

IND AS 115 - REVENUE FROM CONTRACTS WITH CUSTOMER

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Customer

- Who Obtains G/S
- Such G/S are Output for Entity's ordinary Buss. Activities
- Against Consideration

Non- Applicability

L I F E

- Leases (L)
- Insurance Enterprises (I)
- Financial Instruments (F)
- Non-Monetary Exchange Within same Business Entities(E)

Core Principle of INDAS 115

- Revenue is Recognised in such a way that
- Depict (To Show) Transfer of G&S at an Amt.
- For which Entity is Expected to be entitle for Consideration

Five Steps Model of INDAS 115

C P T - A R

- Identify the Contract (C)
- Identify the Performance Obligations (P)
- Determine Transaction Price (T)
- Allocation of TP into Performance Obligations (A)
- Recognise Revenue (R)

CONTRACT (STEP-1)

ARCTC

Contract Must be Enforceable by Law

- Contract must be Approved by Both Parties (A)
- Each Party's Rights must be Identified (R)
- Contract must have Commercial Substance (C)
- Payment Terms are Identified (T)
- Probability of Collecting the Consideration (C)

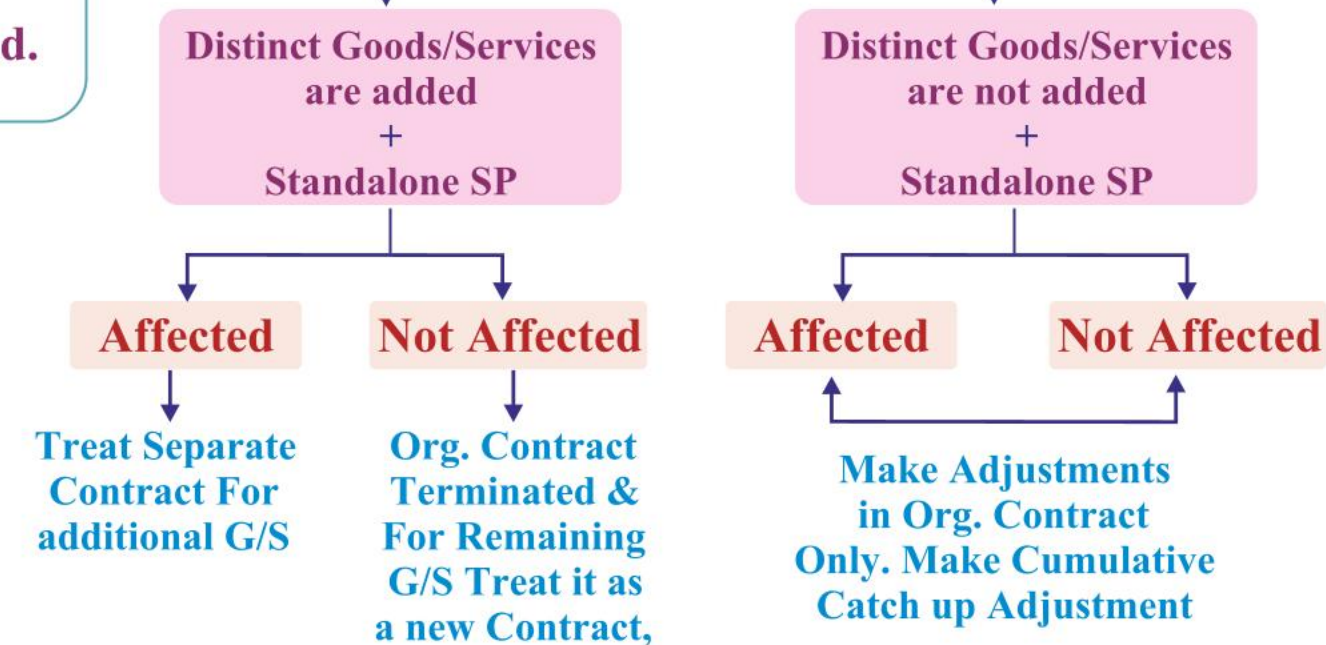
Step-1 if Failed - No Recognition of Revenue Until & Unless the Received Consideration is Non-Refundable & All P.O. are Full Filled or Contract is Terminated.

