Revenue Recognition (AS-9)

[Gross Inflow of Cash, receivable or other consideration. Exception : Agency]

Sale of Goods

Conditions:

1) Transfer of property or significant risks & rewards
2) No Effective control of seller

Rendering of Services

Conditions:

1) Service Performed
   - Completed Service Contract
   - Proportionate completion

Others

- **Interest**: Time Proportion Basis
- **Royalty**: Accrual Basis
- **Dividend**: When right to receive payment is established

Common Conditions :

1) No significant uncertainity regarding consideration
2) No significant uncertainity regarding collection

Uncertanity of Collection:
(1) At time of Raising claim : Postpone Revenue Recognition
(2) Subsequently : Create Provision

Special Cases

Delivery delayed at Buyer's Request	Expectation that delivery will be made & Item on hand, identified & ready for delivery
Delivery subject to Installation, etc.	Acceptance of delivery & completion of Installation & Inspection
Goods on Approval Basis	(1) Formal Acceptance by buyer (2) Act adopting transaction (3) Lapse of time
Guaranteed Sales	Recognise sales but make suitable provision
Consignment sales	Sale by consignee to 3rd party
Cash on Delivery Sales	When cash received by seller or his agent
Sale to distributors or others	If significant risks of ownership passed; in some situations agent sale
Subscription for Publication	SLM or If value variation then sales value of Item delivered
Advertising Agencies	When advertisement appears before public
Artistic performances, banquet, etc	When event takes place
Tution fees	Over period of Instruction
Insurance Agent Commission	Effective commencement or renewal dates of related policies
Installation fees	When equipment is installed & accepted by Customer
Membership fees	If separately → when received; If services entitled → systematic & rational basis
Price Revision	Certainity of collection
Sale / Repurchase Agreement	Financing agreement so no revenue