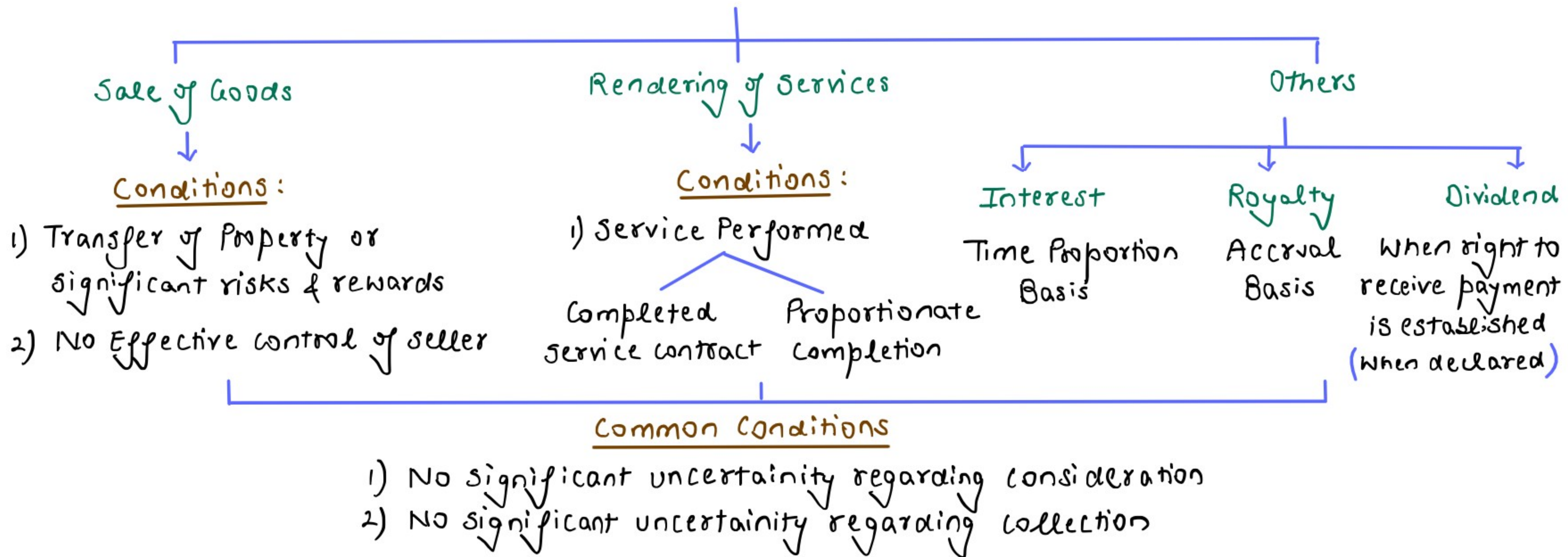


AS9: Revenue Recognition

(Gross Inflow of cash, receivable or other consideration. Exception - Agency relationship)

Deductions: Govt. Taxes like GST and Trade Discount & volume Rebates



Uncertainty of collection:

- ★ At time of raising claim → Postpone Revenue Recognition
- ★ Subsequently → Create Provision

Special Cases:

Delivery delayed at Buyer's request

Delivery subject to Installation, etc.

Sale on Approval Basis

Guaranteed Sales

Consignment sales

Cash on Delivery sales

Sale to distributors or others

Subscription for Publications

Advertising Agencies

Artistic Performances, Banquet etc.

Tuition fees

Insurance Agent Commission

Installation fees

Instalment sales

Expectation that delivery will be made & Item on hand, identified & ready for delivery

Acceptance of delivery & completion of Installation & Inspection

(1) Formal Acceptance by buyer (2) Act adopting transaction

(3) Lapse of time

Recognise sales but make suitable provision

Sale by consignee to 3rd party

When cash received by seller or his agent

When significant risks of ownership passed

If not then treated as consignment sale

SLM or if value variation then sales value of item delivered

When advertisement appears before public

When event takes place

Over period of Instruction

Effective commencement or renewal dates of related policies

When equipment is installed & accepted by customer

Sales price excluding Interest → Date of sale

Interest portion → Over period proportionately to unpaid bal.

Payment in Instalments & delivery
When final payment is made

Membership fees

Price Revision

Interdivisional Transfers

Sale and Repurchase Agreement

Ex-Showroom

Ex-Factory

Export sales

* FOB (Free on Board)

* CIF (Cost, Insurance, Freight)

When goods are delivered
(Few cases: May be recognised when significant deposit is received)

When received if separate payment for services
If services included, then systematic & rational basis

When there is certainty of collection

No revenue to be recognised

(Risks & rewards remain within enterprise)

Financing Agreement so no Revenue

(Difference is interest which is recognised over period)

When goods leave the showroom

When goods leave the factory (Despatch from factory)

When goods are delivered to shipping co.

When goods reached destination country & port of entry
is filed