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IFRS 15 APPLICATION FOR ACCOUNTING OF REVENUE FROM CONSTRUCTION CONTRACTS

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Abstract

Construction, like any industry, has its own specifics, which should be taken into account when organizing the accounting work of an enterprise. In addition to material consumption, labor intensity and risks, construction is characterized by a long production cycle, which largely determines the financial and economic flows of a construction organization. It is common in the construction industry to provide a variety of services for a single customer or to related parties of a customer. A construction company, in addition to the construction services, can also be hired to provide design services, project management, consulting, supervision, engineering survey, design, installation, commissioning and other types of work. The article is devoted to the problems of IFRS 15 application for proceeds accounting under construction contracts. The article discusses the specifics of accounting organization for income and expenses in the construction industry. 5 steps of the revenue accounting model are considered, a step-by-step procedure for working with contracts to recognize revenue. The article outlines a mechanism for recognizing revenue and allocating expenses. The article notes that, despite the complexity of IFRS 15, its new application improves the accounting system for income and expenses of construction companies and solves the problem of recognizing revenue and the financial result determination in construction. Owing to the control system contained in IFRS 15, construction companies can incrementally enhance their revenue recognition accounting system and remove the customer risks related to contracts.

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