

3.2.2. Phased Revenue Recognition

Phased revenue recognition, in line with IFRS 15, is widely applied in contracting for long-term projects such as construction works that extend over several months. Under this method, revenue and costs are recognized progressively, based on the stage of contract completion, rather than solely at the time of invoicing. Any revenue recognized before invoicing is recorded as a contract asset and not as receivables until the related contractual obligations are satisfied and an invoice is issued. This ensures that project revenues are aligned with the actual progress of work performed.

Administration General Settings Phased Revenue Recognition.

The screenshot displays the 'General Settings' page. On the left is a yellow sidebar with a 'Quick menu' and various icons for CRM, Sales, Purchasing, Warehouse, Production, Money, Project Costing, HR & Payroll, Asset Management, Accounting, Taxes, Analysis, Process Management, and Administration. The main content area is titled 'General Settings' and contains several settings:

- Multi-Company Accounting ?
- Settlements**
 - Order Management ?
 - Enable Payment Terms ?
 - Enable Long-Term Credits and Loans
 - Contract and Credit Limits ?
 - Enable Retention Sales
 - Enable Retention Purchasing
- Other**
 - Enable the Phased Revenue Recognition Functionality ?
 - Enable Deferred Expenses
 - Enable Deferred Revenue
 - Enable Price Lists ?
 - Enable Cash Method of Accounting ?
 - Close Orders with Services by Amount

In addition to the main settings, phased revenue recognition must also be activated within the contract itself.

Contract Project Terms tab Use Phased revenue recognition.

← → ☆ # 090825 (AED) (Contract)

Main [Default GL Accounts](#)

Save and close Save Edit GL Accounts

Main Parameters Terms **Project Terms**

Project: REPLACE FIRE FIGHTING PUMPS

Use Phased Revenue Recognition ?

Use Exchange Rates Defined on the First Revenue Recognition Date ?

The database contains one or more Phased Revenue Recognition documents for this contract. To change the option, you must unpost these documents

Apply Retention

Retention, %: 10.00

Retention Period (Days): 365

Calculation VAT at Retention Invoice: Yes

Invoicing

Invoicing method: Regular Progressive Milestone

Taxation VAT Type: VAT Applied Amount Includes VAT:

Advance %: 10.00

Days to certify (default): 0 Days to pay (default): 0

Terms and Conditions: Terms&Conditions Temp #1

Additionally, if the contract involves a foreign currency, you can use the **exchange rate** defined on the first revenue recognition date to account for exchange rate fluctuations.

If enabled, the exchange rate set on the date of the first revenue recognition will apply to all subsequent phased revenue recognition documents, with gains or losses calculated only when the invoice is issued.

If disabled, gain/loss calculations will occur during month-end closing using the exchange rates applicable on each document's date.

How to create

Project costing Project costing documents Phased Revenue Recognitions

The image shows a software interface with a sidebar menu on the left and a main content area on the right. The sidebar menu is yellow and contains the following items: Quick menu, CRM, Sales, Purchasing, Warehouse, Production, Money, Project Costing (highlighted with a red box), HR & Payroll, Asset Management, Accounting, Taxes, Analysis, Process Management, Administration, and Telegram. The main content area is white and contains the following sections: Project Graphs, Projects Pipeline, Project Tasks Pipeline, My Project To Do list, Reports of Project Costing, Revenue Recognition, Master Data (Projects, Project Roles, Project Types), Project Costing Documents (Project Estimates, Project Costs Allocations, Phased Revenue Recognitions (highlighted with a red box), Project Budgets, Project Cash Flow Plan, Project Statements of Account).

Alternatively, Accounting Service tools Phased Revenue Recognitions Create

The screenshot shows a software interface with a yellow sidebar on the left containing a 'Quick menu' and various icons for CRM, Sales, Purchasing, Warehouse, Production, Money, Project Costing, HR & Payroll, Asset Management, Accounting (highlighted with a red box), Taxes, Analysis, Process Management, Administration, and Telegram. The main area is divided into several sections:

- Reports of Accounting**
- Deferrals**: Expense Recognitions, Deferred Expenses Adjustments
- Master Data**: Entities, Business Activities, Departments, Warehouses, Employees, Fixed Assets, Cash Equivalents, Cash Flow Items, Expense Items, Income Items, Cost Allocation Methods
- Financial Statements**: Cash Flow Statement, Statement of Financial Position (Balance Sheet), Statement of Financial Position (Monthly), Income Statement (P&L), Income Statement (Monthly), Statement of Changes in Equity
- Service Tools**: Manual Cost Allocations, Month End Closing, Mutual Settlements, Loan Adjustments, Other Expenses, Other Incomes, Statements of Account, Transactions (General Ledger) (highlighted with a red box), WIP Costs Adjustments
- Reports**: Statement of Mutual Settlements, See also

Main tab

The Main Tab contains key information related to Phased Revenue Recognition.

The following fields are available. All details are filled automatically once a **Project** is selected:

- **Company**- The company from project for which the recognition is being created.
- **Contract**- Company contract linked to revenue recognition.
- **Project**- Project for which phased revenue recognition is applied.
- **Customer Order**- Link the customer order.
- **Entity** -The entity recognizing the revenue.
- **Planned Expenses Source**- Basis for expected costs used in calculations.
- **Basis**- Source document from which the recognition is created (e.g., project estimate, customer order).
- **Comment**- Field for additional notes.

The screenshot shows the 'Phased Revenue Recognition (create)' form. At the top, there are navigation tabs: 'Main', 'Approvals', 'History of Approval', 'History of Object Status Changes', and 'Taken Decisions'. Below these are action buttons: 'Post and close', 'Save', 'Post', 'Print', 'Dr Cr', 'Generate', and 'Settings'. The form is divided into three tabs: 'Main', 'Project Structure', and 'Additional Information'. The 'Main' tab is active, showing the following fields:

- Company:** Times Security LLC
- Contract:** # 090825 (AED)
- Project:** REPLACE FIRE FIGHTING PUMPS (highlighted with a yellow box)
- Customer Order:** AED • Wholesale price • VAT Applied • Prices Do Not Include VAT
- Planned Expenses Source:** Project Estimates
- Number:** <Auto>
- From:** 9/ 5/2025 12:00:00 AM
- Entity:** MRB Engineering and Contracting
- Basis:** (empty field)
- Comment:** (empty text area)

Project Structure

Project Structure displays all project tasks, their estimates, expenses, and provides a framework for allocating costs and recognizing revenue.

- **Refill**- Reloads all tasks, estimates, and expenses linked to the selected project.
- **Code**- Task reference number.
- **Project Task**- Description of the task or activity.
- **Estimate**- Planned values from project estimates:
 1. **Price**- Planned unit price.
 2. **Amount**- Planned total amount.
- **Already Recognized**- Values already recognized in past periods
 1. **Qty**- Quantity already recognized.
 2. **Amount**- Value recognized.
 3. **%**- Percentage of task completed/recognized.
- **Current Recognition**- Values recognized in the current document:
 1. **Qty**- Quantity to be recognized now.
 2. **Amount**- Value recognized in this document.
 3. **Current %**- Percentage recognized in the current document.
 4. **Cumulative %**- Total percentage recognized up to now.