Contract Combination

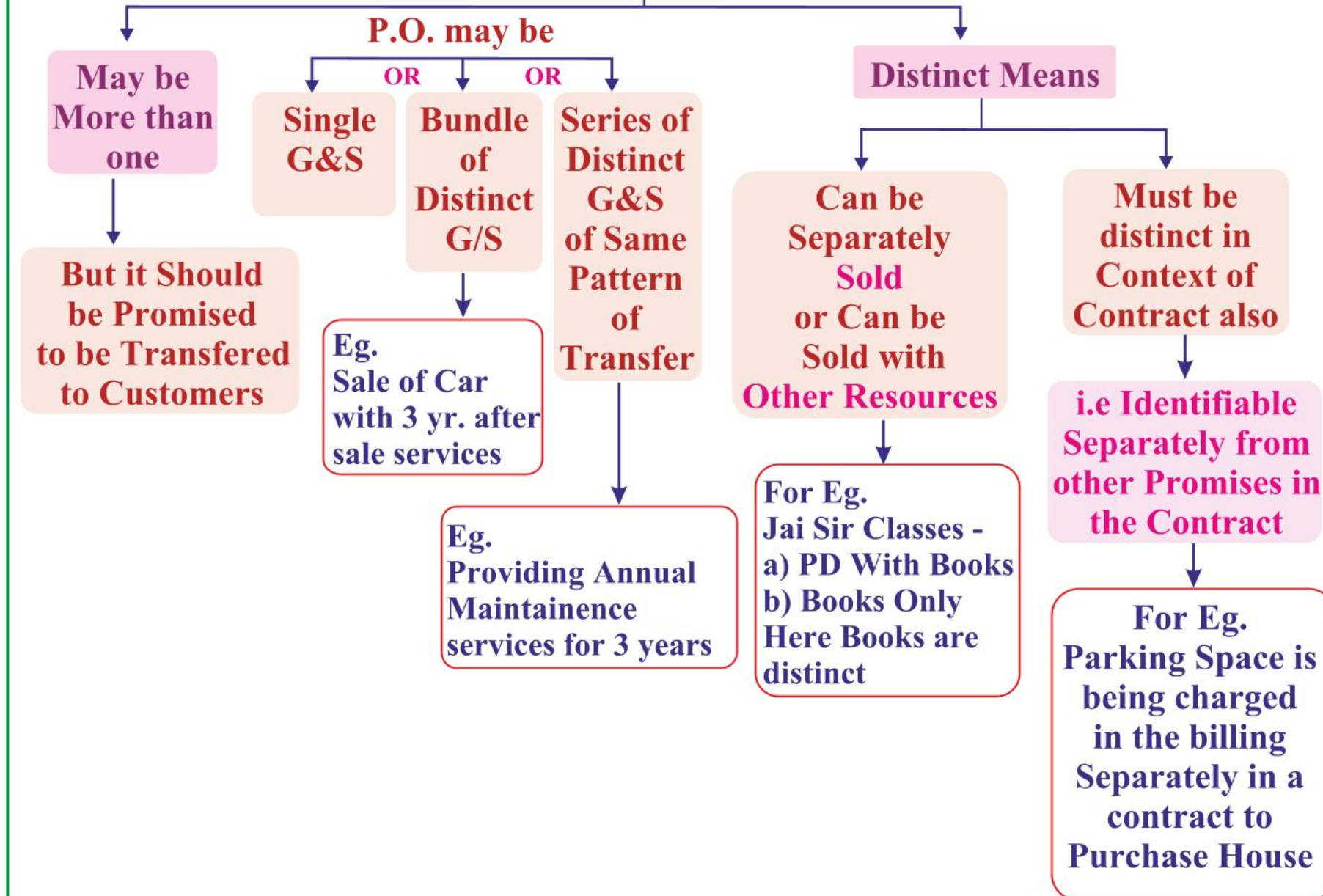
To or More Contracts with same Customer may be combined when following conditions are fulfilled

