(OR)

Till there is Certainity of Collection.

Because of Bad-debt

↓

No need to reverse the Sale..

Bad-debts should be recognised.

e) Cost of goods sold should be measured reliably.

---

8) Delivery is postponed at Buyer's request (i.e Goods sold But physical Inventory still with Seller)

Seller Can recognise Revenue if it does not have any Control over such goods

(Seller has to keep such goods separately from other Inventory) (Q3(5))

V'Smart Academy

9) When to Recognise Revenue from Services rendered? (Timing of Revenue Recognition)

**Step 1:-** Check Final Outcome will be available or not? (Service Ka Final Outcome Niklega Ki nahi)

1. Transaction price should be measured reliably
2. Probability of Collection of Consideration
3. Cost of Services can be measured reliably
4. Progress of Service can be measured reliably

agar progress Ko ache se measure Kar pa rahe Ho Toh outcome niklega

**Step 2:-** If Final Outflow is probable then Recognise the Revenue as per "% of Completion of Services" method

% OF Completion ⇒ $100 \times \frac{\text{Cost incurred till date}}{\text{Total est. Cost}}$

Revenue ⇒ Transaction price × "% OF Completion"

**Note:-** In Case OF Short Term Service Contract Revenue Can be Recognised 100% after Completion OF Service i.e No need to Calculate % OF Completion

Eg. :- Auditing Service
Consultancy Service
Teaching Service

**Step 3:-** If Final outcome is not probable then :-

Revenue = Cost incurred on the Contract till date OF which Recovery is probable

(i.e No profit No Loss)

10) When to Recognise Revenue From :-

- Interest → When Interest is accrued & due on "Time proportion Basis"
  - Monthly
  - Quarterly
  - Yearly
- Royalty → Accrual Basis as per Agreement
- Dividend → When it is Declared by Paying Company.

V'SMART ACADEMY • SMART DECISION FOR SMART EDUCATION • SINCE-2005
V'Smart Academy

Installation.

Case 2:- Installation is Complicated & requires Significant assistance of Seller
→ Recognise Revenue only when Installation is Completed

7) Subscription Income ⇒ Revenue Recognise Over the period of Contract

- SLM Basis if Services/products delivery in same Quantity
- If Variable delivery of Services or products then Deferred in proportion to Goods or Service Value

8) Advertisement Commission

Recognise Revenue on accrual Basis when advertisement is published

Any amt. Collected from Customers But advertisement is not yet published

V'Smart Academy

Such amt is liability.

Q202

Case 1 :- Adv. is published in march

March Bank 240000
Customer 60000
To Revenue 300000

April Bank 60000
To Customer 60000

Case 2 :- Adv. is published on 2/4/14 (i.e next year)

March :- Bank 240000
To advance 240000

April 2/4 Advance 240000
Customer 60000
To Revenue 300000

10/4 Bank 60000
To Customer 60000

# Sep'24

1) Sequence with no. of Hrs.
2) Must Do Questions
3) playlist → RR, Abyas, As in 10-20 minutes
4) MCQ
5) ABC
6) any Marathon?

V'SMART ACADEMY · SMART DECISION FOR SMART EDUCATION · SINCE-2005
V'Smart Academy