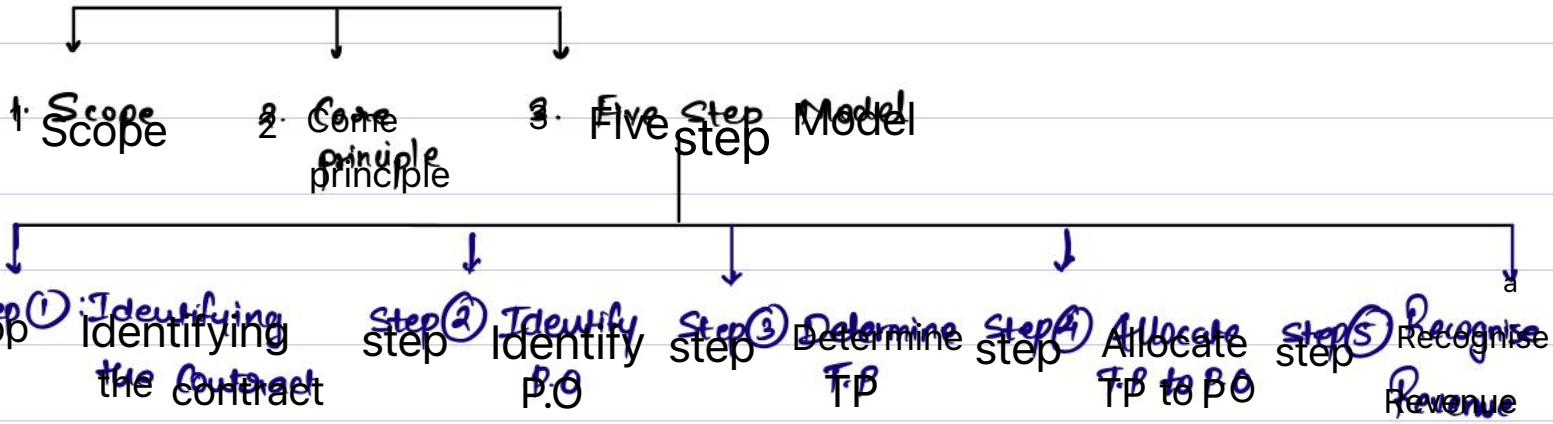


# Ind AS 115 - Revenue from Contracts with Customers [10-16m12s]



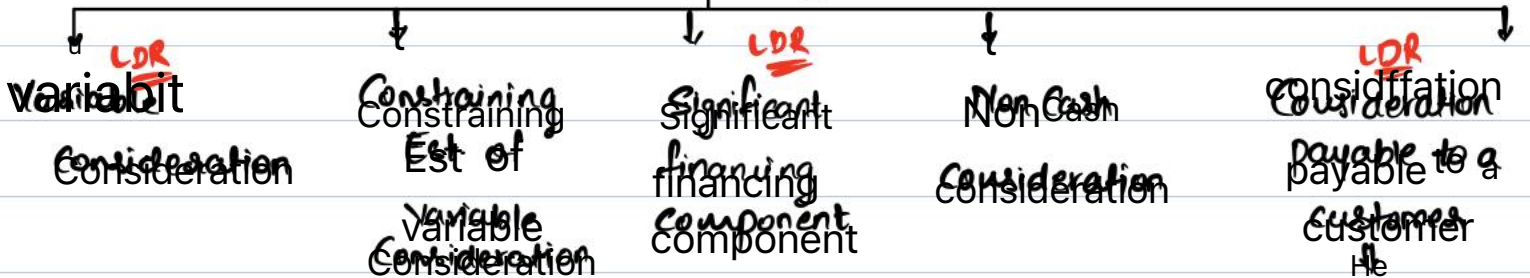
## Step 1: Identifying the Contract



## Step 2: Identify P.O

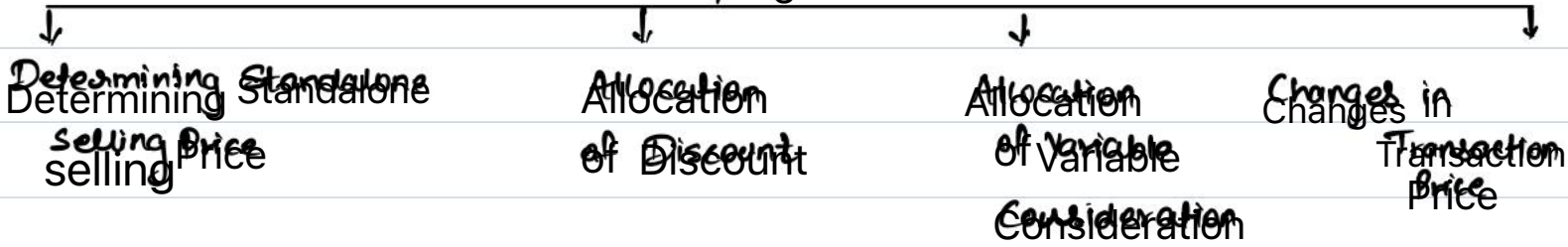


## Step 3: Determining T.P.

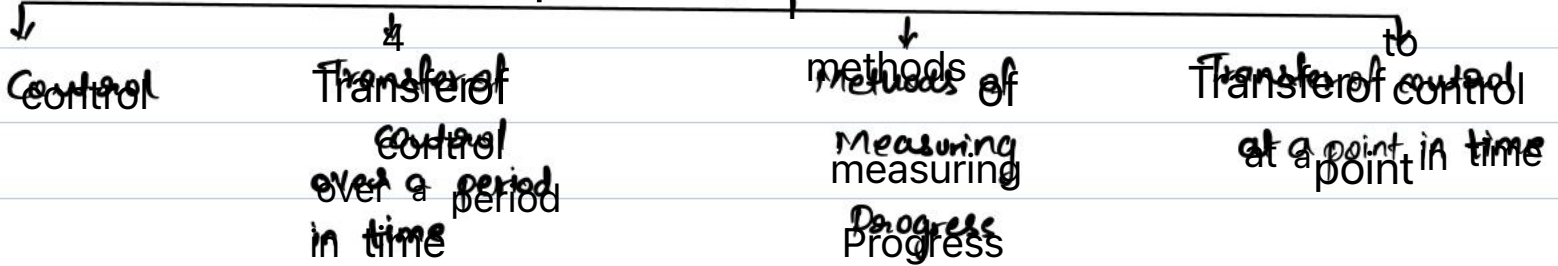


1. Slotting fees
2. Co-op Advt Arrangements
3. Price Protection

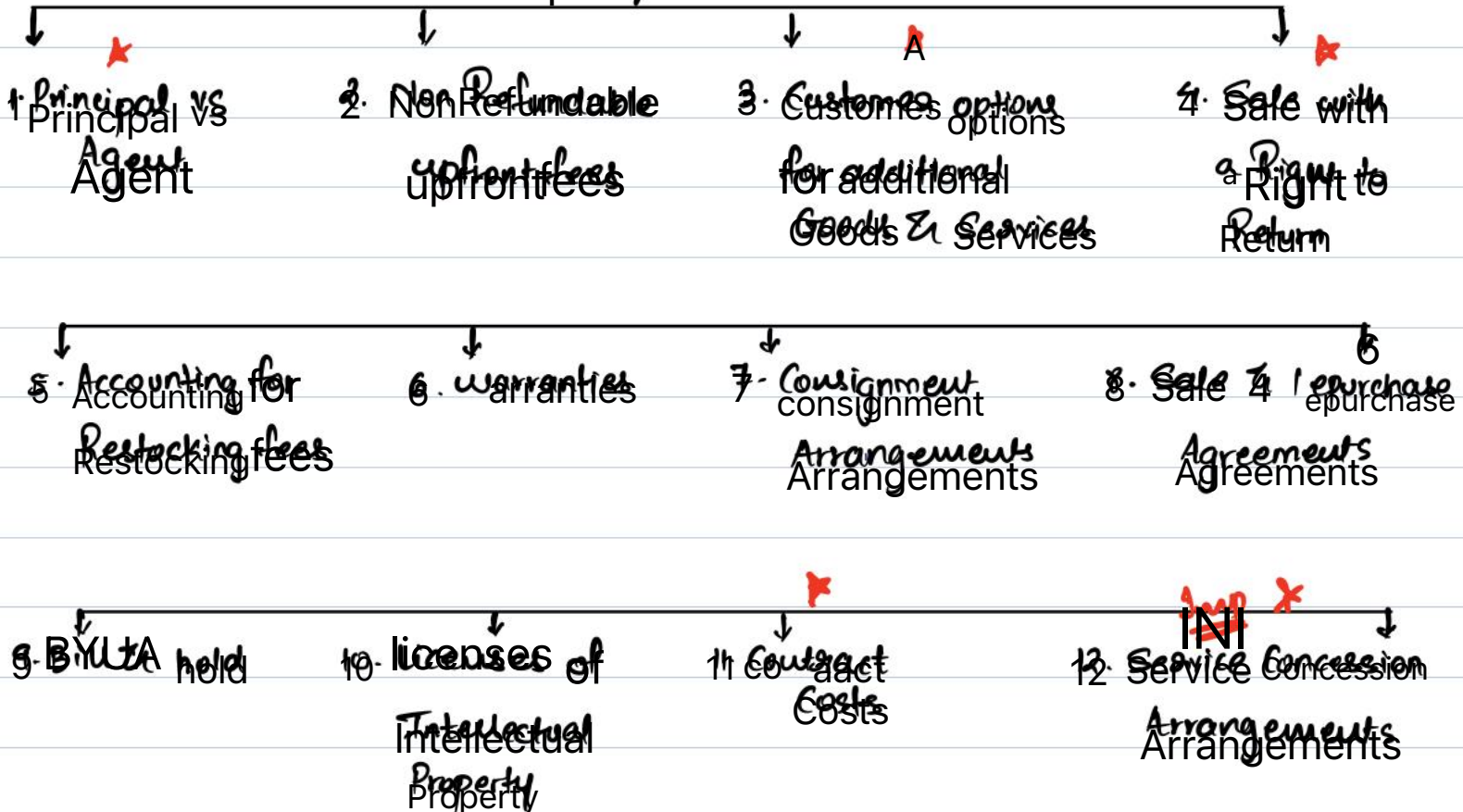
~~IF~~ Step 4: Allocating TP to BO



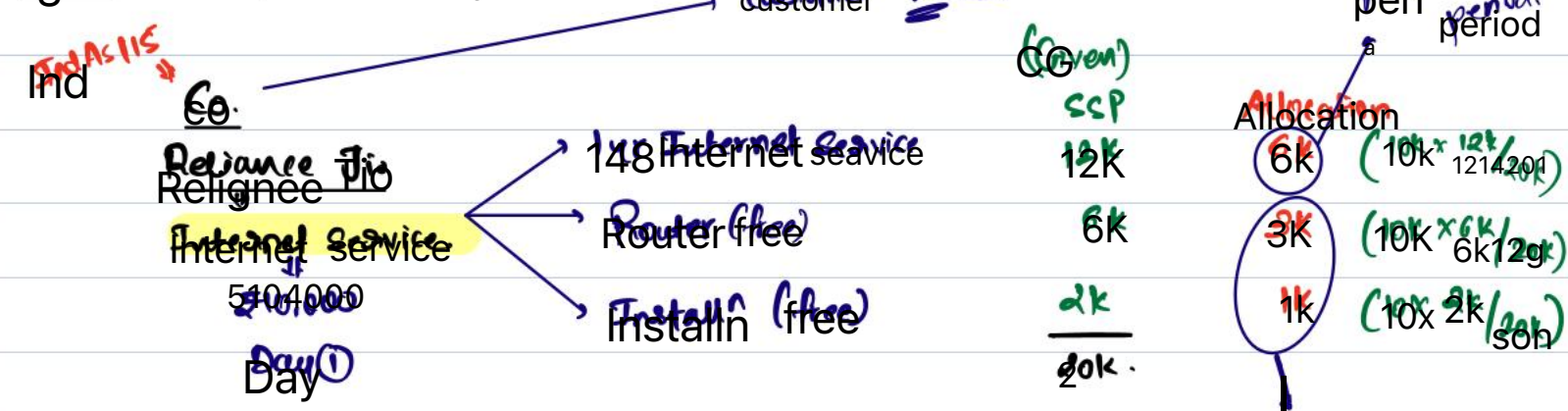
Steps: Recognise Revenue



Special Cases



Eq ① Conceptual Clarity



\* Standalone sells Price

J-E (STEP)

Day ① CIB All PB 10,000  
 TB Revenue All 4K  
 TB Adv Rev All (6k)

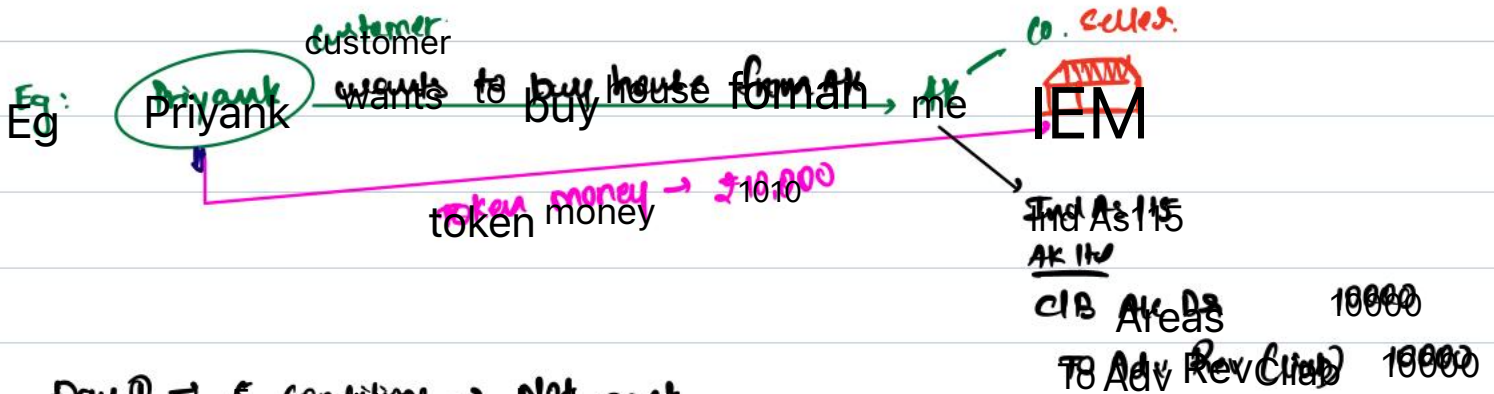
1st month end Adv Rev 500  
 TB Rev 500  
 (6000 / 12m)

2nd month end  
 ⋮  
 ⋮  
 ⋮  
 i

17th month end

# Step ①

Exception: 5 conditions of step ① Not met, still <sup>Req</sup> Revenue



After 3 days Priyank → Rejected the Army House 😞.

On token money forfeit

Adv the A/c Dr	10k	} Rev Booked even if 5 conditions not met
TB Revenue	10k	

Eg 1 Contract Modification

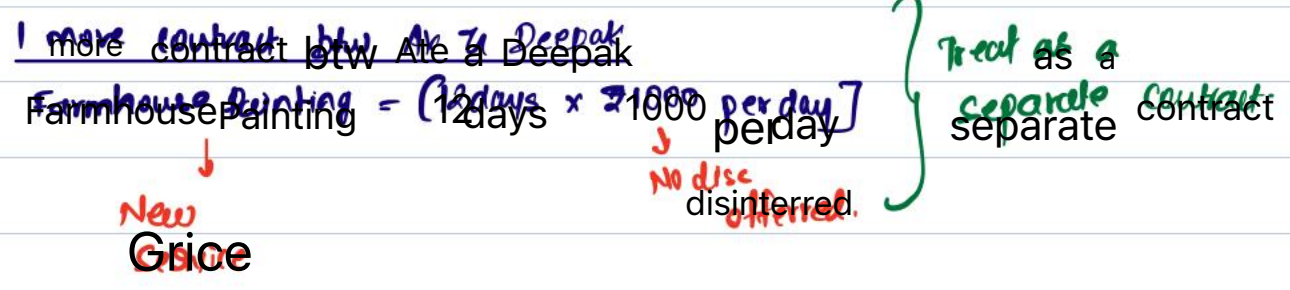
Studio Painting

Ind AS 115



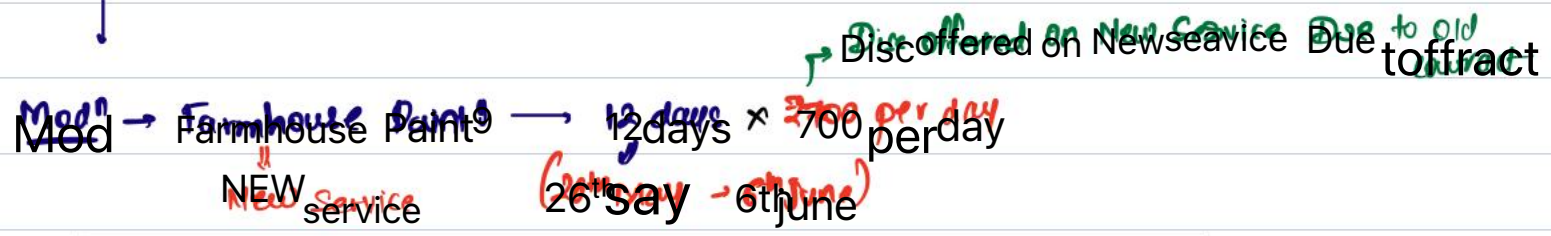
Total Transaction Price = ₹25000

After 15 days After 15 days of



Eg 2 Original contract  $\rightarrow$  25 days  $\times$  ₹1000 = ₹25000 (Studio Painting)  
p 1<sup>st</sup> May to 25<sup>th</sup> May

After 15 days  $\rightarrow$  Revenue Booked till date = 15000



Pending part of old contract	$\rightarrow$ 10 days $\times$ ₹1000 per day	= 10000
New contract	$\rightarrow$ 12 days $\times$ ₹700 per day	= 8400
	<b>₹18400</b>	<b>= ₹83636 per day</b>
		from 16 <sup>th</sup> Day May each day Revenue will be ₹83636.

