

Class - B Comp - III

Subject - Cost Accounts

Topic - Calculation of direct hour rate (Problem Solving)

Lecture by - Dr. Suresh Babu

Problem:

You are required to find out Direct Labour

Hour Rate from the following information -

(a) The total No. of operators working in the dept. of a factory is 100

(b) The department works for 300 days in a year and number of days hours per day worked is 8

(c) From the total No. of days 5% are to be deducted for short time and idle time

(d) Total departmental work overheads amount Rs 11,400.

Calculation of DLHR

Total Active hours:-	
300 days x 8 hours	2400
Less 5% idle hour	120
	<hr/> 2280
Total Direct Labour hour:-	
2280 x 100 operators	228,000
Total factory overhead:-	Rs. 11,400
Direct Labour hour rate:-	
$11400 \div 228000$	5 paise

So the DLHR = Rs. 0.05 or 5 paise only.