This Standard is superseded by HKFRS 15 Revenue from Contracts with Customers. HKFRS 15 shall be applied for annual reporting period on or after 1 January 2018.
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CONTENTS
HONG KONG ACCOUNTING STANDARD 11
CONSTRUCTION CONTRACTS

OBJECTIVE 1-2
SCOPE 3-6
DEFINITIONS
COMBINING AND SEGMENTING CONSTRUCTION CONTRACTS 7-10
CONTRACT REVENUE 11-15
CONTRACT COSTS 16-21
RECOGNITION OF CONTRACT REVENUE AND EXPENSES 22-35
RECOGNITION OF EXPECTED LOSSES 36-37
CHANGES IN ESTIMATES 38
DISCLOSURE 39-45
EFFECTIVE DATE 46
APPENDICES
A  illustrative examples
Disclosure of accounting policies
The determination of contract revenue and expenses
Contract disclosures
B  Comparison with International Accounting Standards

Hong Kong Accounting Standard 11 Construction Contracts (HKAS 11) is set out in paragraphs 1-46. All the paragraphs have equal authority. HKAS 11 should be read in the context of its objective, the Preface to Hong Kong Financial Reporting Standards and the Framework for the Preparation and Presentation of Financial Statements. HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors provides a basis for selecting and applying accounting policies in the absence of explicit guidance.
Hong Kong Accounting Standard 11
Construction Contracts

Objective

The objective of this Standard is to prescribe the accounting treatment of revenue and costs associated with construction contracts. Because of the nature of the activity undertaken in construction contracts, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting periods. Therefore, the primary issue in accounting for construction contracts is the allocation of contract revenue and contract costs to the accounting periods in which construction work is performed. This Standard uses the recognition criteria established in the Framework for the Preparation and Presentation of Financial Statements to determine when contract revenue and contract costs should be recognised as revenue and expenses in the income statement of comprehensive income. It also provides practical guidance on the application of these criteria.

Scope

1 This Standard shall be applied in accounting for construction contracts in the financial statements of contractors.

2 This Standard supersedes SSAP 23 Construction Contracts (revised in 2001).

Definitions

3 The following terms are used in this Standard with the meanings specified:

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

A fixed price contract is a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.

A cost plus contract is a construction contract in which the contractor is reimbursed for allowable or otherwise defined costs, plus a percentage of these costs or a fixed fee.

4 A construction contract may be negotiated for the construction of a single asset such as a bridge, building, dam, pipeline, road, ship or tunnel. A construction contract may also deal with the construction of a number of assets which are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use; examples of such contracts include those for the construction of refineries and other complex pieces of plant or equipment.

5 For the purposes of this Standard, construction contracts include:

(a) contracts for the rendering of services which are directly related to the construction of the asset, for example, those for the services of project managers and architects; and

(b) contracts for the destruction or restoration of assets, and the restoration of the environment following the demolition of assets.

6 Construction contracts are formulated in a number of ways which, for the purposes of this Standard, are classified as fixed price contracts and cost plus contracts. Some construction contracts may contain characteristics of both a fixed price contract and a cost plus contract, for example in the case of a cost plus contract with an agreed maximum price. In such circumstances, a contractor needs to consider all the conditions in paragraphs 23 and 24 in order to determine when to recognise contract revenue and expenses.
Combining and segmenting construction contracts

7 The requirements of this Standard are usually applied separately to each construction contract. However, in certain circumstances, it is necessary to apply the Standard to the separately identifiable components of a single contract or to a group of contracts together in order to reflect the substance of a contract or a group of contracts.

8 When a contract covers a number of assets, the construction of each asset shall be treated as a separate construction contract when:

(a) separate proposals have been submitted for each asset;

(b) each asset has been subject to separate negotiation and the contractor and customer have been able to accept or reject that part of the contract relating to each asset; and

(c) the costs and revenues of each asset can be identified.

9 A group of contracts, whether with a single customer or with several customers, shall be treated as a single construction contract when:

(a) the group of contracts is negotiated as a single package;

(b) the contracts are so closely interrelated that they are, in effect, part of a single project with an overall profit margin; and

(c) the contracts are performed concurrently or in a continuous sequence.