Prospective Accounting

Eg ③ Original contract → 25 days × ₹1000 per day  
 = ₹25,000

After 15 days → Revenue Booked till date = ₹15,000

On 16<sup>th</sup> Day Deepali asked for additional 7 days (x) ₹800 per day  
 feigned by original contract (studio)  
 New Service VI  
 ↓  
 No.

Alicing → Cumulative Catch up Basis (of Computation Retrospective)

If Co knew abt this modn from 1<sup>st</sup> Day

$$\left[ \begin{array}{l} 25 \text{ days} \times ₹1000 \\ 7 \text{ days} \times ₹800 \end{array} \right] = \frac{30600}{32 \text{ days}} = 956.25 \text{ per day Rex}$$

Revenue should be booked (956.25 × 15 days) = 14343.75

Revenue actually Booked (15000)

Excess Booked 656.25 → Revenue Reverse on Mod<sup>n</sup> Date

from 16<sup>th</sup> Day → each Day Revenue Booked = 956.25

Illustration (UR)

OB Contract 200 hrs x ₹150 per hour  
Mod<sup>n</sup> 50 hrs x ₹100 per hour

Revenue Booked till Date (100 hrs completed) = ₹15000 (100hrs x ₹150)

Revenue should be Booked (100hrs x ₹140) = ₹14000  
(Cumulative Catch up Basis) (₹1000) → Excess Revenue Booked (Reverse it)

WN①

In	200hrs x 150 =	30000
EX	50hrs x 100 =	5000
		<u>55</u>
		25000 / 200 hrs
		= ₹140 per hr

Step 3

# Eff. Variable Consideration

FR Digest

Harish

6m

400 pages x ₹100 per page = ₹40000 → Fixed consideration

within 6m  
Some

9-10  
1000

tree

variable consideration

more than 6m

penalty → 5000  
-ve

TS Price = Fixed + Variable

Aut Est

→ 2 methods

Expected value method

most likely

Aut Method

\* Significant financing component (Rev Book on Delivery Date @ Delivery Day) PT



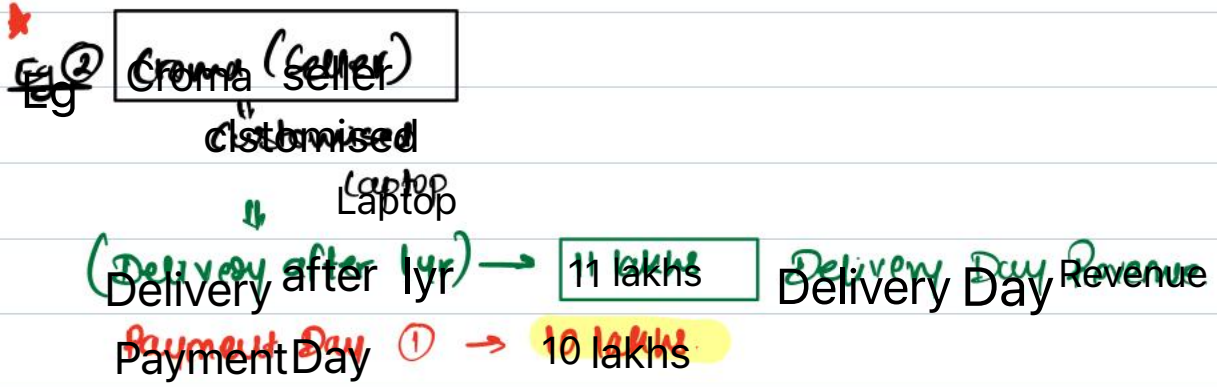
Croma Books

Day ① Reliable (FA) A/c Dr 1.52  
 TO Revenue 1.52

P/L (Cr)	
Rev -	1.52
Other	30k
Other (Jul)	

