

Resolving double Revenue Recognition from Phased Revenue Recognition and Invoice

Problem: When an Invoice is generated directly from a **Phased Revenue Recognition** document or from **Project Estimates**, the system may recognize revenue twice because both documents post revenue to **Sales of Services**.

Solution: Revenue recognized before invoicing is recorded as a **Contract Asset**. When the Invoice is issued, the recognized amount should be transferred from **Contract Assets** to **Accounts Receivable**, rather than being recognized as revenue again. This ensures that revenue is recognized progressively based on the stage of contract completion and is recognized only once.

Duplication of Revenue Recognition

When **Phased Revenue Recognition** is performed, the following entry is created:

Dr Contract Assets – **Cr** Sales of Services

Phased Revenue Recognition MEPRR26-0000002 dated 6/15/2026 12:00:00 AM
Document's Registers Records

Accounting Register "General Ledger"

Period	Account Dr	Extra Dimension Dr	Quantity Dr	Account Cr	Extra Dimension Cr	Quantity Cr	Amount
Entity			Currency Dr			Currency Cr	Accounting Currency
Line Number	Department Dr		Amount (Cur.) Dr	Department Cr		Amount (Cur.) Cr	Content
6/15/2026 12:00:00 AM		XYZ Contracting			Sales Revenue		3,636
MRB Engineering and Contracting	Contract Assets	# 000123 Luxury Living Villas - Al Hamra Village	AED	Sales of Services	Provide and maintain temporary sheds for the storage of materials, tools, and tackle and the use of all persons employed on the Site		AED
1			3,636	Main Department	Main Activity		Revenue recognition

When an Invoice is created directly from **Phased Revenue Recognition** or **Project Estimates**, the following entry is generated:

Dr Current Trade Receivables from Customers – **Cr** Sales of Services

Invoice MEINV26-0000005 dated 6/15/2026 4:38:54 PM
Document's Registers Records

Accounting Register "General Ledger"

Period	Account Dr	Extra Dimension Dr	Quantity Dr	Account Cr	Extra Dimension Cr	Quantity Cr	Amount
Entity			Currency Dr			Currency Cr	Accounting Currency
Line Number	Department Dr		Amount (Cur.) Dr	Department Cr		Amount (Cur.) Cr	Content
6/15/2026 4:38:54 PM		XYZ Contracting			Sales Revenue		3,636
MRB Engineering and Contracting	Current Trade Receivables from Customers	# 000123 Luxury Living Villas - Al Hamra Village	AED	Sales of Services	Provide and maintain temporary sheds for the storage of materials, tools, and tackle and the use of all persons employed on the Site		AED
1			3,636	Main Department	Main Activity		Sales revenue

As a result, revenue may be recognized twice: first through **Phased Revenue Recognition** and then again through the **Invoice**.

For the Period	From June 15, 2026 to June 15, 2026	
Department	In list	Main Department
Income Item	In list	Sales Revenue
Item	In list	Provide and maintain temporary sheds for the storage of materials, tools, and tackle and the use of all persons employed on the Site

Recommended Process to Avoid Duplication

Instead, use the following process:

Step 1. Create a **Phased Revenue Recognition** with the following entry:

Phased Revenue Recognition MEPRR26-0000002 dated 6/15/2026 12:00:00 AM
Document's Registers Records

Period Ently	Account Dr	Extra Dimension Dr	Quantity Dr Currency Dr	Account Cr	Extra Dimension Cr	Quantity Cr Currency Cr	Amount Accounting Currency
Line Number	Department Dr		Amount (Cur.) Dr	Department Cr		Amount (Cur.) Cr	Content
6/15/2026 12:00:00 AM		XYZ Contracting			Sales Revenue		3,636
MRB Engineering and Contracting	Contract Assets	# 000123 Luxury Living Villas - Al Hamra Village	AED	Sales of Services	Provide and maintain temporary sheds for the storage of materials, tools, and tackle and the use of all persons employed on the Site		AED
1			3,636	Main Department	Main Activity		Revenue recognition

Step 2. Create a Proforma Invoice based on the **Project Progress Report**.

Step 3. Create the final **Invoice** using the **Proforma Invoice** as the basis document.

