

(08)

Because of Bad-debt

Till there is Certainty
of Collection.



No need to Reverse
the Sale.

Bad-debts should
be Recognised

e) Cost of goods sold should be measured
Realistically.

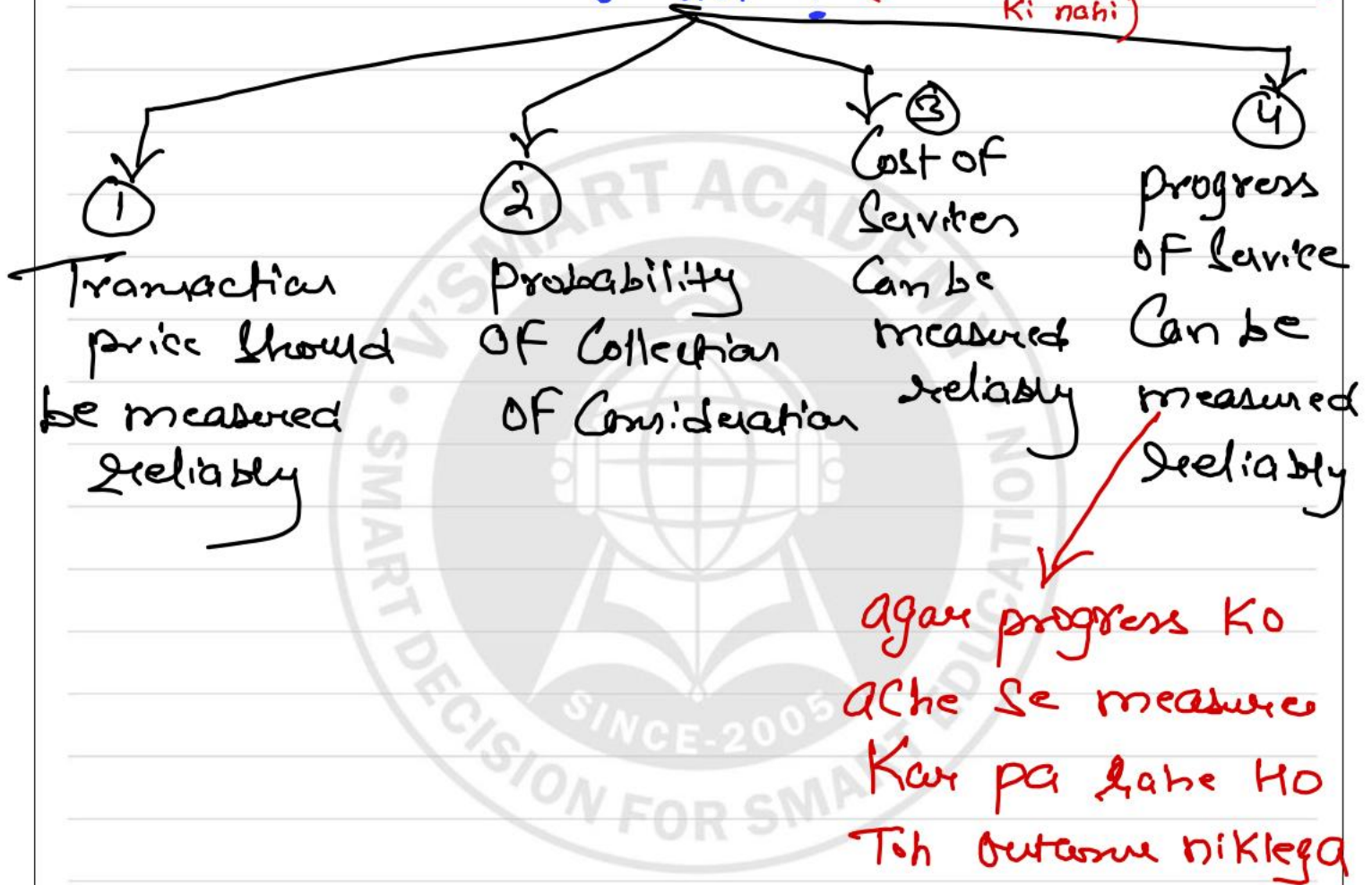
8) Delivery is postponed at Buyer's Request
(i.e. Goods sold But Physical Inventory still
with Seller)

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))

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)



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

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

$$\text{Revenue} \Rightarrow \text{Transaction price} \times \% \text{ OF Completion}$$