Yr lead Reliable (FA) A/c Dr 30k  
 TO Jul Inc 30k

Yr lead Ured C/B A/c Dr 1.84  
 TO Reliable 1.84



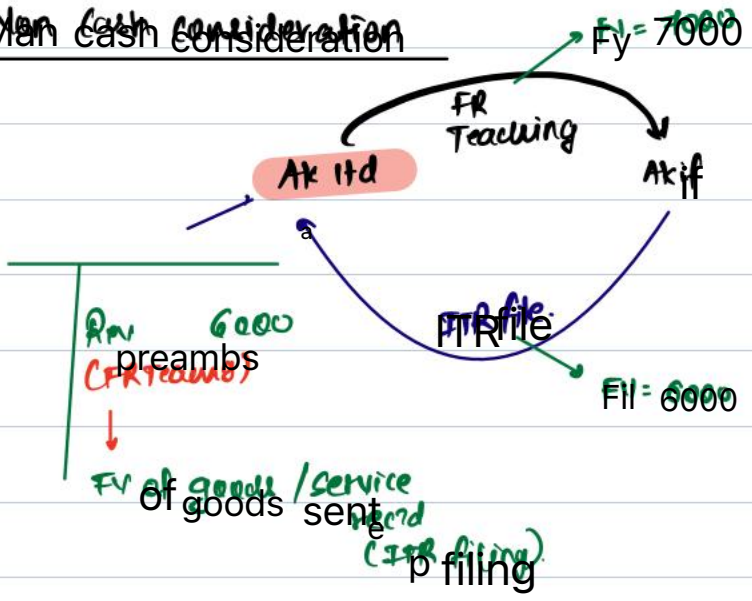
Croma Books

Day ① C/B A/c Dr 104  
 TO Adv Inc 104  
 Yr lead after Get exp (PID) 1L → cash disc (Ind AS - Jul)  
 TO Adv Inc 1L

Ur-expl Greed  
 Adv Inc TO Rex 111  
 111 111

PIC  
 Jul Exp 11 | Rex 111

\* Non cash consideration

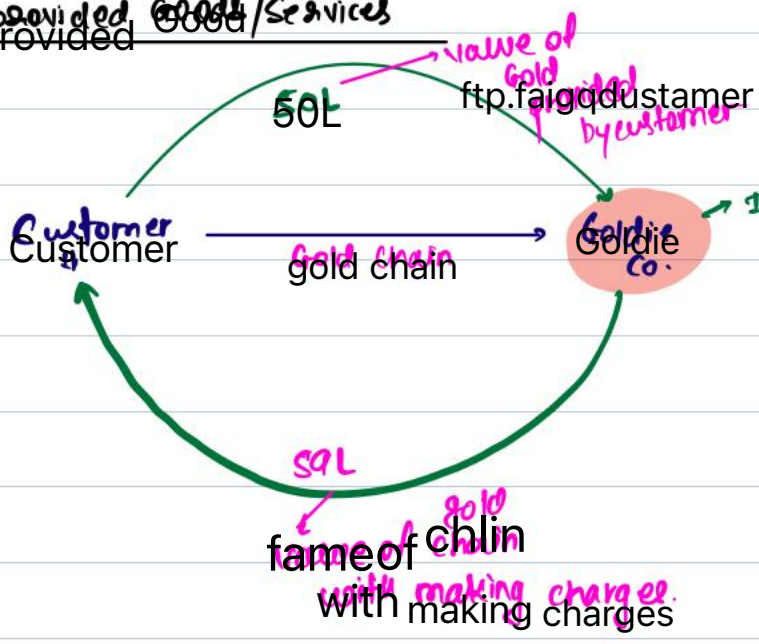


Summary

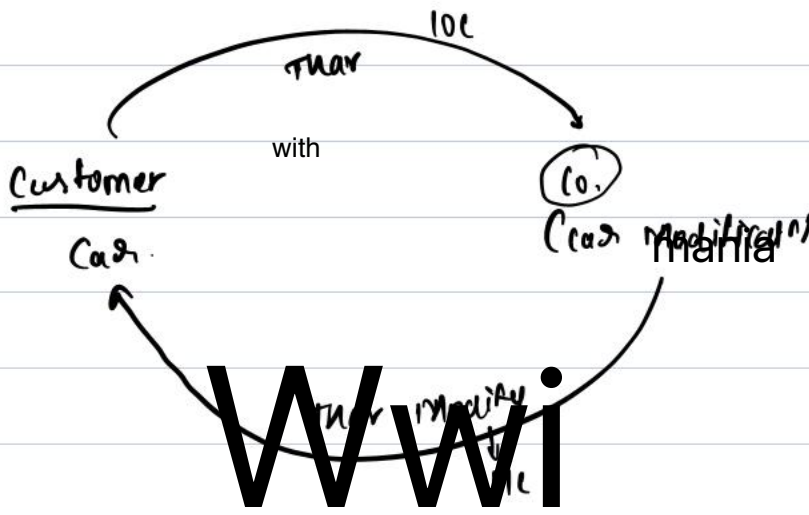
Ind AS 16/38/40  
 ① FV of Asset given gives  
 ② FV of Asset acquired  
 ③ CA of Issued given gives

Ind AS 102/115  
 ① FV of O/S recd  
 ② FV of given up. given up

\* Customer provided goods/Services



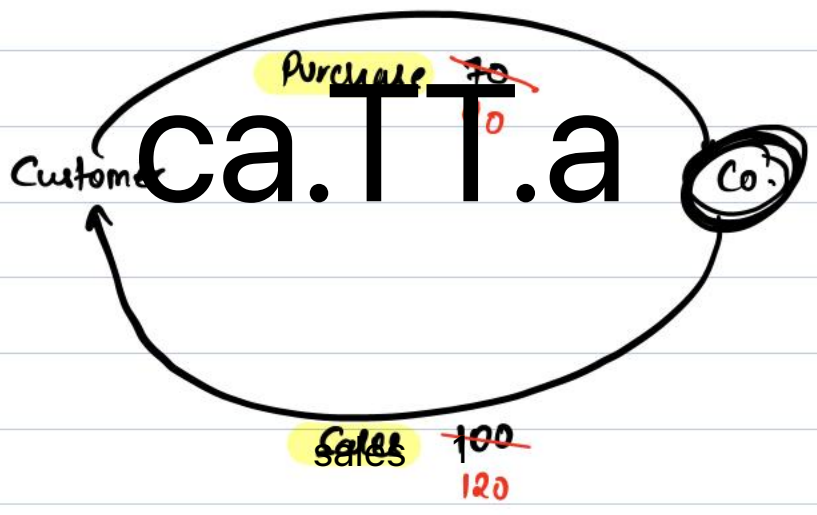
Purch 50L	Rev 50L
WHEN control of gold chain is transferred to the customer.	
further control of gold chain is retained by the customer.	
Rev (Net) 0L	



Rev 110
fit
Buy 10
Rev 110

\* Consideration payable to a customer

Purchase (inflate) } 20k ↑  
Sales (inflation)



Co.	
co.purmo	Rev
Purch 90	120
70	100

Step 4: Allocation of TP to P.O  
Step 1

Eg 1 - Combo  $\Rightarrow$  ₹ 20,000  
 FR (01.04.11 to 30.06.11)  
 AFM (01.07.11 to 30.09.11)  
 Audit (1.10.11 to 31.12.11)  
 law (1.1.12 to 31.03.12)

SSP	Discount	Allocation	In the ratio of SSP
8k	(2286)	5714	$(20k \times \frac{8k}{28k})$
8k	(2286)	5714	
8k	(1714)	4286	$(20k \times \frac{8k}{28k})$
6k	(1714)	4286	
<u>28k</u>	<u>8000</u>	<u>20000</u>	

$(\frac{8k \times 8k}{28k})$   
fix

Eg 2 Combo 1  $\rightarrow$  FR + AFM = Tr Price = 8k  
 (Combo coupon)

SSP	Disc	Allocation
FR 8k	(4000)	4000
AFM 8k	(4000)	4000
<u>Total</u>	<u>(8k)</u>	<u>8k</u>

$(\frac{8k \times 8k}{16k})$

Combo 2: FR + AFM + Audit + law  $\rightarrow$  Combo Price 20000

SSP	Disc	Allocation of TP
FR 8k	(4000)	4k
AFM 8k	(4000)	4k
Audit 6k	-	6k
law 6k	-	6k
<u>28k</u>	<u>(8k)</u>	

TP allocation not done in ratio of SSP (exception)

When discount on small bundle of goods is same as disc on larger bundle & whole discount will only be allocated to smaller bundle goods.

Eg 3: Residual Approach

At Combo → £24,000

	SSP	Disc (Given)	Allocation
FR	8k	(1k)	7k
AFM	8k	(1k)	7k
Audit	6k	(500)	5500
law	?		4500 (Bif)
			<u>24000</u>

SSP Not available

(Total F.P.E' After Disc allocated Price of other PO's)

$$[24000 - 7k - 7k - 5500]$$

Residual Approach → last resort

- Can only be used if price of 1 P.O is not available.
- If the value under Residual approach comes to zero  
 If  
 This method cannot be used

Eg 4: Residual Approach

At Combo → £20,000

	SSP	Disc (Given)	Allocation
FR	8k	(2k)	6000
AFM	8k	(2k)	6000
Audit	6k	(1k)	5000
law	?		3000 (Bif)

Range [4k - 10k]

(Bif) → Residual approach cannot be used as allocation is not within the range.

**Thus 55 CUR**

Product Page	SSP	Disc	Allocation
z	25000	(7143)	17857 $(50k \times 257/704)$
z	45000	(12857)	32143 $(50k \times 454/704)$
	70,000	(20000)	50,000

**Case A:**

Product	SSP	Disc	Allocation
x	50000	0	50000
y	25000	(7143)	17857
z	45000	(12857)	32143
	120000	20000	100000

Reason: Discount on smaller bundle (y,z) is substantially the same as disc on larger bundle (x,y,z) i.e. 20,000. ∴ Full Discount will be allocated to smaller bundle goods i.e. only 742.