- Contracts are Negotiated as a Single Package
- Amt. of 1 Depends on Performance or Price of Other
- All G&S Promised are a Single Perf. Obligation

Contract Modification



PERFORMANCE OBLIGATIONS (P.O.) (STEP - 2)



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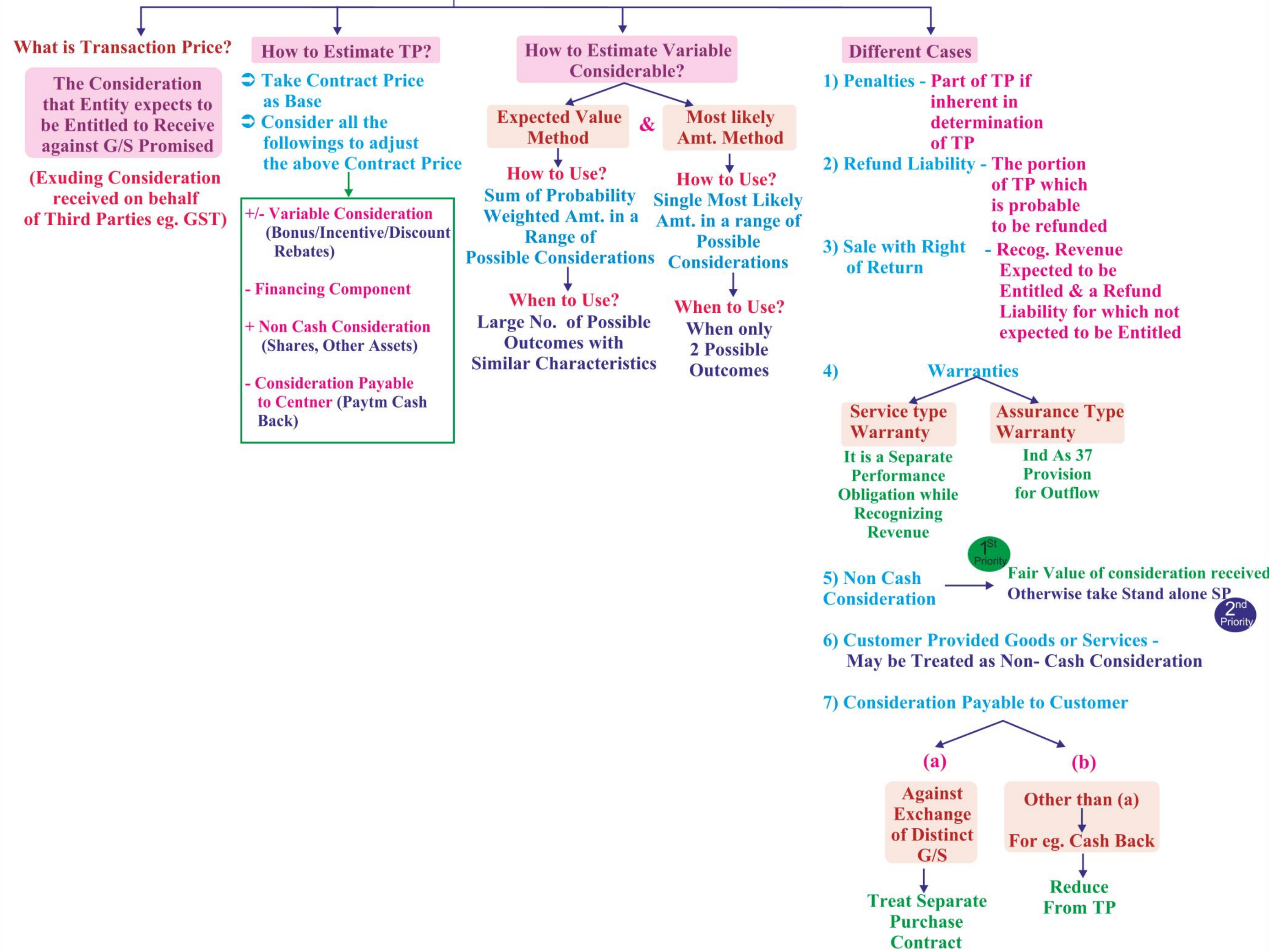
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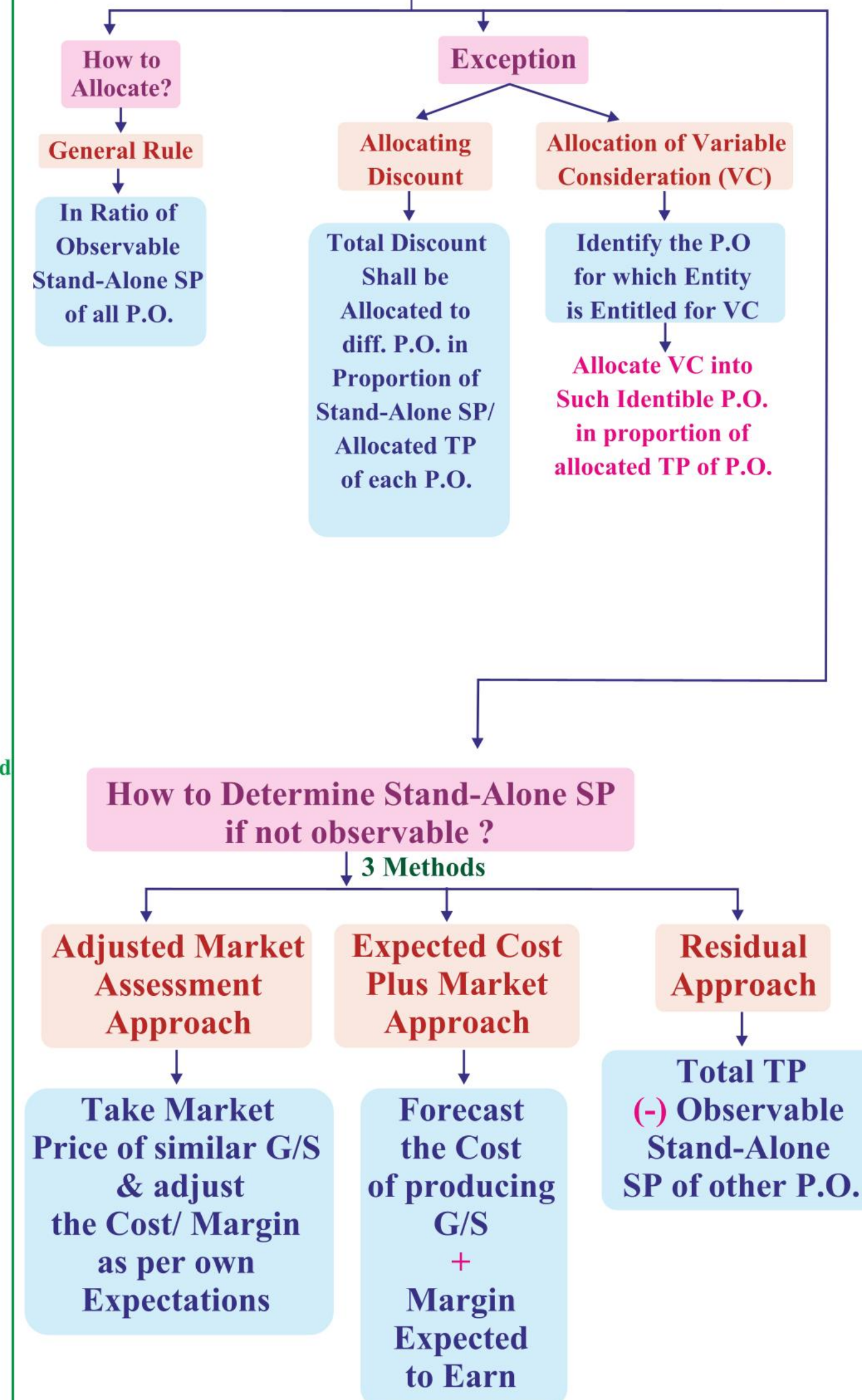
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TRANSACTION PRICE (TP) (STEP -3)