10 A contract may provide for the construction of an additional asset at the option of the customer or may be amended to include the construction of an additional asset. The construction of the additional asset shall be treated as a separate construction contract when:

(a) the asset differs significantly in design, technology or function from the asset or assets covered by the original contract; or

(b) the price of the asset is negotiated without regard to the original contract price.

Contract revenue

11 Contract revenue shall comprise:

(a) the initial amount of revenue agreed in the contract; and

(b) variations in contract work, claims and incentive payments:

(i) to the extent that it is probable that they will result in revenue; and

(ii) they are capable of being reliably measured.

12 Contract revenue is measured at the fair value of the consideration received or receivable. The measurement of contract revenue is affected by a variety of uncertainties that depend on the outcome of future events. The estimates often need to be revised as events occur and uncertainties are resolved. Therefore, the amount of contract revenue may increase or decrease from one period to the next. For example:

(a) a contractor and a customer may agree variations or claims that increase or decrease contract revenue in a period subsequent to that in which the contract was initially agreed;

(b) the amount of revenue agreed in a fixed price contract may increase as a result of cost escalation clauses;

(c) the amount of contract revenue may decrease as a result of penalties arising from delays caused by the contractor in the completion of the contract; or
when a fixed price contract involves a fixed price per unit of output, contract revenue increases as the number of units is increased.

A variation is an instruction by the customer for a change in the scope of the work to be performed under the contract. A variation may lead to an increase or a decrease in contract revenue. Examples of variations are changes in the specifications or design of the asset and changes in the duration of the contract. A variation is included in contract revenue when:

(a) it is probable that the customer will approve the variation and the amount of revenue arising from the variation; and
(b) the amount of revenue can be reliably measured.

A claim is an amount that the contractor seeks to collect from the customer or another party as reimbursement for costs not included in the contract price. A claim may arise from, for example, customer caused delays, errors in specifications or design, and disputed variations in contract work. The measurement of the amounts of revenue arising from claims is subject to a high level of uncertainty and often depends on the outcome of negotiations. Therefore, claims are included in contract revenue only when:

(a) negotiations have reached an advanced stage such that it is probable that the customer will accept the claim; and
(b) the amount that it is probable will be accepted by the customer can be measured reliably.

Incentive payments are additional amounts paid to the contractor if specified performance standards are met or exceeded. For example, a contract may allow for an incentive payment to the contractor for early completion of the contract. Incentive payments are included in contract revenue when:

(a) the contract is sufficiently advanced that it is probable that the specified performance standards will be met or exceeded; and
(b) the amount of the incentive payment can be measured reliably.

Contract costs

Contract costs shall comprise:

(a) costs that relate directly to the specific contract;
(b) costs that are attributable to contract activity in general and can be allocated to the contract; and
(c) such other costs as are specifically chargeable to the customer under the terms of the contract.

Costs that relate directly to a specific contract include:

(a) site labour costs, including site supervision;
(b) costs of materials used in construction;
(c) depreciation of plant and equipment used on the contract;
(d) costs of moving plant, equipment and materials to and from the contract site;
(e) costs of hiring plant and equipment;
(f) costs of design and technical assistance that is directly related to the contract;
(g) the estimated costs of rectification and guarantee work, including expected warranty costs; and
(h) claims from third parties.
These costs may be reduced by any incidental income that is not included in contract revenue, for example income from the sale of surplus materials and the disposal of plant and equipment at the end of the contract.

18 Costs that may be attributable to contract activity in general and can be allocated to specific contracts include:

(a) insurance;

(b) costs of design and technical assistance that are not directly related to a specific contract; and

(c) construction overheads.

Such costs are allocated using methods that are systematic and rational and are applied consistently to all costs having similar characteristics. The allocation is based on the normal level of construction activity. Construction overheads include costs such as the preparation and processing of construction personnel payroll. Costs that may be attributable to contract activity in general and can be allocated to specific contracts also include borrowing costs when the contractor adopts the allowed alternative treatment in HKAS 23 Borrowing Costs.

19 Costs that are specifically chargeable to the customer under the terms of the contract may include some general administration costs and development costs for which reimbursement is specified in the terms of the contract.

