

PART A: STRUCTURED QUESTIONS

1. Define the meaning of labor turnover and explain any THREE (3) causes of labor turnover.
2. Briefly discuss idle time and circumstances would it occurred.
 1. Define overhead cost with a specific example.
 2. Explain clearly classification of overhead cost with an example.

3. Define allocation, apportionment and absorption

PART B: PRACTICAL QUESTIONS- (i)Labour cost

1. The personnel department gives the following information in respect of labor:

Number of employees on 1 st January	1,800
Number of employees on 31 st January	2,200

During the month 20 persons quit and 80 persons are terminated. 300 workers are needed. From these, 50 workers are recruited in the vacancies and the rest were engaged in the expansion scheme.

Calculate the labor turnover by using:

- a) Separation method
 - b) Replacement method

2. Based on the following information, compute the earnings of John and Kelvin under the piecework remuneration method.

Standard production = 20 units per hour
 Normal time rate = RM10 per hour

Actual performance:

John produced 200 units in a day for 10 hours.

Kelvin produced 250 units in a day for 10 hours.

3. A firm's basic rate is £8 per hour and overtime rates are time and a half for evenings and double time for weekends. The following details have been recorded on three jobs:

CHAPTER 5: Elements of Costs: Overhead Cost

	Job X321 (Clock Hours)	Job X786 (Clock Hours)	Job X114 (Clock Hours)
Normal time	480	220	150
Evening time	102	60	80
Weekend	10	30	16

You are required to calculate the labor cost chargeable to each of the jobs.

4. A worker is paid by differential piecework. The scheme is as follows:

Up to 50	Units per day	£0.50 per unit
51 – 70	Units per day	£0.60 per unit
71 – 80	Units per day	£0.65 per unit
81 – 100	Units per day	£0.70 per unit

His daily outputs for a five day week were 68 units, 83 units, 59 units, 94 units and 47 units. What will be his gross pay for the week?

PART B: PRACTICAL QUESTIONS- (ii) Overhead cost

1. Jason Ltd has two production departments (A and B) and two service departments (Maintenance and Stores). Budgeted overheads for the next year are shown below:

	RM
Heat and light	19,200
Repair costs	9,600
Machinery depreciation	54,000
Rent and rates	38,400

CHAPTER 5: Elements of Costs: Overhead Cost

Canteen	9,000
Machinery insurance	25,000

Details of each department are as follows:

	A	B	Maintenance	Stores	Total
Floor area (m ²)	6,000	4,000	3,000	2,000	15,000
Machinery book value (RM000)	48	20	8	4	80
Number of employees	50	40	20	10	120
Allocated overheads (RM000)	15	20	12	5	52
Material acquisition (%)	40	60	-	-	-

Calculate total overhead costs for each of the departments and reallocate overheads of service departments to production departments based on material acquisition.

2.

a) Give **THREE (3)** reasons why over or under absorption of overheads may arise.

b) ABC Company had considered that overhead absorption based on labor hours is the most appropriate basis for Department XYZ:

	<u>Budgeted</u>	<u>Actual</u>
Direct labor hours	5,600	5,925
Direct wages (RM)	19,040	20,450
Machine hours	3,300	3,418
Direct materials (RM)	26,200	28,213
Output produced (Units)	81,000	85,296
Overheads (RM)	57,500	61,257

Determine the amount of over/ under absorption of overheads (if any).

CHAPTER 5: Elements of Costs: Overhead Cost

3. Union Sdn Bhd manufactures electrical tools which divided cost centers into Department A, B and C. The company budgeted costs data as given the following:

Cost centers	Budgeted OH (RM)	Basis OH absorption
Department A	38,500	22,000 machine hours
Department B	75,088	19,760 machine hours
Department C	40,964	41,800 labor hours

The related & relevant actual manufacturing costs for Job123 reveals as below:

Direct material requisitioned	RM6,780.10
Direct material returned to stores	RM39.60
Direct labor	
Department A	146 hours at RM4.80 per hour
Department B	39 hours at RM5.70 per hour
Department C	279 hours at RM6.10 per hour
Hire special machine cost	RM59.00
Machine hours	
Department A	411 hours
Department B	657 hours
Selling price	RM17,200
Admin & general OH	10% of production cost
Selling & distribution OH	12% of selling price

Required: Calculate the total profit or loss attributable to the Job123 for the company.