

# Necessity of WMS

Railways are a commercial concern. Costs incurred in Workshops affect maintenance costs of running the Railways. Any extravagance in workshops is likely to tell upon the operating costs resulting in erosion of profits.

It is therefore, necessary to have proper cost control over expenses incurred in a Workshop. For this purpose, a Suspense Head of account i.e., WMS is needed under which all expenses in a Workshop are accumulated and analyzed so as to pinpoint sources of waste and efficiency.

## Workshop Manufacturing Suspense – Plan Head 7200

- is a Capital Suspense Head of account.

Entire process of Collecting, valuating, analyzing and booking of charges for doing the job or work and watching the settlement of all accounts is collectively known as WMS A/C.

## Workshop Manufacturing Suspense – Plan Head 7200

### IN PUTS (Debits)

1. Labour
2. Material
3. Contractual payments
4. Direct Purchases
5. Overhead costs

### OUT PUTS (Credits)

1. POH of Rolling stock of Home Railway and Foreign Rlys.
2. Works executed for other Depts.
3. Other Manufacturing activities (captive consumption)

# Workshop Account Current

Debit Side	Credit Side
To Opening Balance	
<u>Current year Debits</u>	<u>Current year Credits</u>
1. To Labour	1. By Debits to Works
2. To Stores from Stock	2. By Debits to Cap. Suspense-Stores
3. To Stores - Direct Purchases	3. By Debits to Revenue
4. To Contractual payments	4. By Debits to F.Rlys.
5. To Misc. payments	
Total Debits	Total Credits
	<b>By Closing Balance</b>

## Closing Balance represents

1. Works done pending acceptance of Bills

2. Stores stock credits awaiting adjustment

3. Under/Over charges – A) Due to Average hourly rates B ) Due to on cost rates C) Due to manufacturing costs

4. Miscellaneous Debits

5. Misc. Items needing clearance due to want of details



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## Reconciliation



Reconciliation of WMS balances with General Books and Workshop Account Current.

## Review of WMS Balances

1. All items are current and authorised

2. Details consist of nothing else except unfinished jobs and finished jobs awaiting acceptance.

3. No Credit Items.

4. For Deposit works – Advance payment is received and extra charges, if any accepted by the party.

5. No inefficient balances & under/over charges are timely cleared and no long out standing dues

## Development Suspense Account

In the initial stages of production partly due to lack of sufficient experience in the field of manufacture and partly -due to gestation period to reach the 'rated capacity' high cost of manufacture was considered inevitable and it was considered to fix the transfer price at par with landed cost of similar products.

The difference between the transfer price and the actual cost - kept under "Development Suspense Account" - in the books of Production Units.

The balance under Development Suspense Account - to be wiped off in due course when the time of production is stabilized.