Code	Project Task	Estimate		Already recognized			Current Recognition			
		Price	Amount	Qty	Amount	%	Qty	Amount	Current %	Cumulative %
Project			382,200.00					15,106.12	3.952	3.952
1	DETAIL DESIGN & ENGINEERING FIRE FIGHTING PUMP UL-LISTED		31,850.00					585.08	1.837	1.837
1.1	DESIGN FIRE FIGHTING PUMP	DESIGN FIRE FIGHTING PUMP ELECTRIC DIESEL...	31,850.00	1.000	Pcs			0.018	585.08	1.837
2	MOBILIZATION		31,850.00							
2.1	MOBILIZATION MANPOWER AND ...	MOBILIZATION MANPOWER AND EQUIPMENT	31,850.00	1.000	Pcs					
3	CONSTRUCTION SCOPE		254,800.00					14,521.04	5.699	5.699
3.1	FIRE PUMP ELECTRI... DIESEL, JOCKEY EDJ...	FIRE PUMP ELECTRIC DIESEL, JOCKEY EDJ 500...	31,850.00	1.000	Pcs			0.411	13,077.93	41.061
3.2	GATE VALVE SIZE 12"	GATE VALVE SIZE 12" Body ASTM A216 GR WC...	31,850.00	1.000	Pcs			0.002	78.03	0.245
3.3	PIPE GALVANIZED SEAMLESS CARBON ...	PIPE GALVANIZED SEAMLESS CARBON ...	24,500.00	1.000	Pcs					
3.4	PIPE SIZE 8"	PIPE SIZE 8"	31,850.00	1.000	Mtr			0.031	974.93	3.061
3.5	PIPE SIZE 6"	PIPE SIZE 6"	31,850.00	1.000	Mtr			0.002	78.03	0.245
3.6	PIPE SIZE 4"	PIPE SIZE 4"	31,850.00	1.000	Mtr			0.002	78.03	0.245
3.7	PIPE SIZE 3"	PIPE SIZE 3"	31,850.00	1.000	Mtr			0.002	78.03	0.245
3.8	CONSUMABLE REQUIRED FOR FIRE...	CONSUMABLE REQUIRED FOR FIRE PUMP ...	31,850.00	1.000	Pcs			0.002	78.03	0.245
3.9	FITTINGS REQUIRED FOR INSTALLATION	FITTINGS REQUIRED FOR INSTALLATION	24,500.00	1.000	Pcs					
3.10	FOUNDATION FOR FIRE PUMP SIZE 2.4 M3	FOUNDATION FOR FIRE PUMP SIZE 2.4 M3	31,850.00	1.000	m3			0.002	78.03	0.245
4	MCC & PMCC		63,700.00							
4.4	TESTING AND COMMISSIONING OF...	TESTING AND COMMISSIONING OF FIR...	31,850.00	1.000	Pcs					

- **Expenses**- Planned, actual, and overhead expenses:
 1. **Amount (Planned)**- Estimated (Budgeted) cost of the task. Filled based on the **Planned Expenses Source**.
 2. **Amount (Actual)**- Actual expenses recorded.
 3. **Amount (Overheads)**- Overhead allocation, the Unallocated expenses are highlighted in yellow.
- **Invoiced Before**- Values already invoiced to the customer.
- **Progress**- Progress of the task.
- **Business Activity**- Activity type (e.g., Main Activity).
- **Income Item**- Revenue classification (e.g., Sales Revenue).
- **GL Accounts**- Accounts used for posting recognized revenue.
- **Transaction Content**- Used to add any Additional reference required.

← → ☆ Phased Revenue Recognition (create) * 🔗 Conversation ⋮ ×

Main Approvals History of Approval History of Object Status Changes Taken Decisions

Post and close Save Post Settings More actions - ?

Main Project Structure Additional Information

Refill Allocate Overheads - Fill Current Recognition - Search (Ctrl+F) × More actions -

ve %	Expenses				Invoiced Before			Progress		Business Activity	Income Item	GL Accounts	Transaction Content
	Amount (Planned)	Amount (Actual)	Amount (Overheads)	%	Qty	Amount	%	Qty	%				
	294,000.00	11,140.00		3.789		20,702.50	7.917		7.917				
	24,500.00	450.00		1.837			10.000		10.000				
	24,500.00	450.00		1.837			10.000	0.100	10.000	Main Activity	Sales Revenue	6010200	
	24,500.00					3,185.00	10.000		10.000				
	24,500.00				0.100	3,185.00	10.000	0.100	10.000	Main Activity	Sales Revenue	6010200	
	196,000.00	10,690.00	480.00	5.699		4,777.50	4.375		4.375				
	24,500.00	10,000.00		40.816	0.100	3,185.00	10.000	0.100	10.000	Main Activity	Sales Revenue	6010200	
	24,500.00						20.000	0.200	20.000	Main Activity	Sales Revenue	6010200	
										Main Activity	Sales Revenue	6010200	
	24,500.00	690.00		2.816	0.050	1,592.50	5.000	0.050	5.000	Main Activity	Sales Revenue	6010200	
	24,500.00									Main Activity	Sales Revenue	6010200	
	24,500.00									Main Activity	Sales Revenue	6010200	
	24,500.00									Main Activity	Sales Revenue	6010200	
	24,500.00									Main Activity	Sales Revenue	6010200	
	24,500.00									Main Activity	Sales Revenue	6010200	
	24,500.00									Main Activity	Sales Revenue	6010200	
	49,000.00					12,740.00	20.000		20.000	Main Activity	Sales Revenue	6010200	

