What transfers, and when?

MODULE 3 / CONTROL & PROGRESS / 1 OF 2

Identify each distinct promise first: customer benefit AND separately identifiable promise. Consider integration, customisation and interdependence. A qualifying series has substantially the same items, each meeting the over-time test and using the same progress method.

Does ONE over-time route apply?	Evidence
Benefit received and consumed as performed	Customer receives the service benefit as work happens.
Customer controls the asset being created	Customer controls relevant work in progress.
No alternative use AND right to payment	Both are required; payment compensates performance to date.

Yes: select a faithful progress measure. **No:** identify the point when control transfers. Payment, title, possession, risks/rewards and acceptance are indicators; none is a universal standalone rule.

Orion: updated cost-based estimate

Single customer-controlled installation; price $210,000. Assume cost inputs faithfully depict transfer, no waste or uninstalled-material adjustment, and no other movement.

Measure	First date	Second date
Cumulative cost	45,000	90,000
Estimated total cost	150,000	180,000
Progress	30%	50%
Cumulative revenue	63,000	105,000
Revenue this period	63,000	42,000
Cost this period	45,000	45,000
Margin this period	18,000	(3,000)

Current revenue = revised cumulative revenue - revenue previously recognised. Reassess estimates; exclude inputs that distort performance. If progress cannot be measured reliably but costs are recoverable, apply the limited cost-recovery rule.

CPA Australia FR study guide, sixth edition (October 2022), Module 3. Original Accounting Ahead examples, calculations and design. Guide pp.125-127, 135-137. AASB 15 (May 2022): standards.aasb.gov.au/aasb-15-may-2022, paragraphs 22-45, B14-B19.

Performance, billing and cash

MODULE 3 / BALANCES & JOURNALS / 2 OF 2

Balance	What it represents
Receivable	Unconditional right: only time remains before payment is due.
Contract asset	Earned consideration still conditional on something other than time.
Contract liability	Customer paid, or payment due, before promised transfer.
Contract-cost asset	Qualifying costs: not a right to customer consideration.

Separate original journal examples

Event	Debit	Credit
Advance receipt	Cash 18,000	Contract liability 18,000
One-third earned	Contract liability 6,000	Revenue 6,000
Different contract: conditional earned right	Contract asset 14,000	Revenue 14,000
Condition removed	Receivable 14,000	Contract asset 14,000
Collect receivable	Cash 14,000	Receivable 14,000

Present the relevant contract position; do not net unrelated contracts. Separate unconditional receivables and assess credit loss. Billing is not a second revenue event.

Aurora: advance-to-revenue reconciliation

Receive $9,000 upfront. Assume any financing effect is immaterial. Release $5,400 on kit delivery, $1,350 on distinct training, then $187.50 for each evenly provided monitoring month. After three monitoring months: revenue $7,312.50; contract liability $1,687.50.

9,000 = 7,312.50 earned + 1,687.50 still owed as service. No refunds are expected. A contract liability is not automatically a refund liability.

CPA Australia FR study guide, sixth edition (October 2022), Module 3. Original Accounting Ahead examples, calculations and design. Guide pp.139-141. AASB 15 (May 2022): standards.aasb.gov.au/aasb-15-may-2022, paragraphs 105-118. Amounts in dollars, tax excluded; examples are separate where indicated.