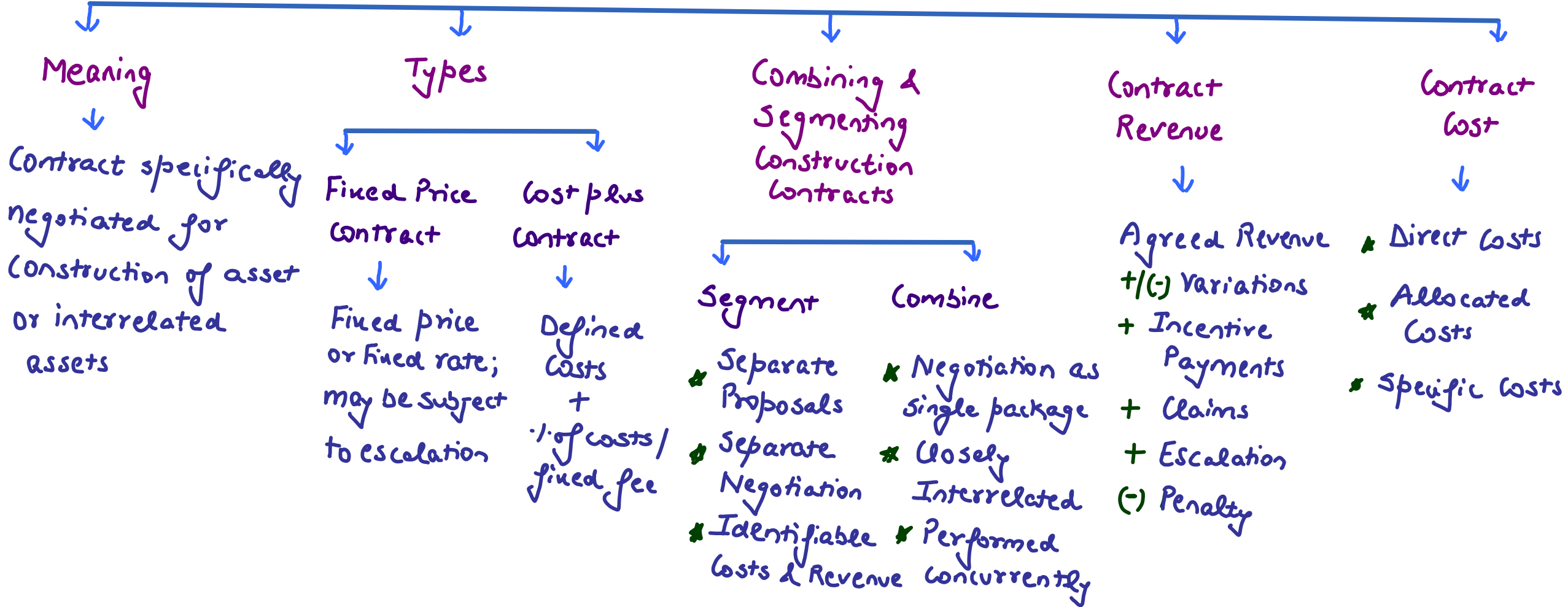


Construction Contract (AS 7)



Recognition of Contract Revenue & Expenses



Outcome of Construction contract can be estimated reliably



Yes

Conditions:

- * Probable future benefits
- * Contract revenue & costs can be measured reliably

Stage of Completion:

- 1) % of completion = $\frac{\text{Costs till date}}{\text{Total estimated cost}} \times 100$
- 2) Survey of work performed
- 3) Completion of physical proportion

No

Recognise Revenue to the extent of costs of which recovery probable

&

Recognise contract costs as expense in period in which incurred

Recognition of Expected losses



Para 35

When Total Contract cost >

Total Contract Revenue

Recognise expected loss immediately

Para 36

- * Whether work commenced or not
- * Stage of Completion
- * Profits expected on other contracts

Computation of Profit



Contract Revenue x % of Completion	xx
Costs till date	(xx)
Profits till date	xx
Earlier Profits	(xx)
Current Year Profits	xx

Disclosure Requirements



- * Contract Revenue Recognised
- * Method to determine Revenue
- * Method to determine DOC
- * Costs, Profits, Retentions
- * Amount due from/(to) customers