**Case B:**

Product	SSP	Disc (over)	Allocation
x	50000	-	50000
y	25000	(7143)	17857
z	45000	(12857)	32143
Alpha	?		30000 (BIF)

*copy from above* (arrow pointing to Disc (over) column)

$(15k - 45k)$

It is appropriate to use Residual Approach as allocated Amt falls within the range

Case	Product	SSP	Disc (Given)	Allocation
Total	X	50000	-	50000
<del>185000</del>	Y	25000	(7143)	17857
	Z	45000	(12857)	32143
	Alpha	?		<span style="border: 1px solid black; padding: 2px;">5000</span> (BIF)
		(15k - 45k)		

copy from above

It is not within the given range.

- Residual approach is Not appropriate.

Illus 32 (LDR)

(Particulars)  
Revenue

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
A. Fixed [10 plates]	52632 $(10L \times \frac{0.5L}{9.5L})$ Cox	184211 $(10L \times \frac{1.75L}{9.5L})$ fax	421053 $(10L \times \frac{4L}{9.5L})$ ex	289474 $(10L \times \frac{2.75L}{9.5L})$	52632 $(10L \times \frac{0.5L}{9.5L})$
B. Variable	5263 $(1L \times \frac{0.5L}{9.5L})$ ex	18421 $(1L \times \frac{1.75L}{9.5L})$ ex	42105 $(1L \times \frac{4L}{9.5L})$ ex	72368 $(1L \times \frac{2.75L}{9.5L})$	13158 $(1L \times \frac{0.5L}{9.5L})$ Im
C. * Cumulative Catchup Adj (comp) WI				98685	
D. Total Revenue <i>If should be 10L + 2.5L = 12.5L</i> (A + B + C)	57895	202632	463158	460527	65790
E. Total Cost (Given)	50000	175000	400000	275000	50000
F. Operating Profit (D - E)	7895	27632	63158	185527	15790
G. Margin (%) Profit Protein $(\frac{F}{D} \times 100)$	13.641 $(\frac{7895}{57895} \times 100)$ 6 as	13.641 $(\frac{27632}{202632} \times 100)$	13.641 $(\frac{63158}{463158} \times 100)$	40.291 $(\frac{185527}{460527} \times 100)$	24% $(\frac{15790}{65790} \times 100)$

Q10 Cumulative Catch up Adj on variable consideration

Variable costs to be booked till Yr 4 236842

$$\left( \frac{250000 \times 900000}{950000} \right) \xrightarrow{\text{Yr 1+2+3+4}} \ln (1.02)$$

less: V.C. Actually Booked till Yr 4 = (138157)

(5263 + 18421 + 42105 + 72368)

---

Additional V.C to be Booked 98685

Q11 31 (UR)

As on 30<sup>th</sup> June X1

10 units x ₹1000 p.u. = ₹10,000 (Revenue Book)

As on 30<sup>th</sup> Sept X1

50 units x ₹900 p.u. = ₹45,000 (Revenue Book)

10 units x ₹100 p.u. = (₹1,000) → Revenue Reverse

2nd Oct Net 44,000

Rev Booked

0920

Alternative way

As on 30<sup>th</sup> Sept X1

Com Revenue (till date) to be booked

(60 units x ₹900 p.u.) = 54,000

less: Crd (Already booked) = (10,000)

Crd 2 Rev to be Booked 44,000

TX

Special Cases  
Special

g. Sale with a Right to Return (eg Amazon)

Amazon sold 10 laptops to Pratik for 1 lakh each.

Cost of laptops was ₹75,000. There is a 30 days return policy.

Amazon expects 3 laptops to be returned.

Amazon Books JE

Day 1  
Dr Cr  
Dr 10,00,000  
    To Revenue (10 laptops) 7,00,000  
    To Adv (Refund copy) 3,00,000

Opn 10 laptop	Rev (Cost)
81	↳ 7 laptops
	P
	COGS 3 laptops
	31pA
costs	

Day 1  
Dr Cr  
Dr Right to receive Asset 2,25,000  
    To COGS (PIL) 2,25,000  
    (3 laptops × ₹75,000)  
    ↓  
    lost

cess.tk Nil.

After 30 days

to		to	
3 laptops Returned		No Return	
Dr Cr		Dr Cr	
Dr 31		Dr 31	
To C/B	31	To Rev	31
COGS	2,254	COGS	2,254
To Right to receive	2,252	To Right to receive	2,252
		2 laptops return	
① Refund	31	② COGS	2,257
To C/B	21	To Right	2,252
To Rev	11		

5 Restocking fees → continue with prev example of sale with right to return.  
 eg: 1k Refund → £7,000 restocking fees (Return/cancel charges) Net Refund = £99,000

eg is same as above except restocking fees to be charged on each laptop is £1,000.

501

① Cl B A/c Dr 10,00,000  
 To Revenue 703,000  
 To Refund Liab 297,000  
 (7 laptops x 1k = 7k  
 3 laptop x 1000 = 3000  
 3 laptop x 99000)

② Right to receive 225,000  
 To COGS 225,000  
 (75,000 x 3)

6. warranties

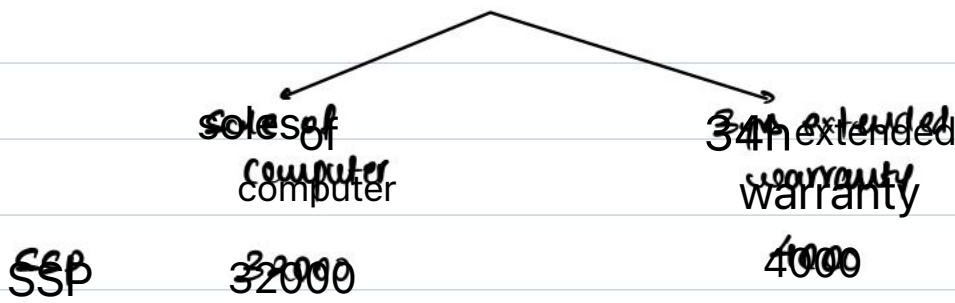
① Mobile + 1yr warranty (compulsory)  
 Single P.O.

② Mobile (+) Extended 3yrs warranty  
 1 yr warranty  
 2 P.O.s.

Allocate T.P. in ratio of 1:2  
 Mob → Revenue Book on Day 1  
 Extended warranty (3yrs) — over the period of 3yrs.

Ex 35 (LOR) Computer + 3yrs extended warranty

Total TP = 36000 (2 B.O.S)



Allocation 32000  
 $(\frac{36000 \times 32000}{36000})$   
 Book on Day 1

4000  
 ↓  
 Book TP of 3yrs

JE ①  
 Dr A/c Cr A/c  
 Dr Revenue 32000  
 Dr Adv liab (Contract com) 4000

PL  
 Sales 4  
 COGS

② COGS A/c Dr 14400  
 Dr Inventory 14400

Ind AS 37\*  
 ③ Warranty Exp A/c 2000  
 Dr Warr Prov 2000



TILS 23 (UDR)

Total TP = 1000

24005.

SSP

Product A  
Cost

Disc Voucher  
Disfigure

[www.anot40  
30% 21 not 40%  
10% subkodiya  
hai]

$$[500 \times \frac{20}{100} \times 80\%]$$

Allocation of Allocation

883

107

$$(1000 \times \frac{1000}{1920})$$

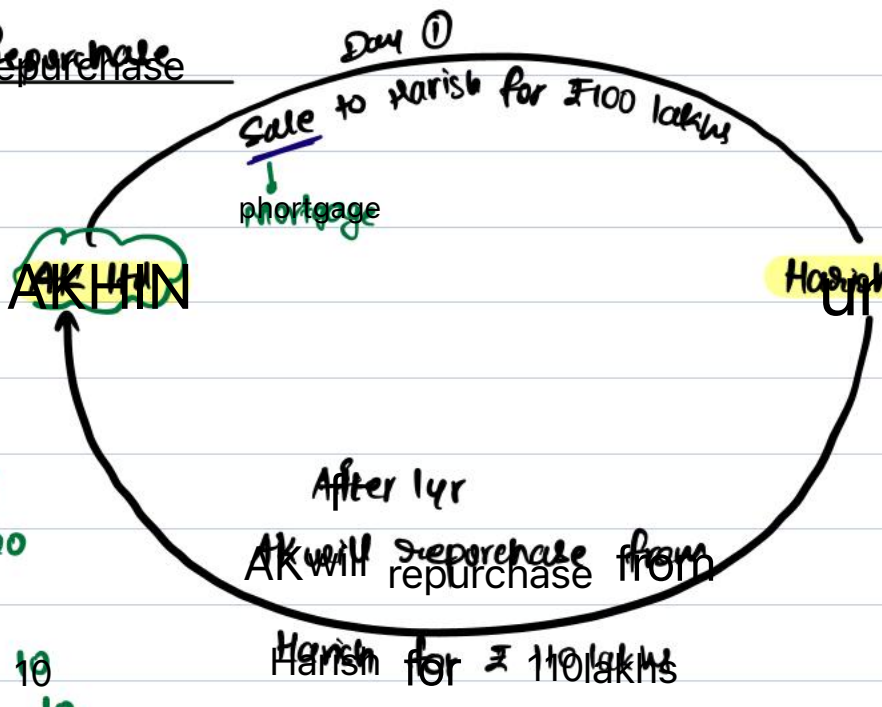
$$(1000 \times \frac{120}{1120})$$

Revenue Book on  
Day ①

Revenue Book after customer  
uses the voucher or when it expires  
(i.e. in next 30 days)