Allocate Overheads

This function is used to distribute expenses that have not yet been assigned. Allocation methods include:

1. By Planned Expenses
2. By Actual Expenses
3. Reset Allocation

Main Project Structure Additional Information

Refill **Allocate Overheads -** Fill Current Recognition -

by Planned Expenses

by Actual Expenses

Reset Allocation

nt	Current %	C	Amount (Actual)	Amo
			11,140.00	
			24,500.00	450.00

- **By Planned Expenses** - Distributes overheads in proportion to the **planned (estimated) expenses** of each task. For example, if the unallocated overhead is **480** and all tasks have equal planned amounts, the overhead will be divided equally among them since their proportional share is the same.

			Expenses		
nt	Current %	Cumulative %	Amount (Planned)	Amount (Actual)	Amount (Overheads)
			294,000.00	11,140.00	
			24,500.00	450.00	
			24,500.00	450.00	
			24,500.00		
			24,500.00		
			196,000.00	10,690.00	480.00
			24,500.00	10,000.00	
			24,500.00		

Project Task			Estimate		Already recog...			Current R...			Expenses			
			Price	Amount	C	A	%	C	A	C	Amount (Planned)	Amount (Actual)	Amount (Overheads)	%
Project				382,200.00							294,000.00	11,140.00		3.789
DETAIL DESIGN & ENGINEERING FIRE FIGHTING PUMP UL-LISTED				31,850.00							24,500.00	450.00		1.837
DESIGN FIRE FIGHTING PUMP	DESIGN FIRE FIGHTING PUMP ELECTRIC DIESEL...	1.000 Pcs	31,850.00	31,850.00							24,500.00	450.00		1.837
MOBILIZATION				31,850.00							24,500.00			
MOBILIZATION MANPOWER AND ...	MOBILIZATION MANPOWER AND ...	1.000 Pcs	31,850.00	31,850.00							24,500.00			
CONSTRUCTION SCOPE				254,800.00							196,000.00	10,690.00	480.00	5.699
FIRE PUMP ELECTRIC, DIESEL, ...	FIRE PUMP ELECTRIC, DIESEL, JOCKEY EDJ 50...	1.000 Pcs	31,850.00	31,850.00							24,500.00	10,000.00	60.00	41.061
GATE VALVE SIZE 12",	GATE VALVE SIZE 12", Body: ASTM A216 GR.WC...	1.000 Pcs	31,850.00	31,850.00							24,500.00		60.00	0.245
PIPE GALVANIZED SEAMLESS CARBON...	PIPE GALVANIZED SEAMLESS CARBON ...	1.000 Pcs	24,500.00											
PIPE SIZE 8"	PIPE SIZE 8"	1.000 Mtr	31,850.00	31,850.00							24,500.00	690.00	60.00	3.061
PIPE SIZE 6"	PIPE SIZE 6"	1.000 Mtr	31,850.00	31,850.00							24,500.00		60.00	0.245
PIPE SIZE 4"	PIPE SIZE 4"	1.000 Mtr	31,850.00	31,850.00							24,500.00		60.00	0.245
PIPE SIZE 3"	PIPE SIZE 3"	1.000 Mtr	31,850.00	31,850.00							24,500.00		60.00	0.245
CONSUMABLE REQUIRED FOR FIR...	CONSUMABLE REQUIRED FOR FIRE PUMP...	1.000 Pcs	31,850.00	31,850.00							24,500.00		60.00	0.245
FITTINGS REQUIRED FOR INSTALLATION	FITTINGS REQUIRED FOR INSTALLATION	1.000 Pcs	24,500.00											
FOUNDATION FOR FIRE PUMP SIZE 2.4 ...	FOUNDATION FOR FIRE PUMP SIZE 2.4 M3	1.000 m3	31,850.00	31,850.00							24,500.00		60.00	0.245

- **By Actual Expenses** - Overheads are distributed according to the actual costs of each task. Tasks with no expenses recorded do not receive any allocation.

