

Class - B Com Part III

Subject - Cost AC

Topic - Contract Account Preparation in Practical

Lecture by: Dr. Susmita Sen. - 21/04/20

Students, today I will explain a practical problem in Contract AC

Problem: The Contract ledger of ABC Company

shows the following particulars in respect of

Contract No. 50 which commenced on 1st April 2019.

Material used Rs 76,000

Direct wages Rs 80,000

Cost of special plant 20,000

Chargeable expenses - 7,000

Establishment charges 5,000

The contract was completed on 31st March 2020

and the contract price was Rs 2 lakh. The

value of materials and plant returned to

store on 31st March 2020 was Rs 6,000 and

Rs 12,000 respectively. The contract price was received

in full on 31st March 2020.

Solution :-

Contract No. 50

To Materials	76,000	By Material in store	6,000
" Direct wages	80,000	" Value of plant sold to store	12,000
" Cost of S. Plant	20,000	" Contractor's AC	2,00,000
" Chargeable Exp.	7,000		
" Estd charges	5,000		
" Profit & Loss AC	30,000		
	2,18,000		2,18,000

Contractor's AC

Date	Particulars	Amount Rs	Date	Particulars	Amount Rs
March 31, 2020	To Contract No. 50 AC	2,00,000	March 31, 2020	By Bank AC	2,00,000
		2,00,000			2,00,000