



Sharon S. Heinz, Accountant
3315 South Memorial Parkway Ste C
Huntsville, AL 35801
(256) 489-1478
SharonSHeinz@comcast.net
SharonHeinzAccounting.com

CONSTRUCTION ACCOUNTING VS. REGULAR ACCOUNTING

Construction accounting and accounting different from regular accounting dramatically. Regular accounting is used approximately 80% of businesses. This type of accounting is used where customer go to the business. These businesses may also ship or deliver products and services. They are selling a product or a service from a fixed location. Construction Accounting is for roughly 15% of all construction companies with manufacturing making up the balance of 5%.

Regular accounting has four things in common:

1. Sales with 1 to 4 categories of products and/or services
2. Cost of Goods Sold, if they sell products with 1-4 categories
3. Expenses or overhead, required to maintain business operations
4. Breakeven is easy to calculate because there is a direct relationship between income and expenses on every item. It is easy to run reports to determine which items are profitable and unprofitable and make quick adjustments.

Construction Accounting has five things in common:

1. Sales with 1 to 10 categories of products and/or services
2. Cost of Goods Sold has Direct and Indirect Job Costs with 100's of categories and sub categories
3. Expenses or overhead, is extremely complex because some expenses used in regular accounting are actually Direct and Indirect Cost of Goods Sold in construction accounting
4. Breakeven is very difficult to calculate because most projects are one-of-a-kind custom jobs. Proactive contractors have systems and pre-priced assemblies for bidding which works in conjunction with Strategic Construction Accounting to provide management with progress invoicing, job costing and job profitability.
5. Job Costing and Job Profitability Reporting are similar to the regular accounting Profit and Loss report except that it is specific to each particular job and has different expense codes.

Construction Accounting is used when the entire business is packed up, loaded onto trucks, vans and cars and driven it to the customer. You are selling, assembling, delivering and installing a customized product from a mobile warehouse.

I have seen 100's of QuickBooks setup files, met with bankers, insurance auditors and have hands on experience owning and operating construction business. We understand the special type of accounting services that construction company owners like you need. **You are able to have your construction accounting done professionally for less than you are spending now! We save you \$100's or even \$1,000's dollar a year.**