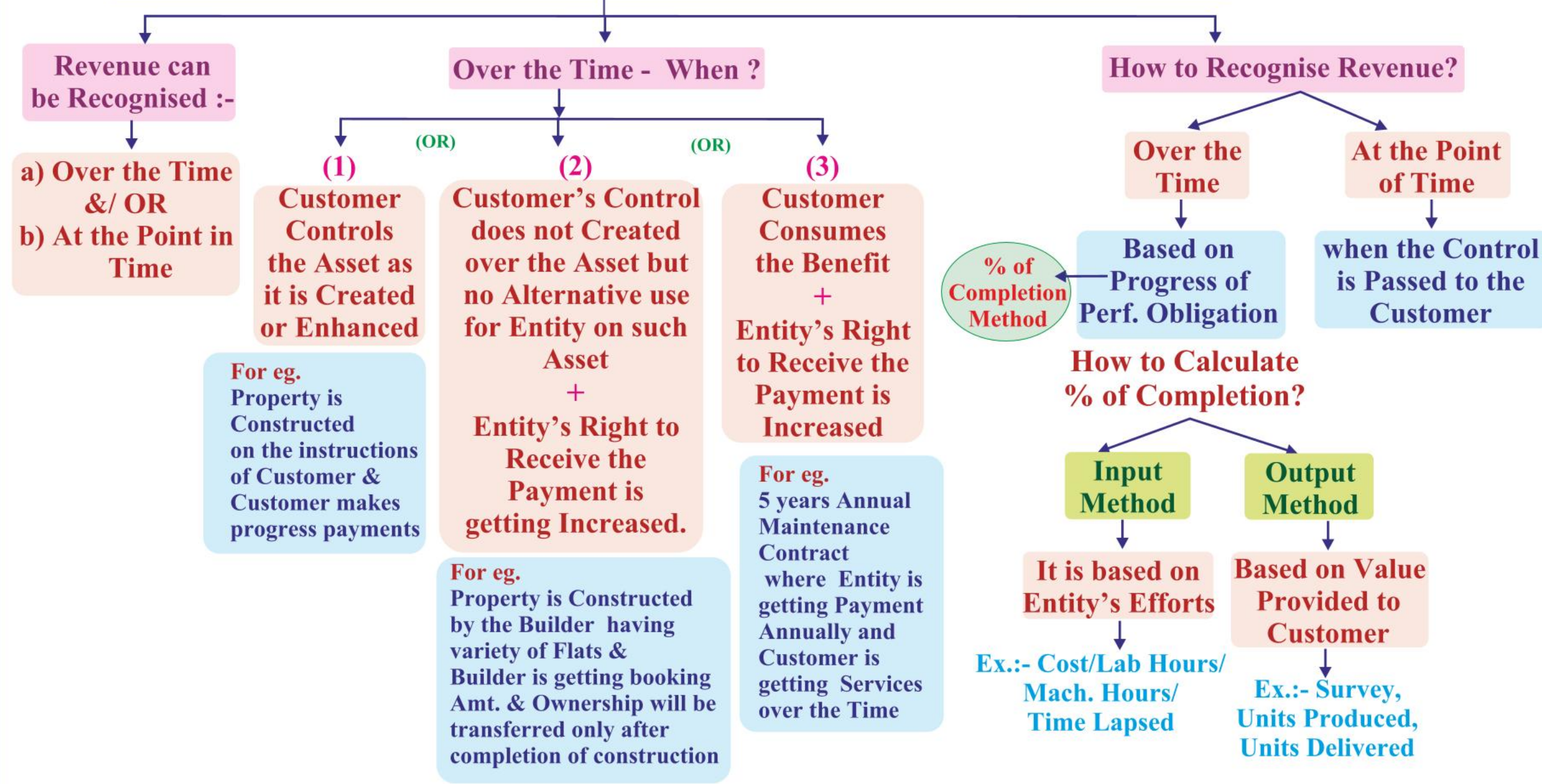
ALLOCATION OF TP to P.O. (STEP-4)