20 Costs that cannot be attributed to contract activity or cannot be allocated to a contract are excluded from the costs of a construction contract. Such costs include:

(a) general administration costs for which reimbursement is not specified in the contract;

(b) selling costs;

(c) research and development costs for which reimbursement is not specified in the contract; and

(d) depreciation of idle plant and equipment that is not used on a particular contract.

21 Contract costs include the costs attributable to a contract for the period from the date of securing the contract to the final completion of the contract. However, costs that relate directly to a contract and are incurred in securing the contract are also included as part of the contract costs if they can be separately identified and measured reliably and it is probable that the contract will be obtained. When costs incurred in securing a contract are recognised as an expense in the period in which they are incurred, they are not included in contract costs when the contract is obtained in a subsequent period.

**Recognition of contract revenue and expenses**

22 When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract shall be recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date end of the reporting period. An expected loss on a construction contract shall be recognised as an expense immediately in accordance with paragraph 36.

23 In the case of a fixed price contract, the outcome of a construction contract can be estimated reliably when all the following conditions are satisfied:

(a) total contract revenue can be measured reliably;

(b) it is probable that the economic benefits associated with the contract will flow to the entity;

(c) both the contract costs to complete the contract and the stage of contract completion at the balance sheet date end of the reporting period can be measured reliably; and
In the case of a cost plus contract, the outcome of a construction contract can be estimated reliably when all the following conditions are satisfied:

(a) it is probable that the economic benefits associated with the contract will flow to the entity; and

(b) the contract costs attributable to the contract, whether or not specifically reimbursable, can be clearly identified and measured reliably.

The recognition of revenue and expenses by reference to the stage of completion of a contract is often referred to as the percentage of completion method. Under this method, contract revenue is matched with the contract costs incurred in reaching the stage of completion, resulting in the reporting of revenue, expenses and profit which can be attributed to the proportion of work completed. This method provides useful information on the extent of contract activity and performance during a period.

Under the percentage of completion method, contract revenue is recognised as revenue in the income statement profit or loss in the accounting periods in which the work is performed. Contract costs are usually recognised as an expense in the income statement profit or loss in the accounting periods in which the work to which they relate is performed. However, any expected excess of total contract costs over total contract revenue for the contract is recognised as an expense immediately in accordance with paragraph 36.

A contractor may have incurred contract costs that relate to future activity on the contract. Such contract costs are recognised as an asset provided it is probable that they will be recovered. Such costs represent an amount due from the customer and are often classified as contract work in progress.

The outcome of a construction contract can only be estimated reliably when it is probable that the economic benefits associated with the contract will flow to the entity. However, when an uncertainty arises about the collectibility of an amount already included in contract revenue, and already recognised in the income statement profit or loss, the uncollectible amount or the amount in respect of which recovery has ceased to be probable is recognised as an expense rather than as an adjustment of the amount of contract revenue.

An entity is generally able to make reliable estimates after it has agreed to a contract which establishes:

(a) each party’s enforceable rights regarding the asset to be constructed;

(b) the consideration to be exchanged; and

(c) the manner and terms of settlement.

It is also usually necessary for the entity to have an effective internal financial budgeting and reporting system. The entity reviews and, when necessary, revises the estimates of contract revenue and contract costs as the contract progresses. The need for such revisions does not necessarily indicate that the outcome of the contract cannot be estimated reliably.

The stage of completion of a contract may be determined in a variety of ways. The entity uses the method that measures reliably the work performed. Depending on the nature of the contract, the methods may include:

(a) the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs;

(b) surveys of work performed; or

(c) completion of a physical proportion of the contract work.

Progress payments and advances received from customers often do not reflect the work performed.
When the stage of completion is determined by reference to the contract costs incurred to date, only those contract costs that reflect work performed are included in costs incurred to date. Examples of contract costs which are excluded are:

(a) contract costs that relate to future activity on the contract, such as costs of materials that have been delivered to a contract site or set aside for use in a contract but not yet installed, used or applied during contract performance, unless the materials have been made specially for the contract; and

(b) payments made to subcontractors in advance of work performed under the subcontract.

When the outcome of a construction contract cannot be estimated reliably:

(a) revenue shall be recognised only to the extent of contract costs incurred that it is probable will be recoverable; and

(b) contract costs shall be recognised as an expense in the period in which they are incurred.

