



## Instructions for Completion of PWGSC-TPSGC 7953: Contractors Cost Submission

### General

- (A) A separate PWGSC-TPSGC 7953 is required for each item covered by a separate basis of payment in the "Basis of Payment" section of the Contract, other than firm price items.
- (B) The word "Department" should be regarded as synonymous with "Cost Centre".
- (C) Supporting documentation for the cost submission must be kept readily available, such as, Time Cards, Labour Distribution Tab Runs, Journal Vouchers, Lists of Subcontracts, Purchase Invoices, Pay Vouchers, Overhead Distribution Sheets and other related supporting documentation.
- (D) Costs reported in PWGSC-TPSGC 7953 are in accordance with 1031-2 Contract Cost Principles and/or as negotiated with the departmental cost analyst or other departmental officer.
- (E) Upon completion, the cost submission should be forwarded to the Contracting Authority in the case of cost reimbursable contracts, or the Finance Branch in the case of firm price contracts.

For cost reimbursable contracts only - If a contract period extends beyond two contractor fiscal years, interim cost submissions are required annually.

### Item definitions

- 1) Direct Materials: Include, in addition to materials purchased solely for the contract and processed by the Contractor or material obtained from subcontractors, any other material issued for the contract from contractor's general stocks.

All materials shall be charged to the contract at the net laid-down price after deducting all trade discounts and other similar items.

Costs shall be credited with the fair market value of all scrap produced from materials charged to the contract, whether in manufacturing processes, rejects due to design changes, or from any other cause.

- 2) Applicable Material Handling Overhead: This generally refers to costs associated with the procurement, receipt, handling, storage and issue of materials. This line should only be completed by contractors with a consistent policy of isolating and recovering material handling costs by relating them to the material acquired, rather than as part and parcel of the overall manufacturing overhead recovery rates.
- 3) Direct Productive Labour: Production labour which is performed directly on and is properly chargeable to the contract.
- 4) Applicable Department Overhead: This item refers to department overhead or burden and includes indirect labour, shop supplies, service expenses, fixed charges, employee fringe benefits. The contractor's system for allocation of overhead to government business should be consistent with that employed for allocating overhead to commercial work.

None of the items listed below may be included in the computation of the applicable department overhead rate:

- (a) Allowances for interest on invested capital, bonds, debentures, bank or other loans.
- (b) Entertainment expenses.
- (c) Dues and other memberships other than regular trade associations.
- (d) Donations other than reasonable donations to charities.
- (e) Losses on other contracts.
- (f) Depreciation on buildings, machinery or equipment paid for by the Crown.
- (g) Fines and penalties.
- (h) Amortization of unrealized appreciation of values of assets.
- (i) Expenses, maintenance and/or depreciation of excess facilities.

- (j) Increase in reserves for contingencies, repairs, compensation insurance and guaranteed work.
- (k) Federal and Provincial Income, Excess Profits or Surtaxes and/or any special expenses in connection therewith.
- (l) Unreasonable compensation for officers and employees.
- (m) Bond discount or finance charges.
- (n) Premiums for life insurance on the lives of officers.
- (o) Legal and accounting fees in connection with reorganization, security issues, capital stock issues or the prosecution of claims of any kind against the Crown.
- (p) Losses on investments, bad debts and expenses of collection.
- (q) Advertising, except reasonable advertising of an industrial or institutional character placed in trade or technical journals of value for the dissemination of trade and technical information for the industry.
- (r) Selling expenses other than certain defence marketing expenses.
- (s) Fees, extraordinary or abnormal, for professional advice in regard to technical, administrative or accounting matters, unless prior approval from the Crown has been obtained.

5) & 6) Engineering Costs: Compensation of professional engineers and draftsmen properly chargeable to the contract, including applicable indirect engineering expense or "Engineering Overhead".

This item should be completed by those contractors where it is the company's consistent policy to record and recover such costs separately from other manufacturing costs.

7) Direct Charges: These are items chargeable directly to the contract rather than through overhead distribution, in accordance with specific authorization. Direct charges not so authorized will be disallowed.

8) General and Administrative Overhead: Administrative expenses include items such as salaries of corporate and executive officers, office salaries, stationery and office supplies, postage, reasonable donations to charity and other necessary office expenses.

None of the items (a)-(s) listed previously under Definition 4 ("Applicable Department Overhead") may be included in the computation of the general and administrative overhead rate.

Where more than one rate applies details should be provided in the "Remarks" column.

10) Profit: Where more than one rate applies, e.g. Incentive Type Contract, details of calculation should be provided in the "Remarks" Column.

11) Royalty: Please provide details in the "Remarks" column regarding applicable patent numbers, and recipient of royalty payment.

