

WORKSHOP SUSPENSE ACCOUNT

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WHAT IS SUSPENSE ACCOUNT?

- A suspense account is an account in the general ledger in which amounts are temporarily recorded. The suspense account is used because the proper account could not be determined at the time that the transaction was recorded.
- When the proper account is determined, the amount will be moved from the suspense account to the proper account.

WORKSHOP MANUFACTURING SUSPENSE

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- All the Suspense Heads operated in Railways fall in four groups i.e. Revenue, Capital, Debt and Remittances.
 - WMS falls under Capital Head i.e. Demand Number 16. The Minor Heads pertaining to WMS is 7200.
 - There are two subheads viz. 7210 and 7220, the former having 8 Detailed Heads from 7211- 7218 and the latter having 2 Detailed Head viz. 7221 & 7222

WMS ACCOUNT JOURNAL ENTRIES

On the Debit Side Of WMS:

Expenditure that is incurred in the Workshop is booked to the DEBIT Side of WMS viz,

- Labour
- Material
- Freight Charges
- Proforma On cost Charges

On the Credit Side of WMS

Credit is received when the expenditure incurred is passed on to the concerned Railway or party

- Work Done for Capital
- Work done for DRF
- Work Done for Home Railway
- Work Done for Foreign Railway
- Material Returned to Stores

REVIEW OF BALANCE UNDER “WORKSHOP MANUFACTURING SUSPENSE”

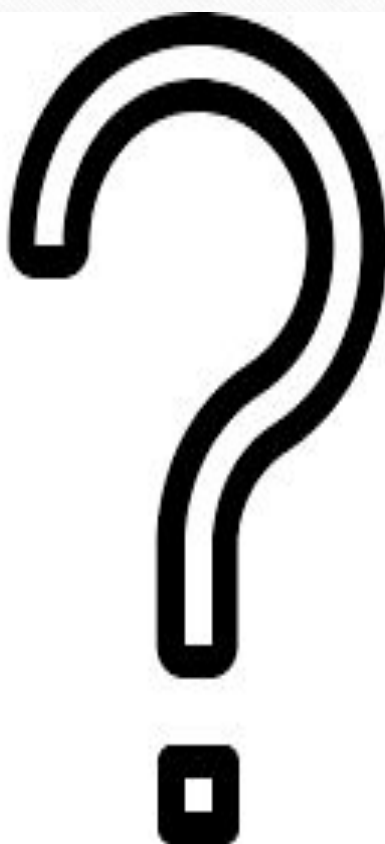
- that all items are current and have been undertaken after the issue of a proper work order, under the sanction of a competent authority,
- that the details consist of nothing else except labour, materials and works on -cost charges expended on unfinished jobs awaiting adjustment,
- that there are no credit items in the details of balance and if there are any such items, they are noted for immediate adjustment.
- in case of jobs undertaken for outsiders, sufficient deposit has been obtained ,
- there are no inefficient balances and the overcharges and undercharges are adjusted periodically.

Why WMS is operated in Railways?

- ❑ Proper cost control over expenses incurred in workshops.
- ❑ All expenses incurred in a workshop are accumulated and analyzed
- ❑ Pinpoint sources of waste and inefficiency.
- ❑ To arrive at the unit cost of repair activity/manufacture for the purpose of allocation and budget framing.

Review of WMS Account identifies.

- Capacity utilization of the workshop
- Deployment of skilled Labour and their utilization in Manufacturing operations / Service operations (POH etc.)
- Close watch of material drawals to Shop Floor and their consumption pattern
- Identification of Quantum of On Cost as a percentage to Direct Labour and control the overhead expenditure.





THANK YOU