Proforma Invoice MEPI26-00000002 dated 6/15/2026 6:13:35 PM

Main Approvals History of Approval History of Object Status Changes Taken Decisions Proforma Invoices Analysis Statement of Mutual Settlements

Post and close Save Post Generate Settings Print

Main Inventory and Services (11) Additional Information

Company: XYZ Contracting

Contract: # 000123 Luxury Living Villas - Al Hamra Village

Project: Al Hamra Falcon Island - Al Hamra homes, Ras Al Khaimah

☐ Apply Retention

Bank Receipt
Cash Receipt
Cheque Received
Event
Invoice

000002 From: 6/15/2026 6:13:35 PM

Engineering and Contracting

Progress Report ME0023-00000002 dated 5/31/2026

AED • Wholesale price • VAT Applied • Prices Do Not Include VAT

When the Invoice is generated from the Proforma Invoice, the system transfers the previously recognized revenue from Contract Assets to Accounts Receivable:

Dr Current Trade Receivables from Customers – **Cr** Contract Assets

Invoice MEINV26-0000007 dated 6/15/2026 6:13:49 PM
Document's Registers Records

Accounting Register "General Ledger"

Period	Account Dr	Extra Dimension Dr	Quantity Dr	Account Cr	Extra Dimension Cr	Quantity Cr	Amount
Entity	Department Dr		Currency Dr	Department Cr		Currency Cr	Accounting Currency
Line Number			Amount (Cur.) Dr			Amount (Cur.) Cr	Content
6/15/2026 6:13:49 PM	Current Trade Receivables from Customers	XYZ Contracting # 000123 Luxury Living Villas - Al Hamra Village	AED	Contract Assets	XYZ Contracting # 000123 Luxury Living Villas - Al Hamra Village	AED	3,636 AED
1			3,636			3,636	Contract completion

This ensures that the amount is transferred from Contract Assets to Accounts Receivable without recognizing revenue a second time.

Statement of Account 2110099

Generate Find... Send... 0.00 Quick Settings More

STATEMENT OF ACCOUNT 2110099 (CONTRACT ASSETS)

For the Period From June 15, 2026 to June 16, 2026

Company In list XYZ Contracting

Contract In list # 000123 Luxury Living Villas - Al Hamra Village

Period	Recorder	Details Dr	Details Cr	Account	Dr	Account	Cr	Current Balance
Opening Balance								
6/15/2026 12:00:00 AM	Phased Revenue Recognition #MEPRR26-0000002	XYZ Contracting # 000123 Luxury Living Villas - Al Hamra Village	Sales Revenue Provide and maintain temporary sheds for the storage of materials, tools, and tackle and the use of Main Activity Main Department	2110099	3,636.00	6010200	-	Dr 3,636.00
6/15/2026 6:13:49 PM	Invoice #MEINV26-0000007	XYZ Contracting # 000123 Luxury Living Villas - Al Hamra Village	XYZ Contracting # 000123 Luxury Living Villas - Al Hamra Village	2030100	-	2110099	3,636.00	-
Period Turnovers and Closing Balance					3,636.00		3,636.00	-

Reporting

The **Statement of Accounts** report will display the receivable correctly, while revenue will be recognized only once.

STATEMENT OF ACCOUNT 6010200 (SALES OF SERVICES)

For the Period From June 15, 2026 to June 15, 2026
Department In list Main Department
Income Item In list Sales Revenue
Item In list Provide and maintain temporary sheds for the storage of materials, tools, and tackle and the use of all persons employed on the Site

Period	Recorder	Details Dr	Details Cr	Dr		Cr		Current Balance
				Account		Account		
Opening Balance								
6/15/2026 12:00:00 AM	Phased Revenue Recognition #MEPRR26-0000002	XYZ Contracting # 000123 Luxury Living Villas - Al Hamra Village	Sales Revenue Provide and maintain temporary sheds for the storage of materials, tools, and tackle and the use of Main Activity Main Department	2110099	-	6010200	3,636.00	Cr 3,636.00
Period Turnovers and Closing Balance					-		3,636.00	-

Thanks for being a Firstbit Customer!

#PhasedRevenueRecognition #RevenueRecognition #ContractAssets #ProformaInvoice #Invoice