

Type 1

Expenses (De)

(Cr) Incomes x Cl Stock

Delhi Contract AC

To Bal b/d

WIP Certified At S value

WIP unclassified At cost

To Plant at site b/d ✓

To Material at site old ✓

To Material sent to site ✓

Contract

To P/L (Profit on sale of) 5x50

To Material (pull at site) ✓

To Material (received from other site) ✓

By Material at site (Cl Bal)

By Cash sale of material At Sale Price

By P/L (Loss on sale of material) 5x10

By P/L (Abnormal loss, Theft, fire)

By Material t/f to other site ✓

By material returned from site ✓

To Labour charges/Expenses ✓

Paid xxx

+ O/s at end of year +

- O/s at beginng -

+ Prepaid at beginng +

- Prepaid at end -

To Plant sent to site Purchase value
To Costing P/L (Profit on sale of) Plant

By Sale of Plant Sale value

By Costing P/L (Loss on sale of Plant)

By Costing P/L (Abnormal loss)

Theft, fire (De) ✓

By Plant at site (WDV) ✓

By Plant set to other site (WDV)

By Plant returned (WDV)

specific plant

(Cr)

non specific plant

To Depreciation of Plant used at site
(Value x Dep rate x $\frac{\text{used days}}{365}$)

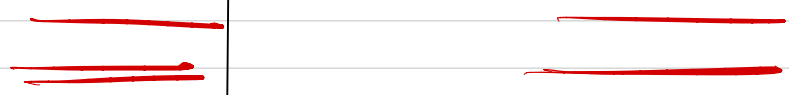
To Hire charges of plant xx

To office exp apportioned to this contract

To Costing Pal (Notional Profit)

By work in Progress Certified (at sale value)

Uncertified (at cost value)



Cost till date



Certified

WIP 66.66%
Uncertified

Type ② when WIP (uncertified) is not given
 or when we want cost till date.

Contract A/c

Material
 labour
 Plant
 Hence charge

By Balcd
 Material at site
 Plant at site

By cost till date (*) (B/S)

To cost till date (*)

By WIP
 certified
 uncertified

Salvage value
 (as calculated
 in WIP on
 cost)

To Closing P/L
 (Normal Profit) (***) (B/S)

Note:

$$\text{Cost till date} \times \frac{\% \text{ of WIP uncertified}}{\% \text{ of WIP certified} + \text{uncertified}} = \text{Cost of WIP Uncertified}$$

(Abhi Tak Fitra
 Kaam hua hai
 uski Total Cost kitni
 incurr hui hai)

New Type VIII

Escalation Claims

Escalation clause → If the Contract between Contractor and Contractee, Contains Some Statement according to which some part of cost increase will be borne by Contractee.

Escalation claim → The amount of money which Contractor will collect from Contractee because of inflation is called Escalation claim.

Notes

④ Escalation claim is shown on credit side of Contract A/c.

① Jo expenses question mai given hote hai, jo actual expenses hote hai, yaani ki jo expenses inflation hone se band wale expenses hote hai
(cumme rates already increase hua, hua hote hai)

② Contractee full material purchased / sent to site ki inflation nahi sahoga, sirf utne material ki inflation sahoga jitna uski site par use hua hai.

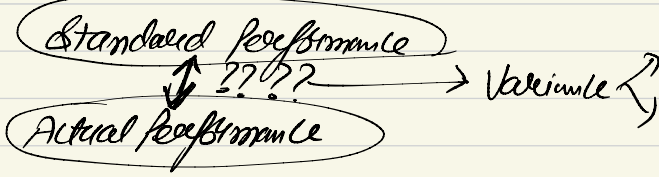
$$\text{Material Consumed} = \frac{\text{Material purchased / sent to site} - \text{CRM Stock}}{\quad}$$

③ Contractee wages involved hain inflation sahoga
Wages Paid
+ E.I.O/S
Wages involved

13 STANDARD COSTING

Standard Costing.

MM 100



Source Table

Input	1000 units		800 units		800 units	
	Budgeted		Standard for Actual		Actual	
	units @		units @		units @	
Clotn	1000m	₹100	$\frac{1000 \times 800}{1000} = 800$	₹100	900m	₹105
Button	8000	₹2	$\frac{8000 \times 800}{1000} = 6400$	₹2	8100	₹2
Thread	2000	₹5	$\frac{2000 \times 800}{1000} = 1600$	₹5	1800	₹4.5

$$\text{Standard for Actual Qty} = \frac{\text{Budgeted input} \times \text{Actual output}}{\text{Budgeted output}}$$

$$\textcircled{I} \text{ Material } \underline{\text{Cost}} \text{ Variance} = \left(\text{St qty} \times \text{St. rate} - \text{Act qty} \times \text{Act rate} \right)$$

for cloth $\Rightarrow 800 \times 100 - 900 \times 105 = 14500$ Adverse

$$\textcircled{II} \text{ Material } \underline{\text{Price}} \text{ Variance} = (\text{SR} - \text{AR}) \times \text{Actual Qty}$$

for cloth $= (100 - 105) \times 900$
 $\Rightarrow [45000 \text{ A}]$

$$\textcircled{III} \text{ Material } \underline{\text{Usage}} \text{ Variance} = (\text{SR} - \text{AR}) \times \text{SR}$$

for cloth $= (800 - 900) \times 100$
 $\Rightarrow [10000 \text{ A}]$

Standard Costing

⇒ Standard → Benchmark (Highest Possible level)

Standard Cost → $QA \times SR$ ⇒ It means how much money we should spend on an Average to Produce one unit.

⇒ Budgeted level → How much we initially expected Production will be.

