CCIFP - Loss contract
Income Recognition

Job #	Job Description	Contract Value	Estimated Costs	Estimated Gross Profit	GP%	POC	Revenues Earned	Cost of Revenues	Loss Provision	Adjusted Cost of Revenues	Gross Profit (Loss)	Billed To Date	Estimated Cost to Complete	Costs and Estimated Earnings In Excess of Billings	Billings In Excess of Costs and Estimated Earnings
Year 1															
Standard POC model															
127	The Central Perk	250,000	300,000	(50,000)	-20.00%	50.00%	125,000	150,000			(25,000)	75,000	150,000	50,000	-
or maybe:															
127	The Central Perk	250,000	300,000	(50,000)	-20.00%	50.00%	100,000	150,000	-	150,000	(50,000)	75,000	150,000	25,000	-
Correct calculation															
127	The Central Perk	250,000	300,000	(50,000)	-20.00%	50.00%	125,000	150,000	25,000	175,000	(50,000)	75,000	125,000	50,000	-
Year 2															
127	The Central Perk	250,000	350,000	(100,000)	-40.00%	100.00%	250,000	350,000	-	350,000	(100,000)	250,000	-	-	-

To calculate the loss provision:
1) Calculate the gross profit based on POC
2) Accrue additional cost for the difference between calculated gross loss and esimated gross loss.
or
1) Calculate the revenue based on POC
2) Gross profit is known at the loss amount
3) Accrue additional costs such that Revenue minus Cost will yeild the loss amount

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Standard POC model															
127	The Central Perk	250,000	200,000	50,000	20.00%	50.00%	125,000	100,000		100,000	25,000	75,000	100,000	50,000	-
Year 2 - Margin turns to a loss															
127	The Central Perk	250,000	350,000	(100,000)	-40.00%	100.00%	250,000	350,000	-	350,000	(100,000)	250,000	-	-	-
		Profit - year 1		**25,000**											
		Loss - year 2		**(125,000)**											
			Net loss	**(100,000)**											