8. Sale to Repurchase

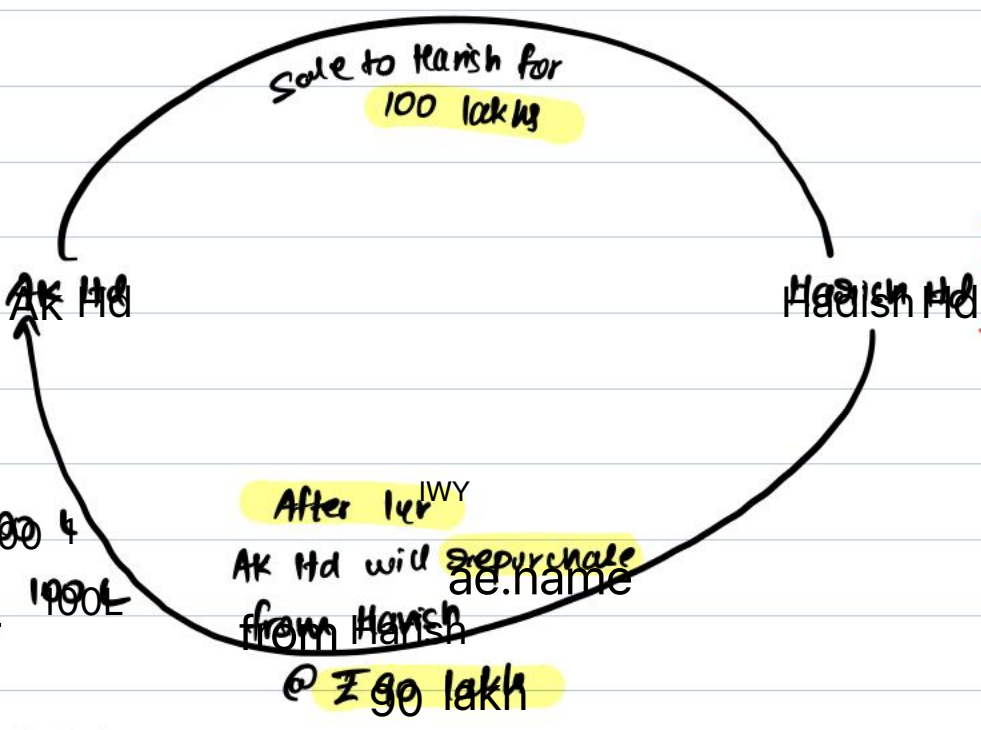
Eg ①  
 J-E (AK)  
 Day ①  
 say a/c up 100  
 TO FL 100  
 4% end Int Exp 10  
 Infff 10  
 FL 110  
 TO c/b 110



Harish Hdn } Financing arrangement  
 unaffamins

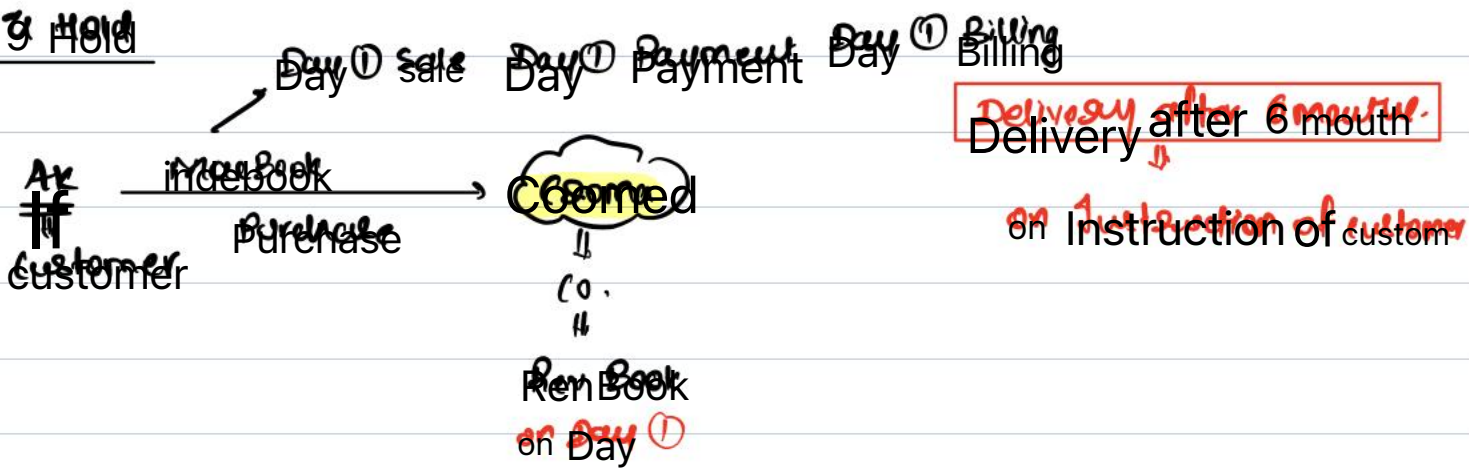
Eg ②

J-E (AK)  
 Day ① c/b 100 k  
 TO sec. 100k  
 0.5% 100k  
 4% end See Dep 10k  
 TO Lease Rent 10k  
 1% end  
 4% end See Dep 90k  
 TO c/b 90k

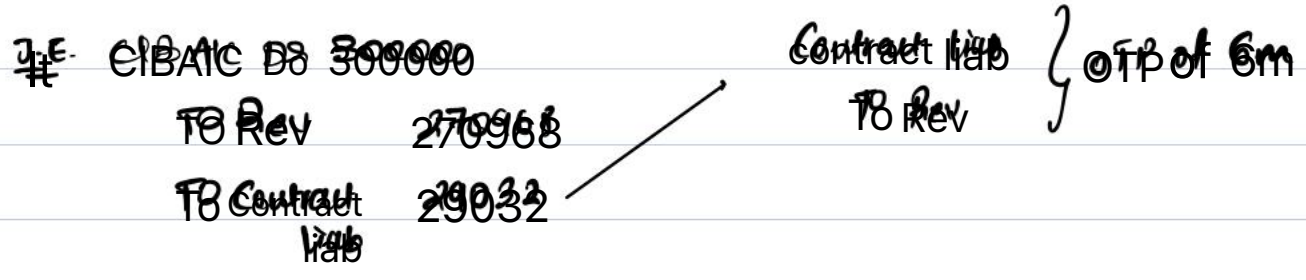
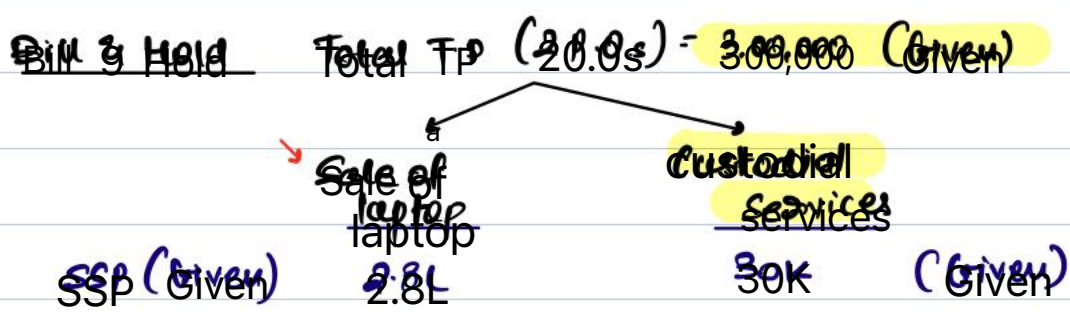


say } ~~Fin Arrangement~~  
 lease Arrangement  
 ↓  
 Ak charges ₹10k to Harish for using the asset for 1yr.

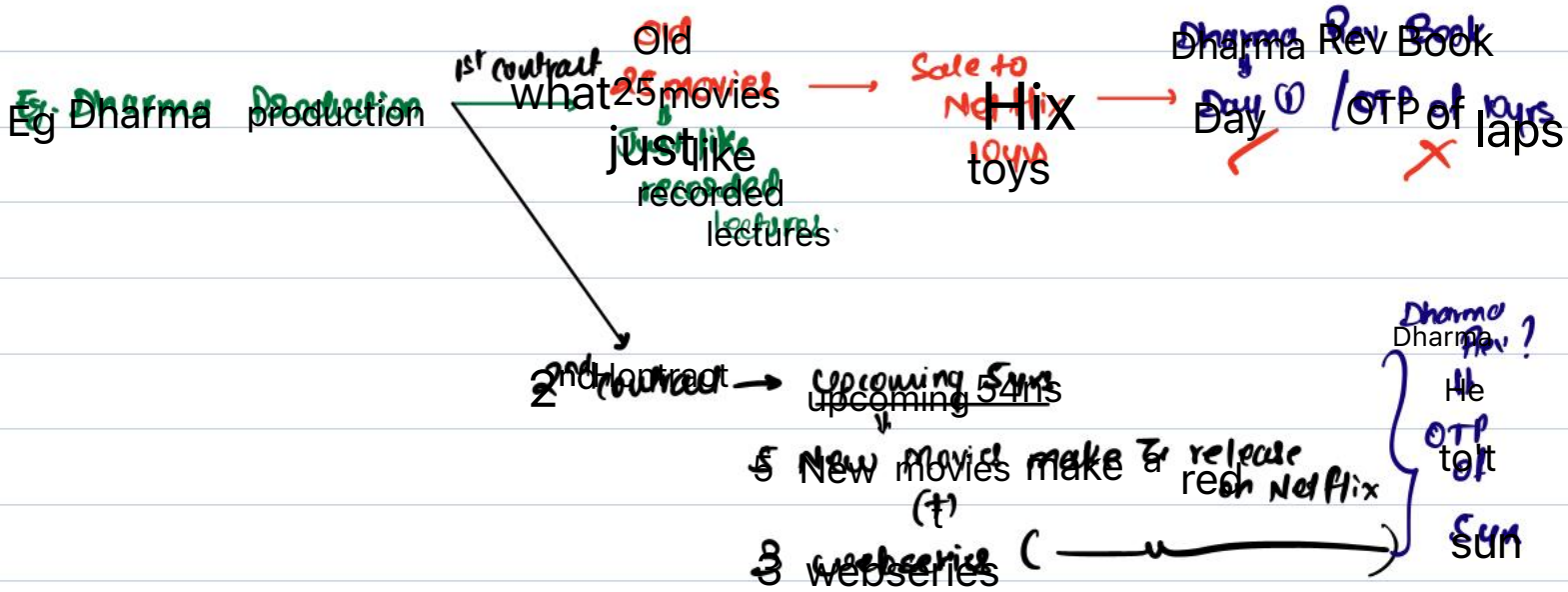
9. Bill & Hold



Normally, corona might charge for warehousing/custodial services (6m).



# 10. License of Intellectual Prop



Recorded (2 hours) Revenue Book

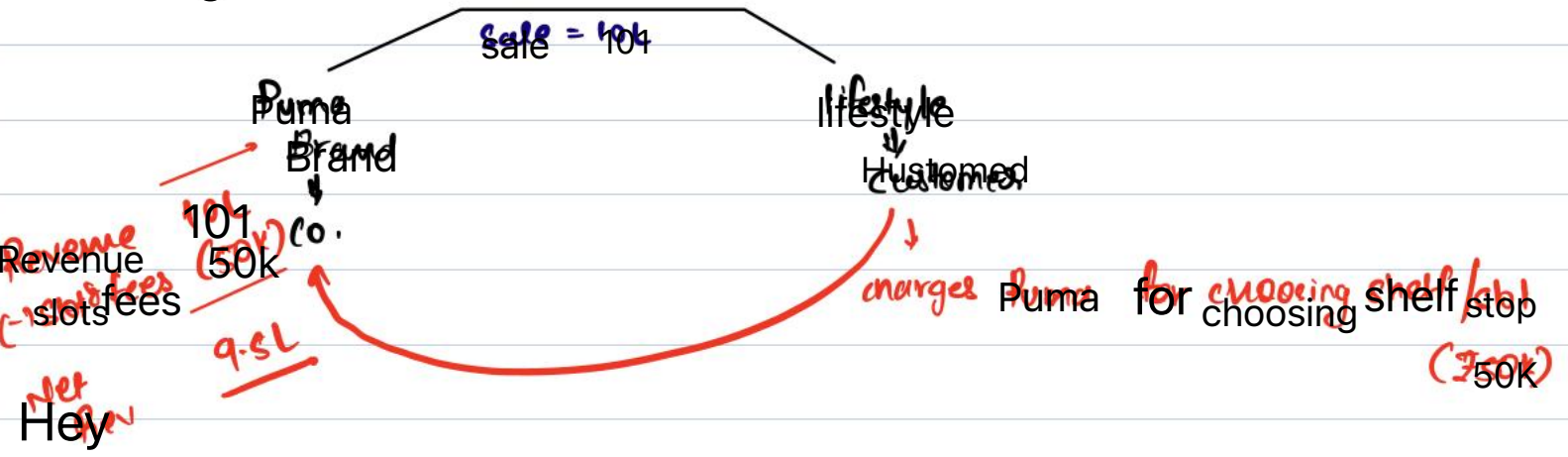
AK (Regular) (P.D.)