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RECOGNISE REVENUE AS OR WHEN ENTITY SATISFIES P.O. (STEP-5)



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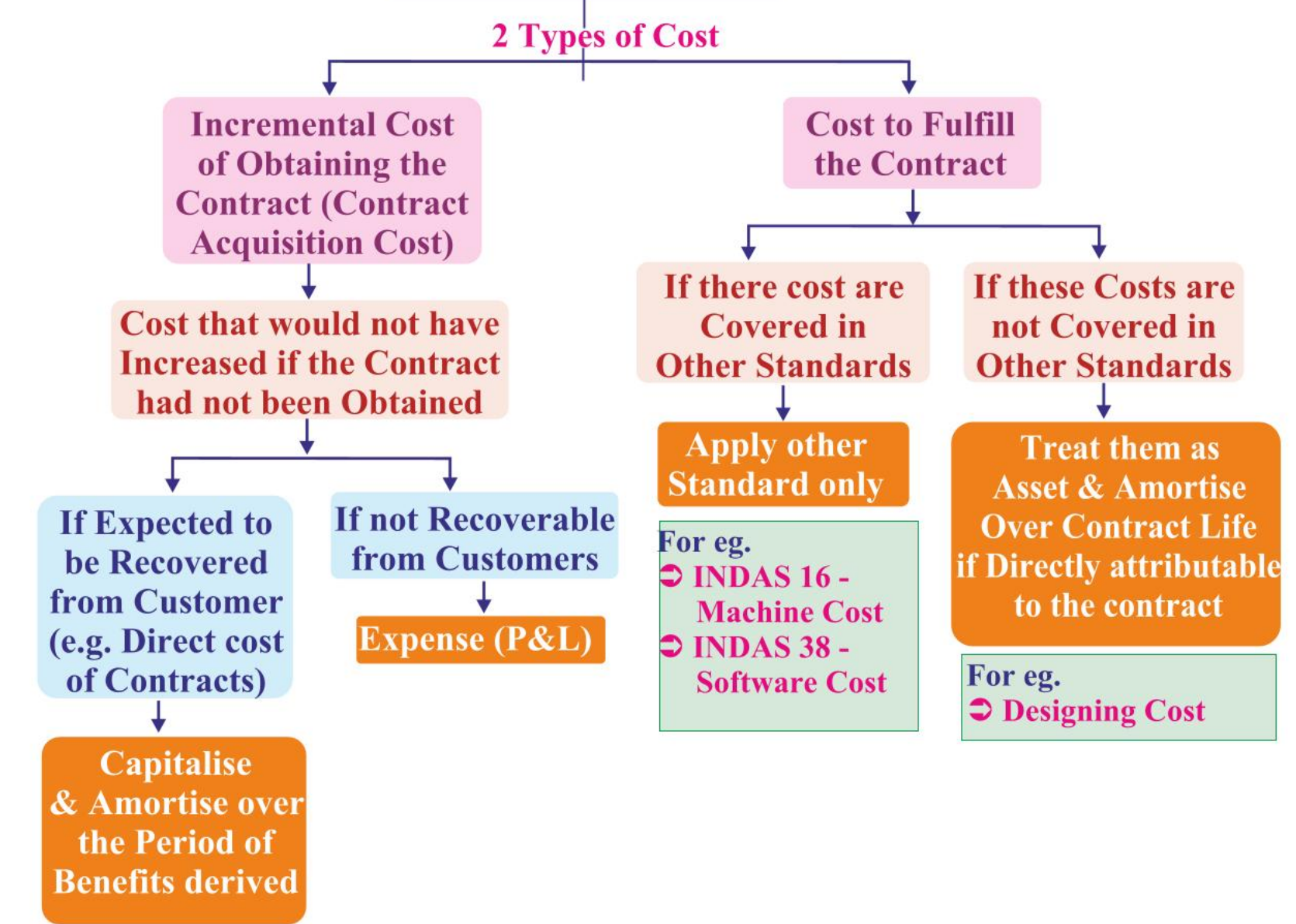
