

**The Graduation Thesis**  
**«The Accounting and reporting of**  
**engineering and construction**  
**contracts under RAS and IAS (based**  
**on JSC «Design and Research Institute**  
**of Air Transport «LenAeroproject»)»**

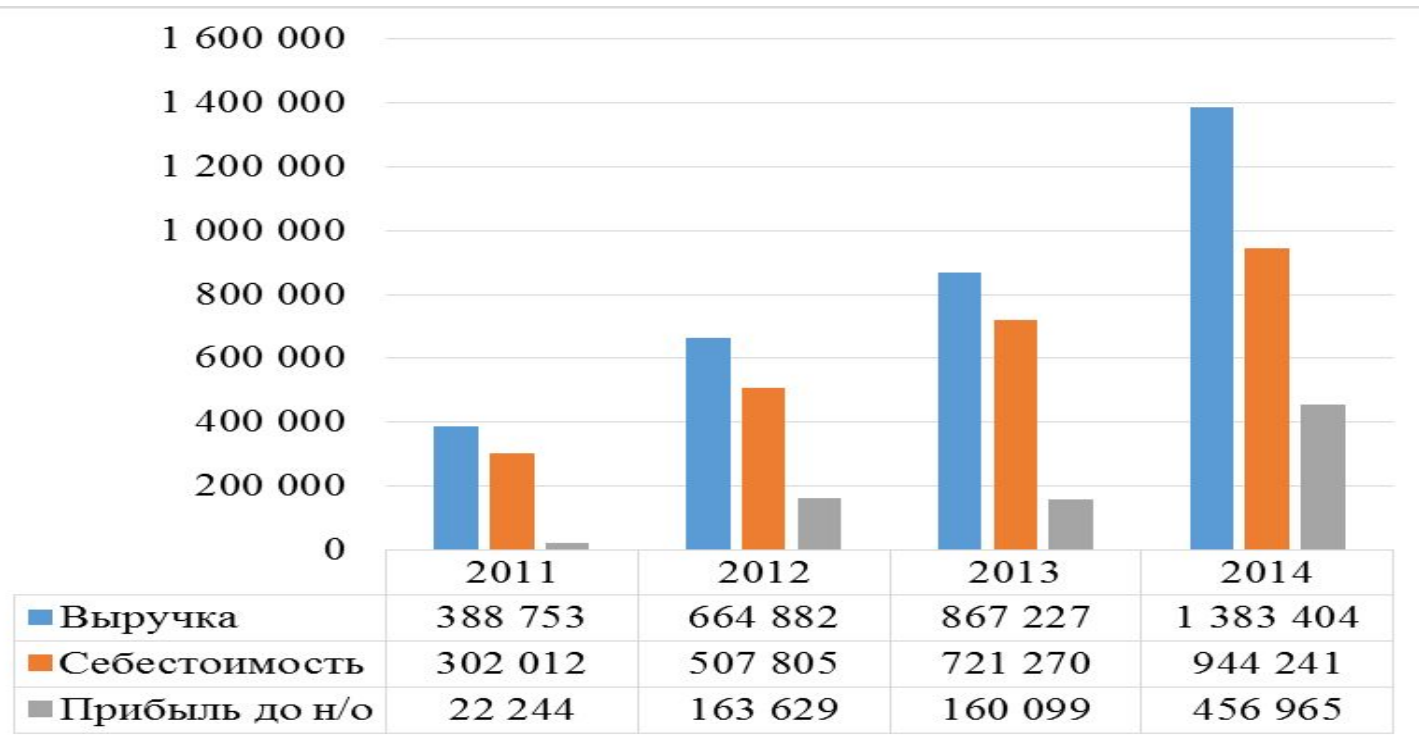
# Goal and objectives of thesis(work)

- ▶ The main goal of graduation thesis is explore the subject in cause of organization and accounting of design and construction contracts under Russian accounting standards and International accounting Standarts
- 1. Main objectives are :
- 2. (to research)researching of theoretical nature of construction contracts;
- 3. (to study)comparing the practical accounting treatment of construction contracts under RAS and IAS;
- 4. Researching practical ways of the reporting in the company ;
- 5. Given recommendations about improvement of accounting and reflection in the reporting of contracts for construction under IAS.