↳ Sale to student → Day 1.

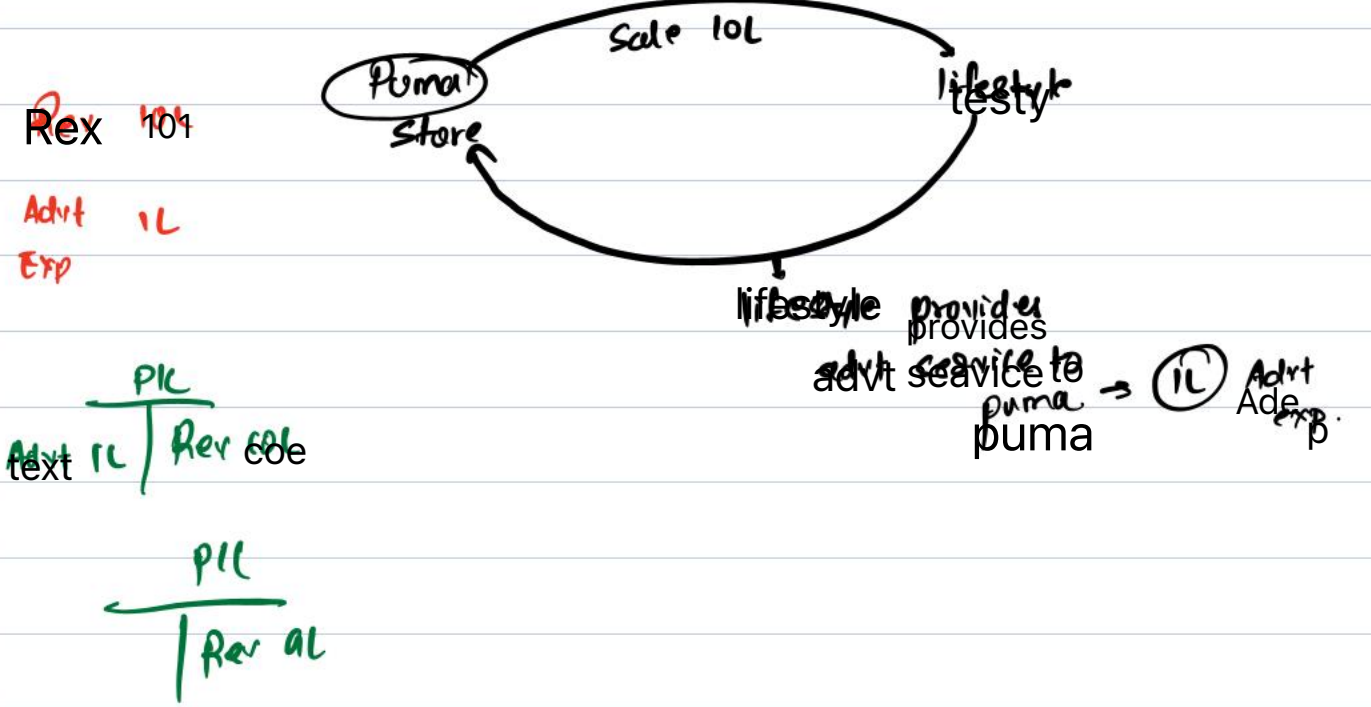
live Batch (3m) → Rev OTP of 3m

Also Refer → illus 72

\* Slotting fees (Net from TP)

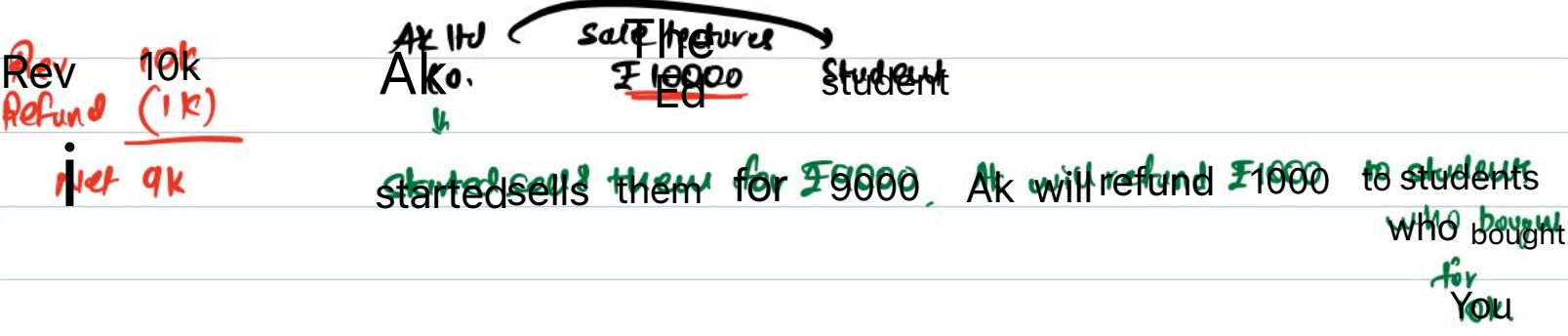


\* Co-op advt arrangement (Net / Gross → Depends)



In exam ans from both perspective (net / gross)

\* Price Protection (Net from TP)



# Plus 22 (DR)

GB	Customer	fees	Total
1	100	7500	750000
2	50 <sup>th</sup> 50	6000	300000
3	50 <sup>th</sup> 25	6000	150000
	<u>175</u>		<u>1200,000</u>

$$\text{Revenue per customer per year} = \frac{12.00.000}{175} = 6857$$

J-E per customer in Ur1

CIB ALE Dr 7500

To Revenue 6857

To Contract  
Liab 643

Illus 38

Day 1 Reliable 1k  
TO Rev 1k

4th lend Reliable 10k  
TO ~~Ent~~ 3rd 10k

4th lend Reliable 1k  
TO ~~Ent~~ 3rd 1k

3rd CB 121000  
TO Reliable 121000

In ~~over~~ entry was not asked  
∴ Present the same in statement format.

CAF

Cr	Opn	June 101	Repay	CB
1	1k	10k	-	110000
2	110000	11000	(121000)	0

Topic 30 (US)

→ separate Fin Transaction

Case A:  $\left[ \begin{matrix} \text{Contract Rate} \\ 10\% \end{matrix} = \begin{matrix} \text{Mkt Int Rate} \\ 10\% \end{matrix} \right]$

Delivery Day Price = Transaction Price (Rev)  
 $\frac{1}{1+r} = \frac{1}{1+r}$  Disc Rate Ref

<sup>up</sup> Case B:  $\left[ \begin{matrix} \text{Contract Rate} \\ 10\% \end{matrix} \neq \begin{matrix} \text{Mkt Int Rate} \\ 14\% \end{matrix} \right]$

Delivery Day Price  $\neq$  Transaction Price (Rev)  
~~TX CRE~~ Mkt rate (14%) p.a.  $\rightarrow \frac{14\%}{12m} = 1.16666... \% \text{ per month}$

Tr. Price (Rev) = PV of FCF @ EIR

212470 monthly for 60 months

= 212470 (X) AF of 60 months @ 1.1666 ...%

$\frac{1}{1.0116666666666666}$  Press  $\rightarrow$  Get times then press  $\rightarrow$

= 212470 (X) 42.97701

= 9131327  $\rightarrow$  70 Price

Disc Rate = ~~14%~~ 14%

Illus 40 (CDR)

Rev → Book on 4/8 2 end

~~5000~~ (Delivery Day Price)

Contract Rate ≠ Mkt Jul Rate

1181

X

67

✓

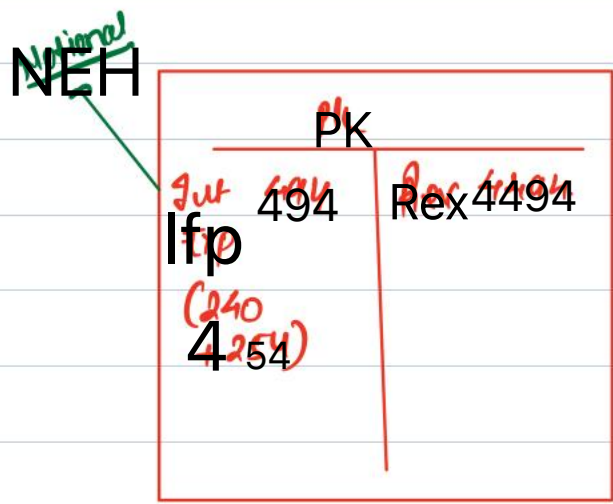
Day 1 eib 4000  
 TO Adv (contract config) 4000

LAT  
 tFopngut  
 1 4000 240 4240  
 oi.repayas

yr 1 end  
 Unlend fut exp 240  
 TO contract liab 240

2 4240 254 4494

yr 2 end  
 Jul exp 254  
 TO contract liab 254



yr 2 end  
 Head Contract liab 4494  
 TO Rev 4494

\* Service concession Arrangement

*Ind AS 115 a Indastism*



- Plz construct a Bridge (2yr) → 80 *Rex Book*  
*Yr 1-3 OTP 34m*
  - Toll → operate & maintain (10yrs) → 200 *Rex Book*  
*Yr 4-13 (OTP 104m)*
  - **Penalty for late payment 150** *(Orpot Byrs)*
- Co. Rev Quote: 451

Aiding entries → Construction Co.