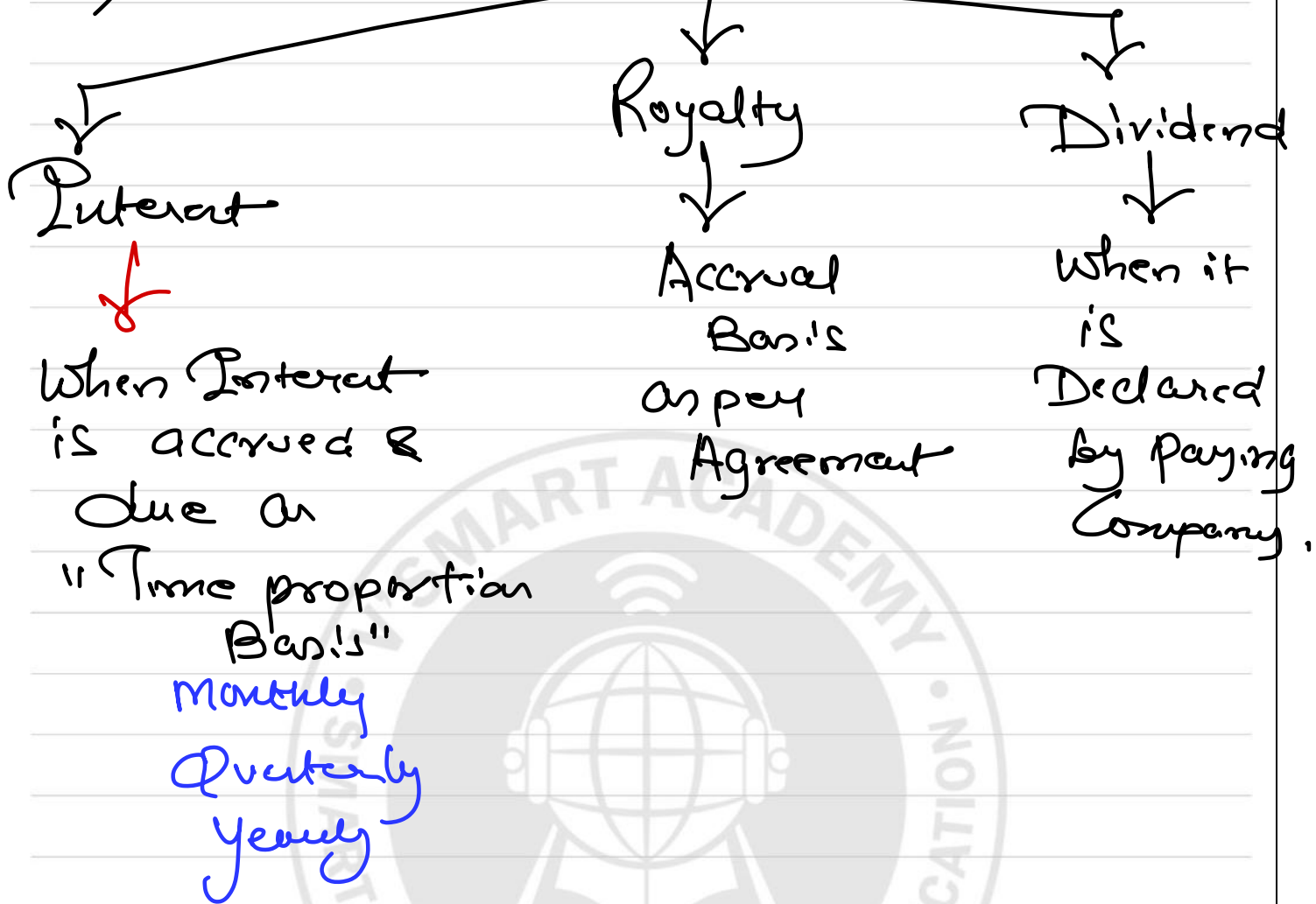
Note:- In Case of Short Term Service Contract Revenue can be recognised 100% after completion of service i.e. No need to calculate % of completion

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 delivery is probable
(i.e. No profit No Loss)

10) When to Recognise Revenue From :-



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 Customer

But advertisement is not yet published

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
- Abyan
- As in 10-20 minutes

4) Mca

5) A B C

6) Any Marathon?

V'Smart Academy