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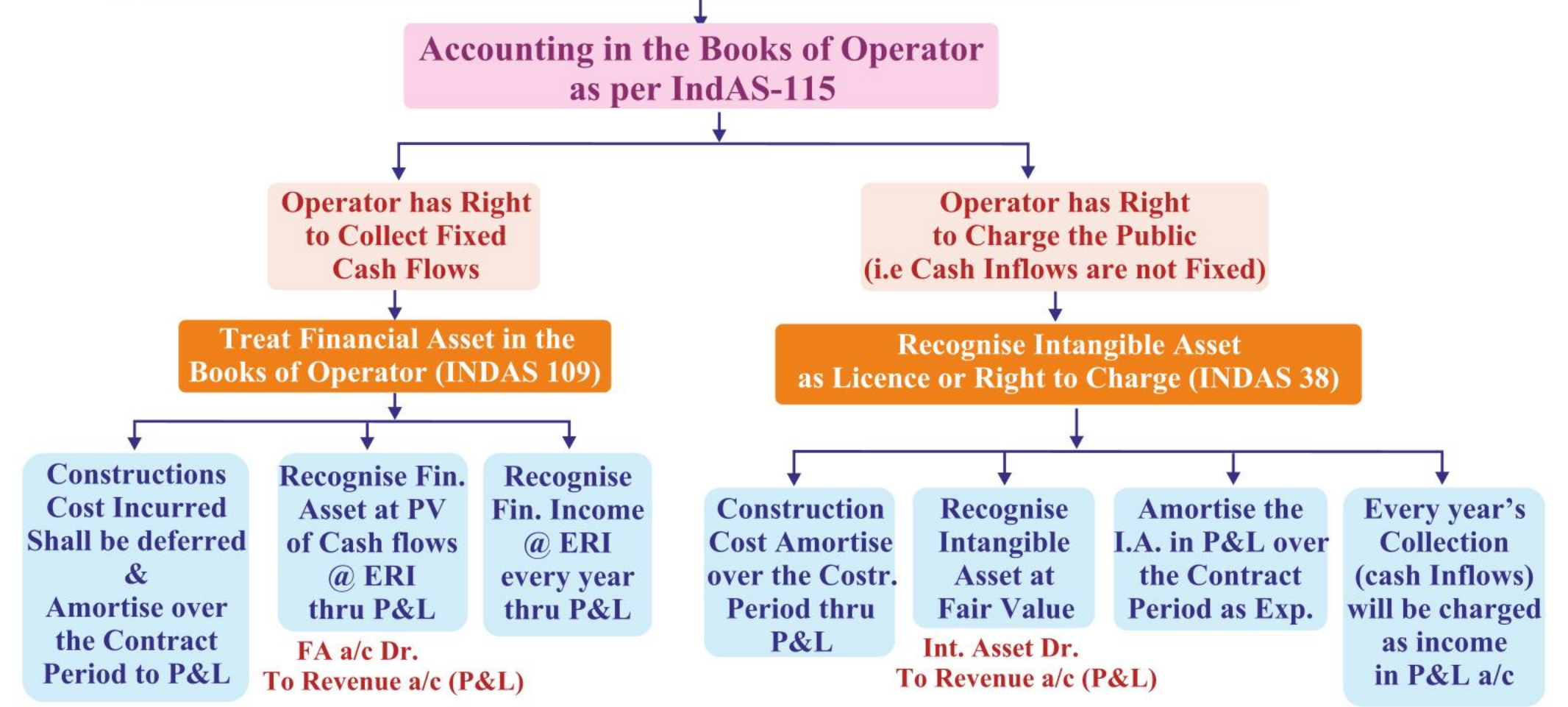
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CONTRACT COST



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