



Competency 14.0 – Evaluation of Basic Concepts of Management Accounting.  
Competency Level 14.4 – Records the labour cost.

Following informations are relevant for the calculation of wages of Nisha book shop”.

- Maximum working number of days for a month are 20 days. 8 hours per day.  
Starts from 8.00 am to 4.00 pm.
- 1.5 times per hourly rate is paid for any worker who works on Saturday and Sundays.
  - Cost of living per month for a worker is Rs. 2000.
  - EPF contributions
    - Employee contribution towards EPF is 10% on basic salary.
    - Employer contribution towards EPF is 15% on basic salary.

Employee	Monthly Basic salary	No of working days	Weekend work (hour)
Kubudu	16 000	20	-
Sumudu	19 200	20	10
Pubudu	20 000	18	15

- Calculate labour cost according to following headings.
  - Basic salary
  - Overtime payments
  - Cost of living benefit
  - EPF contribution
  - Total Labour cost
- (i) State the source documents used in recording labour time
- (iii) What are the benefits of labour cost control.