Yr 1-3 **Relable (FA)** 80W  
 ↓  
 construction phase  
 TO Revenue 80M

Exp incurred during construction phase } 4v1-3  
 Construct<sup>n</sup> Exp TO ClB } Orpot Byr

Yr 4-13 **Relable** 20W  
 ↓  
 operation phase  
 TO Revenue 20M

OTP (1-134M) **Relable (FA)** 150W  
 TO Jut fine 15W

13<sup>th</sup> yr end CIB 115 cr  
 TO Reliable (FA) 115 cr.

Case 2: Eg is same as above except

Govt will Not pay, But will give construction Co, Right to operate toll for 10yrs (Govt gave Intangible Asset to Co).

Yr 1-3  
 construction phase  
~~Reliable~~ Intangible Asset A/c Dr 1500 } Assume the Act (GIVEN)  
 TO Revenue 150 cr

Yr 1-3 Construction Exp A/c Dr xx  
 TO UB xx

44-13  
 Op. phase  
 TO Money any collection  
 (Assume we collected 250 crores)  
 CIB A/c Dr 2500  
 TO Revenue 250 cr

44-13  
 Amortization (P11) 150 cr  
 TO Intangible Asset 150 cr  
 Intangible Amortization  
 (earn of  $\frac{150 \times 6}{100} = 9$ )

In case 2: Don't get confused that Revenue is getting booked twice, the revenue Booked for receiving Intangible Asset is also getting reversed in later 10yrs through Amortization  
 ∴ Real Revenue is ₹ 250 crores in above eg:

# 7115 75 (USR)

part (i) Refer Q. 8 for theory

part (ii) \_\_\_\_\_

part (iii) J-E

Bhilwara Jabalpur

During Construct phase

Relable (FA)	110 Cr
TO Revenue	110 Cr

Construct Exp	A/c Dr 50	100
TO 413		100

(Recognising cost relating to construction during construction phase)

During Operation Phase

Relable (FA)	75 Cr
TO Revenue	75 Cr

(To op. Maint. Rev → (200 - 110 - 15))

Relable (FA)	15
TO Jut Ine	15

Bank A/c Dr 200

TO Relable (FA) 200

# Kolhapur - Nagpur Expressway Kolhapur - Magdhe Expressway

## During Const. Phase

① Construct<sup>n</sup> Exp 110  
    TO CIB 110

② ~~Bank~~ Intang. Asset 200  
    Readintang Asset 200  
    TO Revenue 200

## During Op. phase

③ Amort<sup>n</sup> Exp 200 of  
    TO Intang. Asset 200 of  
    Intang. Asset 200 of  
(Recog. Amortizat<sup>n</sup> Exp over the period of op.)

④ Bank ?  
    TO Revenue ?  
(Recog. Rev of Toll collection)  
    during Op. phase

Steps Pg 264 (unused material)

Ex: Total Revenue = 504  
 Total Cost to = 404  
 be incurred } 34m.

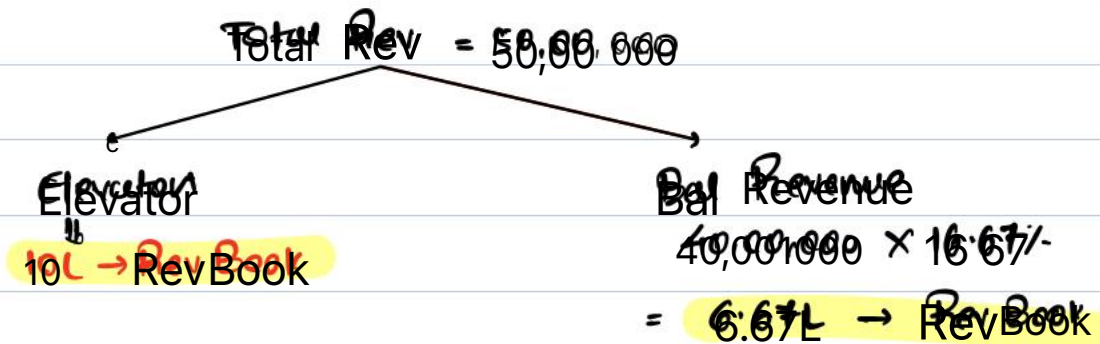
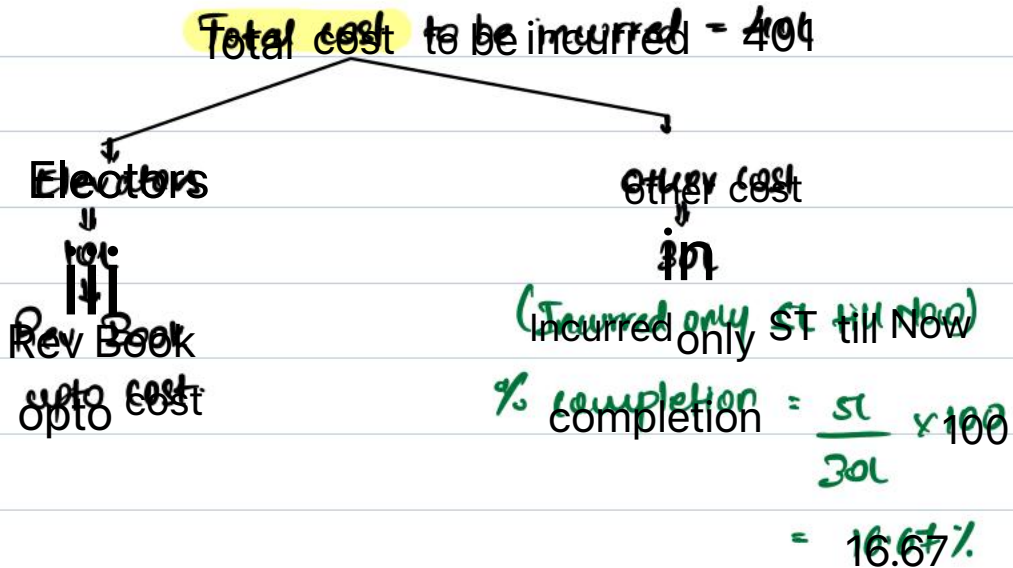
44 Not Justified

Flavor purchase → 104  
 Other cost → 52

~~$\frac{15L}{40L} \times 100 = 37.5\%$  work completed~~

Elevator Book Rev to the extent of cost → cost 10L  
 → Rev 10L

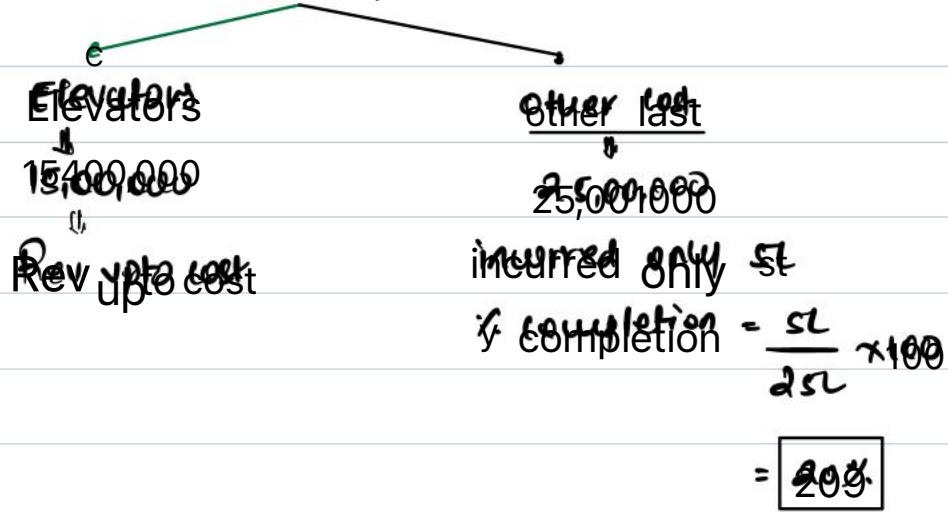
Sol<sup>n</sup>:



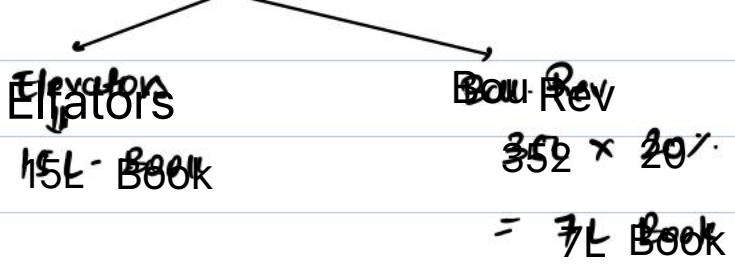
Total Rev = 104 + 6.67 = 16.674

Illus 65 (OR)   
 Yes

Total cost = 40,00,000



Total Revenue (58L)



Total Rev = 15L + 7L = 22L

Illus 56 (CDR)

CASE A: License A   
 Syed   
 55B 164

License B   
 lieges   
 204

Tif after 1m

on Day 1

Cons Fixed 164

Var. Cons (Sales Based Royalty)

Book Revenue after 1m

Book Rev on Day 1

as 2 when sales Based Royalty received

Case B:

License A	License B
Fixed 64	Variable 304
Fixed	

This allocation does not reflect SSP ratio.

License A  
↓  
Trt after 3m

License B  
↓  
Trt at inception

SSP	Vol	201	} Fixed to allocate to A & B in SSP ratio
Fixed (64)	2.67 $(64 \times 16/36)$ He Book after 3 m	3.33 $(64 \times 20/36)$ ↓ Book @ inception	

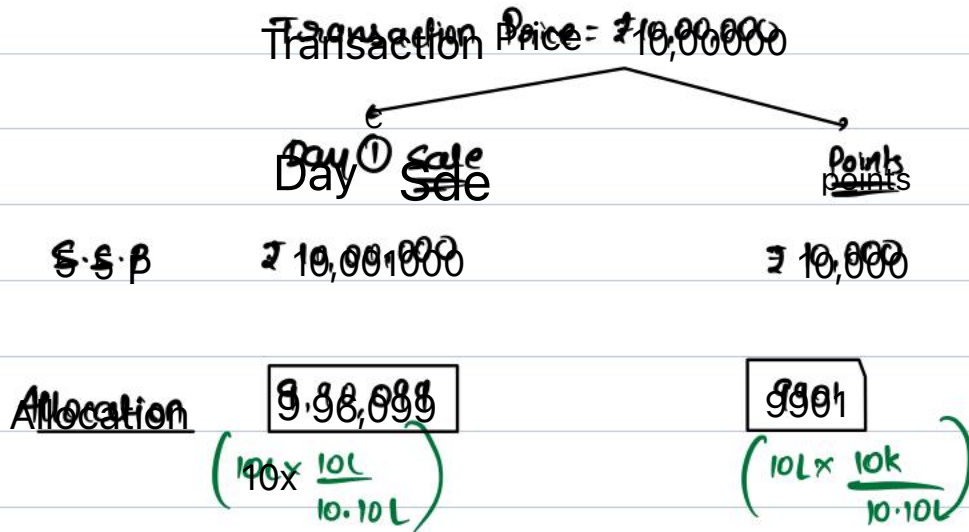
Variable (Estimated 301)	1.78	2.22
out of which 44 red in 14 reddington	$(44 \times 16/36)$ ↓ Book after 3 months	$(44 \times 20/36)$ ↓ Book after 1st month.

