

8) Contract has to Disclose " Amt. Receivable from Customer" or " Amt Payable to Customer" in Every Financial Statement as Under :-

Cost incurred till date ————— XXX
(Work Cost. + Uncertif)

(+) Profit Recognised till date ————— XXX

(-) Loss Recognised till date ————— (XXX)

(-) progress Billings ————— (XXX)

↓
(Amt received + Amt. Retained by Customer)

—————
Amt. Receivable from Customer
(or)

—————
Amt. Payable to Customer (if negative)

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Q108

Step 1 Calculation of % of Completion

$$\frac{\text{Cost incurred till date}}{\text{Total Est. Cost of project}} \times 100$$

$$\begin{aligned} \text{Cost incurred till date} &= \text{Work Certified} + \text{Work Uncertified} \\ &= 6250 + 1250 \\ &= 7500 \end{aligned}$$

$$\% = \frac{7500}{7500 + 8750} \times 100 = 46.15\%$$

Step 2:- Calculation of Contract Profit/Loss

$$\begin{aligned} \text{Contract Revenue} &= 12000 \times 46.15\% = 5538/- \\ \text{@ } 46.15\% & \end{aligned}$$

$$\begin{aligned} (-) \text{ Cost incurred till date} &= 7500/- \\ \hline \text{Loss recognised} &= 1962/- \end{aligned}$$

$$(+)\text{ provision for foreseeable Loss (WN-1)} = 2288/-$$

$$\text{Total Loss} = 4250$$

WN-1

When total cost of project is expected to be higher than total revenue then entity should make a provision for foreseeable loss immediately as under :-

$$\begin{aligned} \leftarrow \text{Total Revenue} &= 12000 \\ (-) \text{Total Est. Cost} &= (16250) \end{aligned}$$

$$\leftarrow \text{Total Loss} = 4250$$

$$(-) \text{Loss recognised already} = 1962$$

$$\text{Additional Future Loss} = 2288$$

Step 3:- Calculation of Amt due from/due to Customer :-

$$\text{Cost incurred till date} = 7500$$

$$(+)\text{ profit recognised} = \text{N.A.}$$

$$(-)\text{ Loss recognised} = (4250) \rightarrow \text{पूरा लिखा}$$

(→) progress Billings

- Amt received = (5500)
- Amt retained = (1500)

$$\text{Amt. due to Customer} = \underline{\underline{(3750)}}$$

Answers required:-

1) profit/Loss recogn = 4250 Loss

2) Contract WIP = Work Cent. + work Unconf. = 7500

3) Contract Revenue = 5538
Recognised

4) Amt due to Customer = 3750
(Payable)

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