

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.