DEEP SPACE™

How WIP works in Deep Space

Where every number comes from, and how they come together.

What you invoice rarely matches the work you have done. Standards say profit is recognised as it is earned, not as invoices go out. WIP is the monthly adjustment that closes that gap.

1. The four cost buckets

Every dollar of a job sits in exactly one bucket. No overlaps, no gaps, which is why the totals always reconcile.

Bucket	What it holds	Source
Actuals	Invoiced by subbies and suppliers	Budget Register
Outstanding commitments	Signed but not yet invoiced	Committed − Actuals
FTC	Not yet signed. Your QS's forecast	Typed monthly, per cost code
Forecast final cost (FFC)	**The three above added together**	**Calculated**

The one rule that matters

FTC only ever covers work you have not yet bought. Once a subcontract is let, that scope moves into Outstanding Commitments and comes out of FTC.

Get that wrong and the same money is counted twice, so the job looks over budget when it isn't.

2. Margin

Step	Calculation	Source
Forecast contract	Contract value incl. approved variations	Head Contract register
Forecast margin	Forecast contract − FFC	Calculated
R&O adjust	Net position of open risks and opportunities	Risk & Opportunity register
Margin incl R&O	**Forecast margin − R&O net**	**Calculated**

Risk sits in two places, deliberately separated. Contingency and trade reserves live inside each cost code's FTC. Whole-of-project risks live in the R&O register, which carries no cost code, so it never touches cost and adjusts margin in the reporting layer instead. That stops risk being counted twice.

3. WIP, with a worked example

A $10m fitout, forecast to cost $9.2m (margin $800,000). To date: $3.68m of cost incurred, $4.5m claimed.

Step	Calculation	Result
How far through, by cost	3,680,000 ÷ 9,200,000	40%
Margin earned so far	40% × 800,000	320,000
Value genuinely earned	3,680,000 + 320,000	4,000,000
Claimed to date	Head Contract claims	4,500,000
WIP (over claim)	**4,500,000 − 4,000,000**	**500,000**

In plain English

The job invoiced $4.5m but genuinely earned $4.0m. That $500,000 was billed ahead of the work.

It is not profit. It is deferred to the balance sheet and released as the work gets done. Billing behind the work runs the other way: earned but uninvoiced revenue is brought forward.

4. How it comes together

Where	What it does
Cost Forecasting	Where the numbers are made. One FTC per cost code, monthly, then validated and approved. Approval locks an immutable snapshot and writes back to the Budget Register.
Financial Summary	One project on one page: revenue, cost, margin and cash, every figure showing its source register, plus a bridge explaining what moved margin since last month.
WIP report	Every project, one row per job, grouped by branch, with loss-making jobs flagged automatically.
Journal export	**One row per project for finance: margin realised, WIP this month and last, the movement to post, the journal direction, and any loss provision with its basis named.**

Loss-making jobs are handled to standard: the whole loss is provided for as soon as it is foreseeable. Every figure above comes from data your team already enters, so there is no WIP spreadsheet and no month end re-keying.