An expected loss on the construction contract shall be recognised as an expense immediately in accordance with paragraph 36.

During the early stages of a contract it is often the case that the outcome of the contract cannot be estimated reliably. Nevertheless, it may be probable that the entity will recover the contract costs incurred. Therefore, contract revenue is recognised only to the extent of costs incurred that are expected to be recoverable. As the outcome of the contract cannot be estimated reliably, no profit is recognised. However, even though the outcome of the contract cannot be estimated reliably, it may be probable that total contract costs will exceed total contract revenues. In such cases, any expected excess of total contract costs over total contract revenue for the contract is recognised as an expense immediately in accordance with paragraph 36.

Contract costs that are not probable of being recovered are recognised as an expense immediately. Examples of circumstances in which the recoverability of contract costs incurred may not be probable and in which contract costs may need to be recognised as an expense immediately include contracts:

(a) which are not fully enforceable, that is, their validity is seriously in question;

(b) the completion of which is subject to the outcome of pending litigation or legislation;

(c) relating to properties that are likely to be condemned or expropriated;

(d) where the customer is unable to meet its obligations; or

(e) where the contractor is unable to complete the contract or otherwise meet its obligations under the contract.

When the uncertainties that prevented the outcome of the contract being estimated reliably no longer exist, revenue and expenses associated with the construction contract shall be recognised in accordance with paragraph 22 rather than in accordance with paragraph 32.

Recognition of expected losses

When it is probable that total contract costs will exceed total contract revenue, the expected loss shall be recognised as an expense immediately.

The amount of such a loss is determined irrespective of:

(a) whether work has commenced on the contract;

(b) the stage of completion of contract activity; or
(c) the amount of profits expected to arise on other contracts which are not treated as a single construction contract in accordance with paragraph 9.

Changes in estimates

38 The percentage of completion method is applied on a cumulative basis in each accounting period to the current estimates of contract revenue and contract costs. Therefore, the effect of a change in the estimate of contract revenue or contract costs, or the effect of a change in the estimate of the outcome of a contract, is accounted for as a change in accounting estimate (see HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors). The changed estimates are used in the determination of the amount of revenue and expenses recognised in the income statement profit or loss in the period in which the change is made and in subsequent periods.

Disclosure

39 An entity shall disclose:

(a) the amount of contract revenue recognised as revenue in the period;

(b) the methods used to determine the contract revenue recognised in the period; and

(c) the methods used to determine the stage of completion of contracts in progress.

40 An entity shall disclose each of the following for contracts in progress at the balance sheet date end of the reporting period:

(a) the aggregate amount of costs incurred and recognised profits (less recognised losses) to date;

(b) the amount of advances received; and

(c) the amount of retentions.

41 Retentions are amounts of progress billings that are not paid until the satisfaction of conditions specified in the contract for the payment of such amounts or until defects have been rectified. Progress billings are amounts billed for work performed on a contract whether or not they have been paid by the customer. Advances are amounts received by the contractor before the related work is performed.

42 An entity shall present:

(a) the gross amount due from customers for contract work as an asset; and

(b) the gross amount due to customers for contract work as a liability.

43 The gross amount due from customers for contract work is the net amount of:

(a) costs incurred plus recognised profits; less

(b) the sum of recognised losses and progress billings

for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceeds progress billings.

44 The gross amount due to customers for contract work is the net amount of:

(a) costs incurred plus recognised profits; less

(b) the sum of recognised losses and progress billings

for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).
An entity discloses any contingent liabilities and contingent assets in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets. Contingent liabilities and contingent assets may arise from such items as warranty costs, claims, penalties or possible losses.

Effective date

This Standard becomes operative for financial statements covering periods beginning on or after 1 January 2005. Earlier application is encouraged.
Appendix A
Illustrative examples

This appendix accompanies, but is not part of, IAS 11.

Disclosure of accounting policies

The following are examples of accounting policy disclosures:

Revenue from fixed price construction contracts is recognised on the percentage of completion method, measured by reference to the percentage of labour hours incurred to date to estimated total labour hours for each contract.

