Chapter 12 : Q. 21 - Page 199 (Volume II) :

Query : I am unable to calculate the answers. Please explain.

OR

My answers are not tallying with your answers, please explain.

Solution :

Good question. First of all congratulations for trying it. Difficulties are faced only by those students who try to solve the questions from Practice Manual.

(1) Please note that in this question, the wage rate is not PER HOUR but it is given as PER WEEK.

(2) The top line of the question says that the job is scheduled to be completed in 30 weeks. It means, it is the STANDARD TIME to do the work.

(3) Standard time can be calculated as follows :

Std. Time = Std. no. of workers x Std. no. of weeks

Skilled = 75 workers x 30 weeks = 2,250 WEEKS (not hours)

Semi Skilled = 45 workers x 30 weeks = 1,350 Weeks

Unskilled = 60 workers x 30 weeks = 1,800 Weeks

(4) Standard wages can be calculated as follows :

Std. wages = Std. no. of weeks x Std. wage rate per week

Skilled = 2,250 weeks x ₹ 60 per week = ₹ 1,35,000

Semi Skilled = 1,350 weeks x ₹ 40 per week = ₹ 54,000

Unskilled = 1,800 weeks x ₹ 30 per week = ₹ 54,000

(5) Actual time can be calculated as follows :

The last line of the question says that the work is completed in 32 weeks.

Actual Time = Actual no. of workers x Actual no. of weeks

Skilled = 70 workers x 32 weeks = 2,240 Weeks

Semi Skilled = 30 workers x 32 weeks = 960 Weeks

Unskilled = 80 workers x 32 weeks = 2,560 Weeks

(6) Actual wages can be calculated as follows :

Actual wages = Actual no. of weeks x Actual wage rate per week

Skilled = 2,240 weeks x ₹ 70 per week = ₹ 1,56,800

Semi Skilled = 960 weeks x ₹ 50 per week = ₹ 48,000

Unskilled = 2,560 weeks x ₹ 20 per week = ₹ 51,200

(7)   Labour Cost Variance can be calculated as follows :

Cost Variance = Standard Cost - Actual Cost

Skilled   = (₹ 1,35,000 - ₹ 1,56,800) = ₹ 21,800 (A)

Semi Skilled   = (₹ 54,000 - ₹ 48,000)   = ₹   6,000 (F)

Unskilled   = (₹ 54,000 - ₹ 51,200)   = ₹   2,800 (F)

Total   = ₹ 13,000 (A)

I think, now you will get all the remaining answers on your own.