

## Employee Costing

1. Labour  
cost

2. Labour  
Turnover

3. Rate  
per hour

4. overtime  
cost

### 1. Labour cost

Based on time

Time Taken  $\times$  Rate per hour

Based on units

Units produced  $\times$  Rate per units  
(i.e. piece rate)

Halsey & Rowan

1. Details

Time Allowed  $\times$   
Time Taken (X)  
Time saved  $\times$   
Rate per hour  $\times$

2. Formula

3. Halsey = Rowan

If TT is 50%  
of TA

4. Quality

Follow  
Rowan  
(no compromise  
on quality)

Total Earning

Effective Rate

$\frac{\text{Total Earning}}{\text{Time Taken}}$

Halsey

Rowan

$(TT \times R) + (50\% \times TS \times R)$

$(TT \times R) \times \left( \frac{TT}{TA} \times TS \times R \right)$

### 2. Labour Turnover

Calculation of Profit lost

(WN+) : Contribution lost  
(Sales  $\times$  PV Ratio = Contribution)

Calculation of Labour Turnover

(WN+) : Avg no of employees  
(opening + closing)  $\div$  2

Statement of Profit lost

Contribution lost	x
Settlement cost	x
Recruitment / Training cost	$\frac{y}{x}$

a) Separation : Employees Separated  
 b) Replacement : Employees Replaced.  
 c) New Joining : Employee Newly Joined  
 d) Flux :  $\frac{S+R+N}{\text{Avg no of employees}} \times 100$

### 3. Rate per hour

(WN-1): Normal Productive Hours

Total Hours	x
- Normal Idle Time	(x)
	x

### 1. Rate per hour:

Particulars	Amt
Basic	x
DA	x
+ Employers Contribution	x
↓ (NOT employee)	
+ Bonus	x
	x
	(year)
÷ Normal Productive Hours	(year) ÷ x
	x

2. Abnormal Idle Hours × Rate per hour = Transfer to Costing P&L.

### 3. Employees Cost

Basic + DA + OT	xx
+ Employers Contribution	xx
	xx

### Earning by employee

Basic + DA + OT	xx
- Employees Contribution (xx)	xx
	xx

### 4. Overtime

1. As per Factories Act: If worker works for

a) more than 9 hours in a day

or b) more than 48 hours in a week

For those excess hours (Beyond 9 or 48), he will get double rate.

2.

Overtime		
Regular	Irregular	At Customers request
Calculate Avg rate per hour Avg Rate × Total Hours	a) Normal cost recovered from customer b) OT premium Transfer to OH	Normal cost & OT premium Both recovered from customer

ie. OT is recovered based on avg rate.

# Employee Costing

1. Labour  
Cost

Q 8 P: 3.27

74K 2 P: 3.52

2. Labour  
Turnover

3. Rate  
per hour

Q 1 P: 3.13

Q 2 P: 3.14

Q 13 P: 3.36

4. Overtime  
Cost