Revenue from cost plus contracts is recognised by reference to the recoverable costs incurred during the period plus the fee earned, measured by the proportion that costs incurred to date bear to the estimated total costs of the contract.

The determination of contract revenue and expenses

The following example illustrates one method of determining the stage of completion of a contract and the timing of the recognition of contract revenue and expenses (see paragraphs 22 to 35 of the Standard).

A construction contractor has a fixed price contract for 9,000 to build a bridge. The initial amount of revenue agreed in the contract is 9,000. The contractor's initial estimate of contract costs is 8,000. It will take 3 years to build the bridge.

By the end of year 1, the contractor's estimate of contract costs has increased to 8,050.

In year 2, the customer approves a variation resulting in an increase in contract revenue of 200 and estimated additional contract costs of 150. At the end of year 2, costs incurred include 100 for standard materials stored at the site to be used in year 3 to complete the project.

The contractor determines the stage of completion of the contract by calculating the proportion that contract costs incurred for work performed to date bear to the latest estimated total contract costs. A summary of the financial data during the construction period is as follows:
<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial amount of revenue agreed in contract</td>
<td>9,000</td>
<td>9,000</td>
<td>9,000</td>
</tr>
<tr>
<td>Variation</td>
<td>-</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>Total contract revenue</td>
<td>9,000</td>
<td>9,200</td>
<td>9,200</td>
</tr>
<tr>
<td>Contract costs incurred to date</td>
<td>2,093</td>
<td>6,168</td>
<td>8,200</td>
</tr>
<tr>
<td>Contract costs to complete</td>
<td>5,957</td>
<td>2,032</td>
<td>-</td>
</tr>
<tr>
<td>Total estimated contract costs</td>
<td>8,050</td>
<td>8,200</td>
<td>8,200</td>
</tr>
<tr>
<td>Estimated profit</td>
<td>950</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>Stage of completion</td>
<td>26%</td>
<td>74%</td>
<td>100%</td>
</tr>
</tbody>
</table>

The stage of completion for year 2 (74%) is determined by excluding from contract costs incurred for work performed to date the 100 of standard materials stored at the site for use in year 3.

The amounts of revenue, expenses and profit recognised in the income statement of comprehensive income in the three years are as follows:

<table>
<thead>
<tr>
<th></th>
<th>To date</th>
<th>Recognised in prior years</th>
<th>Recognised in current year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year 1</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue (9,000 x 0.26)</td>
<td>2,340</td>
<td>-</td>
<td>2,340</td>
</tr>
<tr>
<td>Expenses (8,050 x 0.26)</td>
<td>2,093</td>
<td>-</td>
<td>2,093</td>
</tr>
<tr>
<td>Profit</td>
<td>247</td>
<td>-</td>
<td>247</td>
</tr>
<tr>
<td><strong>Year 2</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue (9,200 x 0.74)</td>
<td>6,808</td>
<td>2,340</td>
<td>4,468</td>
</tr>
<tr>
<td>Expenses (8,200 x 0.74)</td>
<td>6,068</td>
<td>2,093</td>
<td>3,975</td>
</tr>
<tr>
<td>Profit</td>
<td>740</td>
<td>247</td>
<td>493</td>
</tr>
<tr>
<td><strong>Year 3</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue (9,200 x 1.00)</td>
<td>9,200</td>
<td>6,808</td>
<td>2,392</td>
</tr>
<tr>
<td>Expenses</td>
<td>8,200</td>
<td>6,068</td>
<td>2,132</td>
</tr>
<tr>
<td>Profit</td>
<td>1,000</td>
<td>740</td>
<td>260</td>
</tr>
</tbody>
</table>
### Contract disclosures

A contractor has reached the end of its first year of operations. All its contract costs incurred have been paid for in cash and all its progress billings and advances have been received in cash. Contract costs incurred for contracts B, C and E include the cost of materials that have been purchased for the contract but which have not been used in contract performance to date. For contracts B, C and E, the customers have made advances to the contractor for work not yet performed.