Overhead = (Actual Expense of that Project task ÷ Total Actual Expenses of all tasks) × Total Undistributed Overhead

- CONSTRUCTION WORK- $10,000 \div 10,690 \times 480 = 449.02$
- PIPE SIZE 6"- $690 \div 10,690 \times 480 = 30.98$

← → ☆ Phased Revenue Recognition (create) * 🗨 Conversation

Main [Approvals](#) [History of Approval](#) [History of Object Status Changes](#) [Taken Decisions](#)

Post and close Save Post Generate - More actions -

Main Project Structure Additional Information

Allocate Overheads - Fill Current Recognition - Search (Ctrl+F) x More actions -

Project Task	Estimate		Already recog...			Current R...			Expenses			
	Price	Amount	C	A	%	C	A	C	Amount (Planned)	Amount (Actual)	Amount (Overheads)	%
Project		382,200.00							294,000.00	11,140.00		3.789
DETAIL DESIGN & ENGINEERING FIRE FIGHTING PUMP UL-LISTED		31,850.00							24,500.00	450.00		1.837
DESIGN FIRE FIGHTING PUMP		31,850.00							24,500.00	450.00		1.837
DESIGN FIRE FIGHTING PUMP ELECTRIC DIESEL...	1.000 Pcs	31,850.00										
MOBILIZATION		31,850.00							24,500.00			
MOBILIZATION MANPOWER AND ...	1.000 Pcs	31,850.00							24,500.00			
MOBILIZATION MANPOWER AND ...		31,850.00										
CONSTRUCTION SCOPE		254,800.00							196,000.00	10,690.00	480.00	5.699
FIRE PUMP ELECTRIC, DIESEL, ...	1.000 Pcs	31,850.00							24,500.00	10,000.00	449.02	42.649
FIRE PUMP ELECTRIC, DIESEL, ...		31,850.00										
GATE VALVE SIZE 12", ...	1.000 Pcs	31,850.00							24,500.00			
GATE VALVE SIZE 12", ...		31,850.00										
PIPE GALVANIZED SEAMLESS CARBON ...	1.000 Pcs	24,500.00										
PIPE GALVANIZED SEAMLESS CARBON ...		24,500.00										
PIPE SIZE 8"	1.000 Mtr	31,850.00							24,500.00	690.00	30.98	2.943
PIPE SIZE 8"		31,850.00										
PIPE SIZE 6"	1.000 Mtr	31,850.00							24,500.00			
PIPE SIZE 6"		31,850.00										
PIPE SIZE 4"	1.000 Mtr	31,850.00							24,500.00			
PIPE SIZE 4"		31,850.00										
PIPE SIZE 3"	1.000 Mtr	31,850.00							24,500.00			
PIPE SIZE 3"		31,850.00										
CONSUMABLE REQUIRED FOR FIR...	1.000 Pcs	31,850.00							24,500.00			
CONSUMABLE REQUIRED FOR FIR...		31,850.00										
FITTINGS REQUIRED FOR INSTALLATION	1.000 Pcs	24,500.00										
FITTINGS REQUIRED FOR INSTALLATION		24,500.00										
FOUNDATION FOR FIRE PUMP SIZE 2.4 ...	1.000 m3	31,850.00							24,500.00			
FOUNDATION FOR FIRE PUMP SIZE 2.4 ...		31,850.00										

- **Reset Allocation**- Cancels previous allocations and returns expenses to an unallocated state.

Fill Current Recognition

Defines how revenue for the current period should be recognized. Options include:

- **By Invoiced**- Revenue is recognized based on a percentage of the invoice value, with the pending balance calculated accordingly, so that the revenue percentage for each line aligns with the invoiced percentage.
- **By Progress**- Revenue is recognized according to the percentage of work completed, as reflected in progress reports. The pending revenue is calculated to ensure that the recognized revenue corresponds to the reported progress for each line.
- **By Expenses**- Revenue is recognized in proportion to the actual expenses incurred during the period. The pending revenue is determined by comparing incurred costs to the total estimated costs, aligning the recognition with the expense percentage.

