

| Name of Expenses | Basis of Allocation | Total Amount | Production department | | | Service department S |
|------------------|--------------------------------------|--------------|-----------------------|---------------|--------------|----------------------|
| | | | P | Q | R | |
| Electricity | Area 10 : 8 : 7 : 5 | 3,000 | 1,000 | 800 | 700 | 500 |
| Power | H.P. of Plant 24 : 19 : 11 : 2 | 5,600 | 2,400 | 1,900 | 1,100 | 200 |
| Insurance | Value of plant 5 : 6 : 3 : 1 | 3,500 | 1,167 | 1,400 | 700 | 233 |
| Medical Expenses | No. of employee 20 : 12 : 15 : 13 | 240 | 80 | 48 | 60 | 52 |
| S. Depreciation | No. of employee 20 : 12 : 15 | 1,66,640 | 52,547 | 41,748 | 43,160 | 29,185 |
| | | | 12,419 | 7,451 | 9,315 | (29,185) |
| | | | <u>64,966</u> | <u>49,199</u> | <u>2,475</u> | Nil |

[BBA - 2015]

PROBLEM 37

XY Ltd. has three production departments A, B and C and two service departments D and E. Manufacturing expenses for the next year are estimated as follows:

| | Taka | | Taka |
|-----------------------|--------|------------------|-------|
| Rent, rates and taxes | 4,200 | Plant Repairs | 3,300 |
| Depreciation | 16,500 | Plants insurance | 440 |
| Lighting | 1,900 | Fringe benefits | 3,000 |
| Supervision | 7,500 | Canteen expenses | 4,500 |
| Power | 2,700 | | |

Further information relating to the departments is given below:

| | A | B | C | D | E |
|-------------------------|----------|----------|----------|-------|-------|
| Area (Sq. ft) | 600 | 800 | 700 | 400 | 300 |
| Value of plant (Tk.) | 1,00,000 | 1,40,000 | 2,00,000 | - | - |
| No. of employees | 10 | 16 | 20 | 6 | 8 |
| Horse power hours | 10,000 | 12,000 | 8,000 | - | - |
| No. of Points | 12 | 15 | 18 | 9 | 6 |
| Wages (Tk.) | 20,000 | 30,000 | 40,000 | 4,000 | 6,000 |
| Indirect material (Tk.) | 320 | 250 | 360 | 95 | 90 |

Expenses of department D are to be distributed first on the basis of area and of department E on the basis number of employees. Prepare the departmental distribution summary.

HELPLINE

Service department works for production department. So, the cost of production department is indirect cost for production department.
Indirect material is an indirect cost and it is given in further information. As it is given department wise so it will be transfer directly.