## Contractors Cost Submission

Company Name

File No.	Contract Serial No.	Company No.
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### 1. Direct Materials

Raw Materials	▶	\$	_____
Purchased Parts	▶		_____
Subcontracts	▶		_____
Total		\$	_____

### 2. Material Handling Overhead

▶	%	=	\$	_____
▶	%	=		_____
▶	%	=		_____
Total			\$	_____

	\$	2
	\$	1

**3. Direct Productive Labour**

1. Dept. \_\_\_\_\_ Hours \_\_\_\_\_ = \$ \_\_\_\_\_

2. Dept. \_\_\_\_\_ Hours \_\_\_\_\_ = \_\_\_\_\_

3. Dept. \_\_\_\_\_ Hours \_\_\_\_\_ = \_\_\_\_\_

4. Dept. \_\_\_\_\_ Hours \_\_\_\_\_ = \_\_\_\_\_

5. Dept. \_\_\_\_\_ Hours \_\_\_\_\_ = \_\_\_\_\_

Total \$ \_\_\_\_\_

**4. Department Overhead**

► % \_\_\_\_\_ = \$ \_\_\_\_\_

► % \_\_\_\_\_ = \_\_\_\_\_

► % \_\_\_\_\_ = \_\_\_\_\_

► % \_\_\_\_\_ = \_\_\_\_\_

► % \_\_\_\_\_ = \_\_\_\_\_

Total \$ \_\_\_\_\_

\$ \_\_\_\_\_ 4

\$ \_\_\_\_\_ 3

**5. Engineering Labour**

Direct labour hours \_\_\_\_\_ = \$ \_\_\_\_\_

**6. Engineering Overhead**

► % \_\_\_\_\_ = \$ \_\_\_\_\_

\$ \_\_\_\_\_ 6

\$ \_\_\_\_\_ 5

**7. Direct Charges**

Description \_\_\_\_\_ (Attach copies of approvals)

\$ \_\_\_\_\_

Total \$ \_\_\_\_\_ → \$ \_\_\_\_\_ 7

**7A. Manufacturing Costs Add Items 1 through 7**

Subtotal \$ \_\_\_\_\_ 7A

**8. General and Administrative Overhead**

Subtotal \$ \_\_\_\_\_ ► % \_\_\_\_\_ = \$ \_\_\_\_\_ 8

**9. Other Contract Costs**

(Attach copies of approvals)

Description \_\_\_\_\_

\$ \_\_\_\_\_ 9

**9A. Add Items 7A, 8 and 9**

Subtotal \$ \_\_\_\_\_ 9A

**10. Profit**

Subtotal \$ \_\_\_\_\_ ► % \_\_\_\_\_ = \$ \_\_\_\_\_ 10

**11. Royalty (Applicable items)**

\$ \_\_\_\_\_ ► % \_\_\_\_\_ = \$ \_\_\_\_\_ 11

**11A. Add Items 9A, 10 and 11**

Subtotal \$ \_\_\_\_\_ 11A

**12. Freight-Out**

\$ \_\_\_\_\_ 12

**13. Applicable Taxes**

Subtotal \$ \_\_\_\_\_ 13

**13A. Add Items 11A, 12 and 13**

**Total** \$ \_\_\_\_\_ 13A

**14. Total Of** Fixed Price Items Cost Reimbursable Items

\$ \_\_\_\_\_ 14

**15. Total Contract Price - Add Items 13A and 14**

\$ \_\_\_\_\_ 15

**Certification**

Company Name

File No.

Contract Serial No.

Company No.

We the undersigned certify that we are officers of the corporation and that this submission, including accompanying schedules and statements, has been examined by us and is true, correct and complete to the best of our knowledge, and that the information is in agreement with the books and records of the company.

We further certify that our cost accounting principles are consistently applied to all business, the method of computing costs for this contract is based on the Contract Cost Principles, 1031-2, and has been consistently applied over the life of this contract (except for deviations as disclosed in attachments to this cost statement). In particular, but without restricting the generality of the foregoing, we certify:

That materials have been used and paid for and are for the purpose of the contract, and all applicable credits have been recorded in contract costs.

That productive labour, suppliers of materials used and subcontractors involved or engaged in or about the work or any part thereof, have been paid their proper charges. That all such labour, materials and subcontract work has been used exclusively for the purpose of this contract.

That the overhead items are allowable and are a fair and reasonable charge to the contract.

That extraordinary costs have received PWGSC approvals and are for the purpose of the contract and are shown separately on this submission.

That no liens (including liens under section 427 of the Bank Act), encumbrances or other claims exist against the work.

Date

Type or print name, position

Signature

Date

Type or print name, position

Signature