

Name Omprakash Singh Dandia
Meter No 181 2050 21046
Deptt Accounting

AA AA

Terminologies used in Contract Accounting
Contract Price: The agreed price of contract after
between contractor and contractor

ii) Co-efficient of work done/Architect Certificate: It is
a certificate issued to work done to the contractor
by an architect.

iii) Progress Payment: Money ~~got~~ on continuous
progress of the contract payment made at specific
stage of the contract based on certificate of work
done.

iv) Retention Fee: This money is deducted from Progress
Payment to guarantee for anomalies. Amount agreed to
be withheld on every progress payment as guarantee
against bad or imperfect work which will be released
to the contractor after a specified period.

v) Cost to date: Addition of all cost incurred to date on
the contract

vi) Estimated Profit: Contract Price - Estimated cost of Contract

vii) Work Certified: Its work done for which Certificate
of work done is issued

viii) Cost of work certified: Total cost incurred in the
portion of work certified.

Name: Devansh Singh Bhandari
Roll No: 1812000210046
Date: 11/11/2024

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iii) Retention Fee: This money is deducted from Progress Payment to guarantee for anomalies. Amount required to be withheld on every progress payment as guarantee to prevent bad or imperfect work which will be released to the contractor after a specified period.

iv) Cost to date: Addition of all cost incurred to date on the contract.

v) Estimated Profit: Contract Price - Estimated cost of Contract Work Certified: The work done for which. Anticipate of work done is secured.

vi) Cost of work Certified: Total cost incurred on the portion of work certified.

Features of Contract Cost

- i) Give major Sub Contract
- ii) Work is undertaken to customer's special Requirement
- iii) The Work is frequently discontinued or Absture
- iv) Payment on account are usually made against work completed

4B

Objectives of Service Costing

- i) The cost per unit of Resource should be used as part of the Control function
- ii) A cost per unit of Service should be computed
- iii) Prices should be computed for Services being sold to third parties
- iv) Service Cost analysis in
- v) Planned Cost should be compared with actual cost and the difference may be returned for corrective method as necessary.

4C

Engineering methods: These are used when there is engineering analysis of technological relationship between input and output. This method is commonly used for estimation of repetitive processes with clearly defined input or Output relationships.

-> Account classification Method: This is a subjective way of classifying mixed cost into fixed and variable cost using personal experience by cost Accountant, items of expenditure within the account for

Features of Contract Cost

- i) Here major Sub Contract
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No. 1

1) CONTRACT A/C AS AT FEBRUARY 28, 2011
SALAMANDER P/C

Direct materials issued	7500	Materials c/f	25000
Materials bought on site	19500	Cost to date c/f	486,650
Direct Expenses	55000		
Wages paid	150000		
Head office expenses	10,500		
Plant Dep. (2% of 100,000)	20,000		
Accrued Expenses			

Wages 5000
Direct Expenses 1,150 6150

511,650

Cost to date b/f 486650
Nominal Profit
Profit Taken 35010

Value of work Certified 545000

Profit not taken 23340

58,350
545000

Material b/f 25000 Profit b/f 23,340

b) Calculation of Work in Progress

Cost to date 486650
Profit taken 35010

Cash received 521,660
(490,500)

Work-in-Progress 31,160



NO. 3

Reference 1st

Process 1 Account

Particulars	Qty	Rate	Amount	Particulars	Qty	Rate	Amount
Normal Input mat	6000	2	12000	Normal loss	600	3	1800
Abnl. Material			9000	Waste	500	3	1500
Labour			8000	Abnormal loss	200	3	600
Expenses			3000				
Other Expenses			8000				
Production Overhead			5000				
	6000		35800		600		35100

Cost Per Unit = $\frac{\text{Cost} - \text{Scrap}}{\text{Input Material Unit} + \text{Normal loss}}$

$$= \frac{35800 - 1800}{6000 - 600} = \frac{34000}{5400} = 62.96$$

NO. 3

Process III Account

Particulars	Qty	Rate	Amount	Particulars	Qty	Rate	Amount
Balance Brought Forward	6000	13.7	82200	Normal loss	4000	3	12000
Process II			5000	Output	1800	18.4	33120
Transfer			7000	Abnormal loss	1600		29600
Add: material			2500				
Labour			104400				
Expenses							
	6000				6000		104400

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