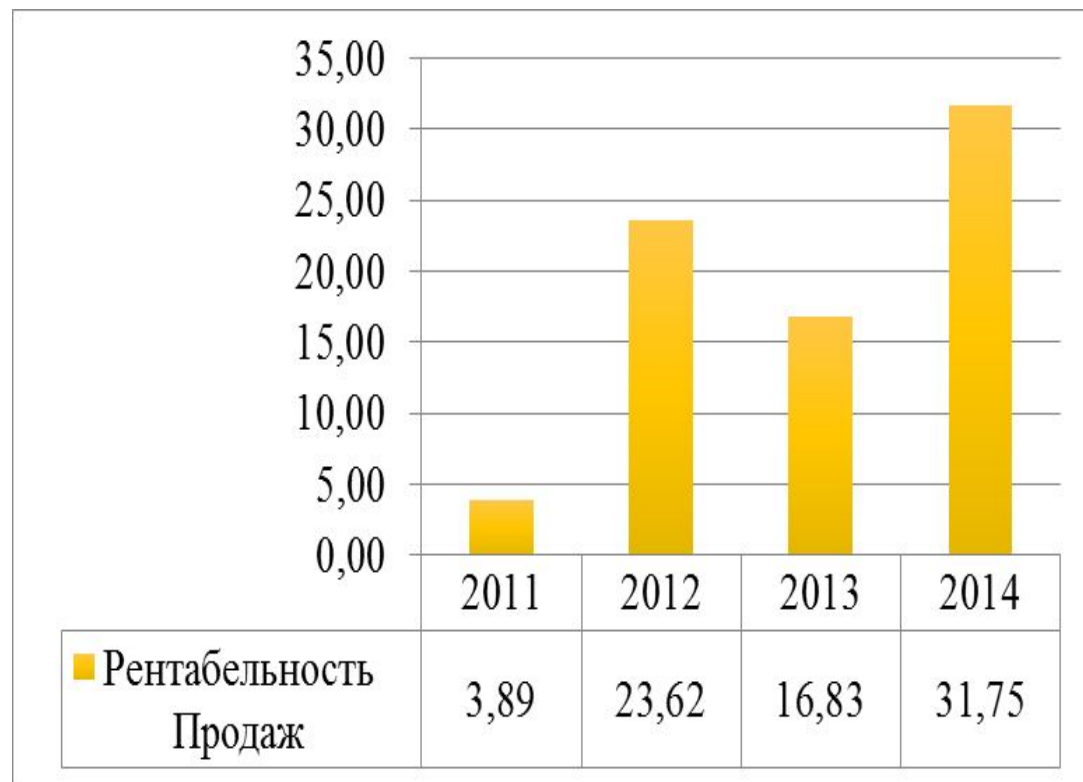
# Researching plant

- ▶ Joint stock company «Design and Research Institute of Air Transport «LenAeroproject»
- ▶ The enterprise is one of the market leaders companies providing services in the scope of exploration, research and construction work necessary to ensure the capital construction and reconstruction of airports and airfields in the air transport system of the Russian Federation.

# Dynamics of Revenue, cost of sales, EBIT( Earnings Before Income Tax)



# Profitability performance profile



# Accounting entry(records) of engineering and construction contracts

Date	Content of operation	Debit	Credit	Sum, rub.
12.09.13	The advance payment of 100% is reflected	51	62.2	27 507 303
12.09.13	Invoiced VAT from advance payment	76.AB	68.2	4 196 029,27
31.12.13	Accepted work from subcontracting organization	20.2	60.02	830 508,47
31.12.13	Invoiced VAT from	19.3	60.02	149 491,53
31.12.13	Expenses of SMR relating to the first stage of the works	20.1	02, 70, 69	500 000
31.12.13	Settlement documents for the performed construction works (the first stage) are shown to the customer	62.1	90.1.1	25 581 800,00
31.12.13	Invoiced VAT from the sum of added work(first stage)	90.3	68.2	3 902 308,47

# Accounting entry(records) of engineering and construction contracts

Date	Content of operation	Debit	Credit	Sum, rub.
31.12.13	the VAT is restored	68	76.AB	4 196 029,27
10.10.13	Money is transferred to the subcontractor under the contract 039/13L of 20.07.13	60.02	51	980 000,00
31.12.13	The expenses executed by forces of subcontract organizations and accepted by the customer of construction works (the first stage) are written off	90.2	20.2	830 508,47
31.12.13	The financial result from finished of the first stage is reflected	90.9	99	20 348 983,1

# Recommendations for improvement of the accounting

Date	Content of operation	Debit	Credit	Sum, rub.
31.12.13	Settlement documents for the performed construction works (the first stage) are shown to the customer 93%	46.2	90.1.1	25 581 800,00
31.12.13	For date of signing of the act of the executed and accepted stage of works as the customer	46.1	46.2	25 581 800,00
31.12.13	Invoiced VAT from sum of first stage	90.3	68.2	3 902 308,47
31.12.13	the VAT is restored from advanced payment	68	76.AB	4 196 029,27
31.12.13	The expenses executed by forces of subcontract organizations and accepted by the customer of construction works (the first stage) are written off	90.2	20.1	500 000,00
31.12.13	The expenses executed by forces of subcontract organizations and accepted by the customer of construction works (the first stage) are written off	90.2	20.2	830 508,47
31.12.13	The financial result of the first stage is reflected	90.9	99	20 348 983,1
31.03.14	For date of signing of the act of the executed and accepted stage of works as the customer	62.1	46.1	27 507 303



# Reflection of the design construction contract in the reporting under RAS

№ п/п	Index	Line	Sum, rub	
			2013	2014
1	Revenues	2110	21 679 492	1 631 782,2
2	Prime cost(cost of sales)	2120	1 330 508 ,47	1 530 508,47
3	Sales profit	2200	20 348984	101 273,73

# Reflection of the design construction contract in the reporting under IAS

No	Index	Sum
1	Total sum of the contract	1 300 000
2	costs of reporting date(31/12/14)	500 000
3	the general expenses in end	500 000
4	the expected loss under the contract	800 000
5	Type of the contract	profitable
6	recognized revenue on reporting day	799 500
7	recognized costs on reporting day	492 000
8	Profit or loss for reporting date	307500
9		

Thanks for your attention