Question 1 (USP)

Day 0 → Customer Sale  
 2 p.g. → points (Voucher)

a) ₹ 10,00,000 (Sales) → Points = 20,000 points × ₹ 0.5 per point = ₹ 10,000 (Voucher Points Value).

$$\left[ \frac{10,00,000 \times 10 \text{ points}}{2,500} \right]$$



J.E. Cls A/c Dr 10,00,000

Day 0 To Revenue 9,90,999

To Adv Exp 9991

(Cr. for Customer loyalty points)

② Total Sales = 5000 lakhs

Total Points = 1,00,00,000 points

× ₹ 0.50 per point  
per point

= 250,00,000 (Voucher (Points) Value)



Total Transaction Price = 5000 lakhs

Sale of Goods

Voucher (loyalty points)

SSB 5000 lakhs

50 lakhs

Allocation

49,50,49,505

49,50,495

$(5000 \times \frac{5000}{550})$

$(5000 \times \frac{50}{550})$

XI-X2  
J.E.

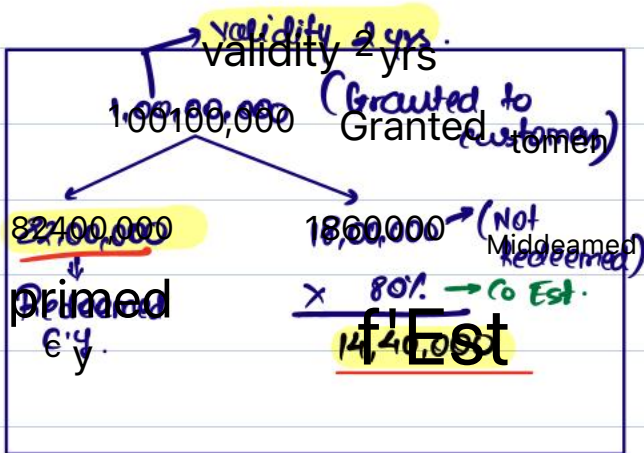
EB Ak Ba 50,00,00,000

TR Revenue

99,50,49,505

TO Adv. liab for loyalty points

49,50,495



9640

Adv liab - 49,50,495



Yr End (x1-x2) - Adv Liab 4211002  
 8 lakhs, 1  
 points redeemed  
 TO Revenue 5211002  
 (49,50,495 → 96,40,000)  
 (?) → 82,00,000

Adv Liab Crs Bal → 49,50,495 - 42,11,002  
 on 31.03.22  
 371 x 7.42 = 739493 → 14,40,000 Points.

(d) In the yr x2-x3 [out of 198,000] 60% → redeemed → 10.8L points → Proportionate Revenue Book  
 40% → Not redeemed

Adv Liab 554620  
 TO Revenue 554620  
 [ 739493 → 14,40,000  
 (?) → 10,80,000 ]

Yr End (x2-x3) Adv Liab Crs Bal = 184873  
 (739493 (-) 554620)

(e) x3-x4 = last yr of redeeming points (∴ irrespective of points redeemed, Co will Book full Revenue)

x3-x4 Adv Liab 184873  
 TO Revenue 184873.

## Quest 2

(a) Fixed FP = 1,00,000 → (A)

(b) Variable (Expected Value Method)

(a)  $50000 \times 60\% = 30,000$

(b)  $45000 \times 30\% = 13,500$

$[50K \rightarrow 10\%]$

(c)  $40000 \times 10\% = \frac{4000}{74500} \rightarrow (B)$   
 $(50K - 20\%)$

Total Tr. Price [A + B] = 1,47,500

# Ques 3 (LDR)

## Extracts

### Extaaf

Revenue from Contracts	18L
Ex Costs of Rev.	15L

BIS	
Current Assets	
Contract Assets	9L
Uqb Curr. Liab	
App. Liab	4.5L
<b>Imast</b>	

### (A) Contract with

i) Total sales

% completion

Revenue Accrued (PIA)

AR Co.	BS Co.	Total
40 Lakhs	30 Lakhs	
30%	20%	
<u>12L</u>	<u>6L</u>	18L

ii) Total payment acid

(-) Rev accrued

Excess Paid (Adv Recd from Customer)

↳ least CBIS

13L	9.5L	
(12L)	(6L)	
<u>1L</u>	<u>3.5L</u>	4.5L

iii) Total Expected Cost (Revised)

% completion

Cost Accrued (PIA) → Exp.

34L	24L	
30%	20%	
<u>10.2L</u>	<u>4.8L</u>	15L

iv) Total cost incurred (Paid)

(-) Cost Accrued

Contract Assets (WIP) → BIS Asset

(Prepaid Exp)

16L	8L	
(10.2L)	(4.8L)	
<u>5.8L</u>	<u>3.2L</u>	9L

Ques 6

Old contract → 3yrs Maintenance TP = 15Lp/year i.e. 4.52 for 3yrs.  
5Lp/year

byn.BY  
 Begn of 3rd yr  
 old contract Rev. Already booked = 34. →

Yet to be booked 1.52 → modified to 1.22 (in yr 3)

(f) New contract for 3yrs entered

3L  
 43  
 421 → for 4yrs.

Treat as New  
 single contract  
 of 44s  
 1yr 8H  
 3yrs 34m  
 OFP  
 Prospective Accounting.

Total

Revenue Per Year 1,05,000

# spectiyfcwunting.LI

Ques 8  
 Small Bundle  
 ↓  
 Disc 20k

		SSB	Disc	Allocation
Hardware	H	100000	(16667)	83333
Accessory	A	20000	(3333)	16667
			(20k)	100000

Guys  
 (11 x 12 / 21)  
 (11 x 20k / 1.3k)

		SSB	Disc	Allocation
large Bundle	H	12	(16667)	83333
Disc 20	A	20K	(3333)	16667
invite	S	50k	-	50000
Disc in H 2A only		1.7L	(20k)	14

Also Refer Making's in Q.B.

Ques 4 (CPR)

i) Total Sales (units)

$9000 \times 15\% = 1350$

$28000 \times 75\% = 21000$

$36000 \times 10\% = 3600$

Expected sales (units) 25950

Total Expected Probability weighted Sales Value.

Sales (units)	Prob	Sales Price (p.u.)	Probability weighted sales
9000	15%	90	121500
28000	75%	80	1680000
36000	10%	70	252000
<b>Total sales value-</b>			<b>2053500</b>

Avg selling price p.u. =  $\frac{2053500}{25950 \text{ units}} = \text{£ } 79.13 \text{ p.u.}$

iii) Journal Entries

⊙ Assume 25950 units sold (Accounting as per expected value method)

i) For 1st 10000 units

ElB A/c Dr 900,000 (10000 x 90)  
 To Revenue 791300 (79.13 x 10000)  
 To Adx Rev (liab) 108700

ii) For next 15950 units

ElB A/c Dr 1176000 (15950 x 73.8) (- 10000 units x 79.13)  
 Adx liab A/c Dr 86124  
 To Revenue A/c 1262124 (15950 x 79.13)

Refund (Price decrease retrospectively)

$$\text{3) Adv Liab Bal} = 108700 - 86124$$

$$= \boxed{22576}$$

At the end of the yr

$$\text{Adv Liab } 22576$$

$$\text{TO Rev } 22576$$

CFI (Extra) total Rev Booked = 791300 (+) 1262124 (+) 22576

$$= \frac{2076000}{35958 \text{ units sold}} = 580 \text{ p.u. (Revenue)}$$

ii) Most likely Aut

↳ 28000 units × ~~75%~~

× 580 p.u. → Rev p.u.

~~22,401,000~~

G.E

1st 10000 units

$$\text{ClB A/c } 900000 \text{ (10000} \times 90)$$

$$\text{TO Rev } 800000 \text{ (10000} \times 80)$$

$$\text{TO Adv } \boxed{100000}$$

Next 18000 units

$$\text{ClB A/c } 1340000 \text{ (18000} \times 80 \text{ (} \rightarrow 10000 \times 10 \text{))} \quad \rightarrow \text{Refund}$$

$$\text{Adv A/c } \boxed{100,000}$$

$$\text{TO Rev (18000} \times 80) \quad 1440000$$

Ques 7 (CPR)

i) 'Model B1' → MACHINE → 1.4.18

'Service' → 30.09.18  
→ 01.04.19

Finance comp

Also write little concepts

after 1 yr

Payment on 01.04.19

4,00,000

Machin  
Service (2)  
Finance comp

251927

45k + 75k

28073

(30k + 50% = 45k)

(50k + 50% = 75k)

ii) Cash of Rev for each component

Date	Or	Finance Inc @ 5% 6m	Sale of MACHINE	Services	Payment Recd	Repayment closing
01.09.18	-	-	251927	-	-	251927
30.09.18	251927	12596	-	45000 (30k + 50%)	-	309523
31.3.19	309523	15476	-	-	-	325000
01.04.19	325000	-	-	75000 (50k + 50%)	(4,00,000)	-
Rev for each comp.		28073				approx

iii) & iv) Refer Q. 8

J.E

Hint: Refer above table & pass J.E. Don't forget to pass J.E for cost incurred

Ques 9 (LDR)

Total FP = 20 L → Do Not include variable consideration as it is constrained

Total Expected  
cost = 11L

Revenue to be Booked (Based on <sup>65% is computed Based on cost incurred.</sup> % completion)

Revenue Booked (20L × 65%) = 1300,000

cost incurred (11L × 65%) = (715000)

G.P. 585000

X2-X3

Total Revenue = 20L + 1.5L + 2.5L = 24L

<sup>1.5</sup> <sub>Fixed</sub> <sup>bonus</sup> <sub>bonus</sub>  
 consideration (Expected to be achieved)  
 increased

Total Expected cost = 11L + 80K = 11.8L

% completion (Revised) =  $\frac{715000}{1180000}$  = 60.59%

<sup>cost incurred</sup>  
<sup>Total Revised Cost</sup>

Revenue should be booked (till date) = 24L × 60.59% = 1454160

(→ Revenue already Booked (X1-X2) (1300000)

Excess Revenue to be Booked 154160

} cumulative catchup Basis

Q13

Total Revenue = ₹ 10,000

Total Points = 100 points × ₹ 5 per point = ₹ 500 (Voucher (Points) Value).

( $\frac{₹ \text{ point}}{100} \times 10000$ )

Probability 100%