The status of its five contracts in progress at the end of year 1 is as follows:

<table>
<thead>
<tr>
<th>Contract</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract revenue recognised in accordance with paragraph 22</td>
<td>145</td>
<td>520</td>
<td>380</td>
<td>200</td>
<td>55</td>
<td>1,300</td>
</tr>
<tr>
<td>Contract expenses recognised in accordance with paragraph 22</td>
<td>110</td>
<td>450</td>
<td>350</td>
<td>250</td>
<td>55</td>
<td>1,215</td>
</tr>
<tr>
<td>Expected losses recognised in accordance with paragraph 36</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>40</td>
<td>30</td>
<td>70</td>
</tr>
<tr>
<td>Recognised profits less recognised losses</td>
<td>35</td>
<td>70</td>
<td>30</td>
<td>(90)</td>
<td>(30)</td>
<td>15</td>
</tr>
<tr>
<td>Contract costs incurred in the period</td>
<td>110</td>
<td>510</td>
<td>450</td>
<td>250</td>
<td>100</td>
<td>1,420</td>
</tr>
<tr>
<td>Contract costs incurred recognised as contract expenses in the period in accordance with paragraph 22</td>
<td>110</td>
<td>450</td>
<td>350</td>
<td>250</td>
<td>55</td>
<td>1,215</td>
</tr>
<tr>
<td>Contract costs that relate to future activity recognised as an asset in accordance with paragraph 27</td>
<td>-</td>
<td>60</td>
<td>100</td>
<td>-</td>
<td>45</td>
<td>205</td>
</tr>
<tr>
<td>Contract revenue (see above)</td>
<td>145</td>
<td>520</td>
<td>380</td>
<td>200</td>
<td>55</td>
<td>1,300</td>
</tr>
<tr>
<td>Progress billings (paragraph 41)</td>
<td>100</td>
<td>520</td>
<td>380</td>
<td>180</td>
<td>55</td>
<td>1,235</td>
</tr>
<tr>
<td>Unbilled contract revenue</td>
<td>45</td>
<td>-</td>
<td>-</td>
<td>20</td>
<td>-</td>
<td>65</td>
</tr>
<tr>
<td>Advances (paragraph 41)</td>
<td>-</td>
<td>80</td>
<td>20</td>
<td>-</td>
<td>25</td>
<td>125</td>
</tr>
</tbody>
</table>
The amounts to be disclosed in accordance with the Standard are as follows:

- Contract revenue recognised as revenue in the period (paragraph 39(a)) $1,300
- Contract costs incurred and recognised profits (less recognised losses) to date (paragraph 40(a)) $1,435
- Advances received (paragraph 40(b)) $125
- Gross amount due from customers for contract work - presented as an asset in accordance with paragraph 42(a) $220
- Gross amount due to customers for contract work - presented as a liability in accordance with paragraph 42(b) $(20)

The amounts to be disclosed in accordance with paragraphs 40(a), 42(a) and 42(b) are calculated as follows:

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract costs incurred</td>
<td>110</td>
<td>510</td>
<td>450</td>
<td>250</td>
<td>100</td>
<td>1,420</td>
</tr>
<tr>
<td>Recognised profits less recognised losses</td>
<td>35</td>
<td>70</td>
<td>30</td>
<td>(90)</td>
<td>(30)</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>145</td>
<td>580</td>
<td>480</td>
<td>160</td>
<td>70</td>
<td>1,435</td>
</tr>
<tr>
<td>Progress billings</td>
<td>100</td>
<td>520</td>
<td>380</td>
<td>180</td>
<td>55</td>
<td>1,235</td>
</tr>
<tr>
<td>Due from customers</td>
<td>45</td>
<td>60</td>
<td>100</td>
<td>-</td>
<td>15</td>
<td>220</td>
</tr>
<tr>
<td>Due to customers</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(20)</td>
<td>-</td>
<td>(20)</td>
</tr>
</tbody>
</table>

The amount disclosed in accordance with paragraph 40(a) is the same as the amount for the current period because the disclosures related to the first year of operation.
Appendix B

Comparison with International Accounting Standards

This comparison appendix, which was prepared as at October 2004 and deals only with significant differences in the standards extant, is produced for information only and does not form part of the standards in HKAS 11.

The International Accounting Standard comparable with HKAS 11 is IAS 11 *Construction Contracts.*

There are no major textual differences between HKAS 11 and IAS 11.