

Class Blam Test III

Subject - Cost Account

Topic - Problem and solution on wages payment system of Halsey and Rowan system of wages payment.

Problem : From the following information, find out the work cost of a product under Halsey premium scheme and Rowan premium scheme:

- Standard Time - 8 hours.
- Actual Time - 6 hours
- Rate of wages per hour - Rs. 5
- Cost of material of product - Rs. 50
- factory overheads of direct wages - 200%.
- Rate of premium - 50%

Solution:

	Halsey P. scheme	Rowan P. scheme
(i) Earnings	30	30
Wages for 6 hours		
Premium	50% (2x5) 05	$\frac{2}{8} \times 6 \times 5 = 7.50$
Total Labour cost	<u>35</u>	<u>37.50</u>
(ii) Factory Cost		
Material	50	50
Labour	35	37.5
Prime Cost	<u>85</u>	<u>87.5</u>
Factory overheads: 200% of labour	70	75.0
	<u>155</u>	<u>162.5</u>

There is much difference between Halsey and Rowan system of wages payment