

- Q.3 SK Engineering Ltd. has three production departments A, B and C and two service departments X and Y. The following figures are extracted from the records of the company. (15)

Rent & Rates	-	80000 Rs.
General Lightings	-	12000 Rs.
Indirect Wages	-	18000 Rs.
Power	-	18000 Rs.
Depreciation of Machinery	-	160000 Rs.
Sundries	-	100000 Rs.

The following further details are available

Particulars	Dept. A	Dept. B	Dept. C	Dept. X	Dept. Y
Floor Space (Sq. ft.)	4000	5000	6000	4000	1000
Light points	20	30	40	20	10
Direct wages (Rs.)	24000	16000	24000	12000	4000
H.P. of Machines	120	60	100	20	-
Value of Machines (Rs.)	120000	160000	200000	10000	10000
Working Hours	12000	8000	8400	-	-

The expenses of X and Y departments are allocated as follows:

	A	B	C	X	Y
Department X	20 %	30 %	40 %	-	10 %
Department Y	40 %	20 %	30 %	10 %	-

What is factory cost of an article if its raw material cost is Rs. 50, Labour cost Rs. 30 and it passes through departments A, B and C for 8, 12 and 4 hours respectively.

OR

- Q.3 Compute the machine hour rate from the following details. (15)

The machine works on 90% capacity throughout the year. A break down allowances of 432 hours therein responsible and there are three holidays at Diwali; two at Holi and two at Christmas exclusive of Sunday. The factory works 16 hours a day on five days and 8 hours on Saturday in a week.

The following are the expenses of the machine:

- (1) Price of the machine 90000 Rs.
Scrap value of the machine 9000 Rs.
Useful life of the machine 10 years
- (2) Rent and rates of machine 400 Rs. p.m.
- (3) Electricity of machine Rs. 2800 p.a.
- (4) Foreman's salary Rs. 4800 p.a.
- (5) Insurance premium 1% p.a.
- (6) Wages of workers 1000 Rs. p.m.
- (7) Interest on Hire purchase installment 800 Rs. p.a.
- (8) Repairs of machine Rs 1 per hour.
- (9) Indirect expenses Rs. 2000 p.a.
- (10) Oil expenses Rs. 800 p.a.
- (11) Labour Welfare expenses Rs. 2000 p.a.
- (12) Power consumption is 3 units per hour and rate per unit is Rs. 1.