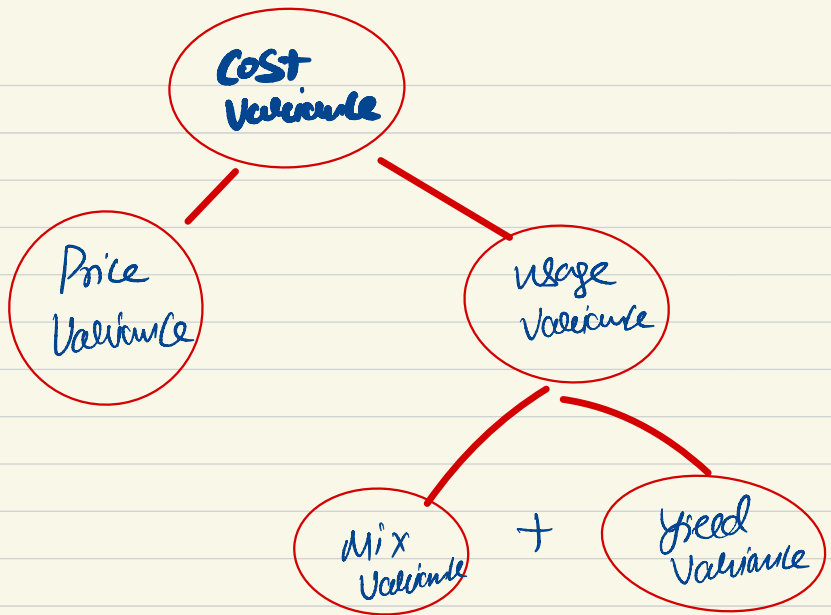
ex: 1000 sheets Suggested by Piyush.

⇒ Standard for Actual →

when we calculate Budgeted Cost for Actual units

⇒ for example: when we convert budgeted cost of 1000 sheets to 800 sheets

$$\text{Standard for Actual} = \frac{\text{Budgeted input} \times \text{Actual output}}{\text{Budgeted output}}$$



$$\text{Mix Variance} + \text{Yield Variance} = \text{Usage Variance}$$

$$(ASQ - AQ) \times SR + (SQ - RSQ) \times SR$$

$$[RSQ - AQ + SQ - RSQ] \times SR$$

$$(SQ - AQ) \times SR = \text{Usage Variance}$$

New Topic

Labour Variances

Category	1000 units		Source Table		800 units			RSH
	Budgeted	@	Standard for Actual	@	paid hrs	Idle Time	Actual worked	
Skilled	10×40 400 hrs £100	£100	900×80 1000 320 £100	£100	11×40 440 hrs	$11 \times 1hr$ 11 hrs	429 hrs	£120
Unskilled	5×40 200 hrs £80	£80	200×80 1000 160	£80	3×40 120 hrs	$3 \times 1hr$ 3 hrs	117 hrs	£60
							546 hrs	

① Standard for Actual = $\frac{\text{Budgeted input hrs} \times \text{Actual output}}{\text{Budgeted output}}$

① Labour Cost Variance = $(\text{SH} \times \text{SR} - \text{Actual hrs Paid} \times \text{AR})$

② Labour Rate Variance = $(\text{SR} - \text{AR}) \times \text{Actual hrs Paid}$

③ Labour Efficiency Variance = $(\text{SH} - \text{Actual hrs worked}) \times \text{SR}$

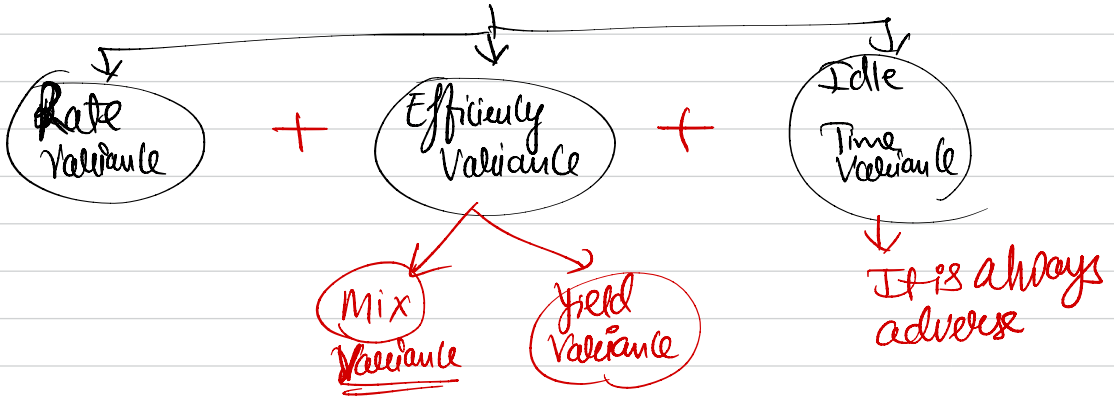
④ Labour Mix Variance = $(\text{RSH} - \text{AH worked}) \times \text{SR}$

Mix R.A.S.

⑤ Labour yield variance = $(\text{SH} - \text{RSH}) \times \text{SR}$

⑥ Labour Idle Time variance = Idle Time \times SR
(Always Adverse)

Labour Cost Variance



Sol III	<u>1 unit</u> <u>1 Contract</u>	<u>Source Table</u>	<u>1 unit</u> <u>1 Contract</u>	RSW
Category	Budgeted or Standard	Actual		
	weeks @			
Skilled	100 x 30 3000 £60	80 x 32 @ 2560 £65		3000 x 6400 6000 3200
Semi-skilled	40 x 30 1200 £36	50 x 32 1600 £40		1200 x 6400 6000 1280
Unskilled	60 x 30 1800 £24	70 x 32 2240 £20		1800 x 6400 6000 1920
	<u>6000</u>	<u>6400</u>		<u>6400</u>