10 hours	$10 \times 20\% = 2.00$	2.40	<u>4.80</u>
Balance (50-35) i.e	15 hours	$15 \times 30\% = 4.50$	2.40	10.80
	50 hours	9 hours		21.60

Total earnings = Basic wages + bonus= 50 hours×2.40+ Rs21.60=Rs141.60