← → ☆ Phased Revenue Recognition (create) *

Main [Approvals](#) [History of Approval](#) [History of Object Status Changes](#) [Taken Decisions](#)

Post and close Save Post Generate - More actions -

Main Project Structure Additional Information

Allocate Overheads - **Fill Current Recognition -** Search (Ctrl+F) x More actions -

by Invoiced

by Progress

by Expenses

nt	Current %	Cumulative %	Amount (P	Expenses	Amount (Overheads)	%
			29			3.7

Not Advanced Project Planning

If the project is **not marked as Advanced Project Planning**, the system switches to the standard **Phased Revenue Recognition** mode. In this mode, the project structure is not available, and revenue can be recognized using one of the following methods:

- By Invoice**- Revenue is recognized according to the invoiced amounts issued for the project.

b) **By Progress**- Revenue is recognized in line with the progress achieved, as reported for the project.

Additionally, document table can be filled **By Already Recognized Revenue and Cost**- this button is filling already recognized in previous periods.

← → ☆ REPLACE FIRE FIGHTING PUMPS (Project)

Main Accepted Variation Rows Budget Estimates Versions Cash Flow Plan Versions Project Estimates Versions Project Notification Settings

Save and close Save Generate

Status: New Active Completed Cancel

Main Parameters Project Team Project Tasks (WBS) Project Finance Project Documents

Description: REPLACE FIRE FIGHTING PUMPS Folder: Code: MEP00000004

Project Type: MEP Entity: MRB Engineering and Contracting

Project Manager: Siam Customer: Times Security LLC

Main Contractor: New Standard Gulf FZCO Contract: # 090825 (AED)

Consultant: Mr. Otman Planned Start Date: Finish: Duration: 0

Use Advanced Project Planning ?

Manual Project Tasks Statuses Tracking

Additional Information

← → ☆ Phased Revenue Recognition MEPRR23-0000001 dated 4/30/2023 12:00:00 AM

Main Approvals History of Approval History of Object Status Changes Taken Decisions

Post and close Save Post Generate Settings

Main Revenue (34) Additional Information



#	Item	UOM	Price	Discount %	Discount	Amount Excl. VAT	VAT %	VAT Amount	Total	Already Recognized Quantity	Revenue	Invoiced Quantity
1	Provide and maintain sheds for the materials, tools, and tackle and...	Item	3,636.00			3,636.00	5%	181.80	3,817.80			
2	Provide, maintain and keep in a clean condition adequate temporary sanitary...	1.000 Item	1,860.00			1,860.00	5%	93.00	1,953.00			
3	Supplying temporary electricity	1.000 Item	2,988.00			2,988.00	5%	149.40	3,137.40			
4	Provision of of water	1.000 Item	3,408.00			3,408.00	5%	170.40	3,578.40			
5	Name board	1.000 Item	3,804.00			3,804.00	5%	190.20	3,994.20			
6	Thick Walls	1.000 m2	10,556.00			10,556.00	5%	527.80	11,083.80			
7	Mobilization	1.000 Item	1,944.00			1,944.00	5%	97.20	2,041.20			
8	Other necessary item for the proper execution of the works	1.000 Item	3,684.00			3,684.00	5%	184.20	3,868.20			
9	Clearing and preparation of the site	1.000 m2	9,945.00			9,945.00	5%	497.25	10,442.25			
10	Excavation of trenches for wall foundations	1.000 m3	5,616.00			5,616.00	5%	280.80	5,896.80			
11	Excavation of trenches for wall foundations	1.000 m3	8,164.00			8,164.00	5%	408.20	8,572.20			
12	Filling	1.000 m3	7,111.00			7,111.00	5%	355.55	7,466.55			

Posted Administrator In Work (changed 8/17/2023) Current Phase Revenue: 56,313.50 AED






Additional Information Tab

This tab contains the following fields:


- **Department-** The department responsible for the recognition process.
- **Responsible-** The employee or person accountable for preparing and managing the recognition.
- **Use Exchange Rates Defined on the First Revenue Recognition Date-** An option to fix and apply the same exchange rates from the first recognition date for consistency across subsequent recognitions.


  **Phased Revenue Recognition (create) ***

[Main](#) [Approvals](#) [History of Approval](#) [History of Object Status Changes](#) [Taken Decisions](#)

Post and close Save Post     Generate ▾  Settings

[Main](#) [Project Structure](#) [Additional Information](#)

Department: ▾ 

Responsible: ▾ 

Use Exchange Rates Defined on the First Revenue Recognition Date 