

[47]

## **Determination of Profit in Construction Contracts Based on Recognition of Revenues and Costs According to PSAK No.34 (Revised 2015). (Case Study on Alpe Corporation CV)**

**Muhani and Aming Tirta**

Sekolah Tinggi Ilmu Ekonomi Kesatuan

**Abstract.** Company engaged in construction services may have a project either to be completed in one period (short term) or more (long term). Recognizing revenues and expenses for the project completed in one period is relatively simple, whereas for long term project specific methods are applied. The recognition of revenue is made on the basis of expenses incurred, such as cost of raw materials, labor, etc at the time the percentage of completion is computed. The purpose of this study is to analyse whether the accounting practice applied by CV. Alpe Corporation in recognizing revenue and expense on construction contracts is in conformity with Indonesian Statement of Financial Accounting Standard: PSAK-34. The methodology used in this study is descriptive qualitative method which test the accounting practice applied by the company, and compare it to the latest Financial Accounting Standards. The result of this study reveals that both projects done by CV Alpe Corporation in 2016 and 2015 are completed less than one year period (short term). The accounting practice applied by the company is not fully in conformity with PSAK-34. The company estimated percentage of completion based on cost to cost method in accordance with expenditures spent every term – weekly. Weekly expenses are debited to Construction in Process account, whereas the estimated revenues are credited to Unearned Revenue. No Progress Billing account was maintained. Expenses and revenues are only recognized when the projects are fully completed.

Keywords: construction contract; determining profit; revenue and cost recognition; PSAK-34