AS 9: REVENUE RECOGNITION

Para	Main Principle
10.	Revenue from sales or service transactions should be recognised when the requirements as to performance set out in paragraphs 11 and 12 are satisfied, provided that at the time of performance it is not unreasonable to expect ultimate collection. If at the time of raising of any claim it is unreasonable to expect ultimate collection, revenue recognition should be postponed.
11.	In a transaction involving the sale of goods, performance should be regarded as being achieved when the following conditions have been fulfilled : (i) the seller of goods has transferred to the buyer the property in the goods for a price or all significant risks and rewards of ownership have been transferred to the buyer and the seller retains no effective control of the goods transferred to a degree usually associated with ownership; and (ii) no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods.
12.	In a transaction involving the rendering of services, performance should be measured either under the completed service contract method or under the proportionate completion method, whichever relates revenue to the work accomplished. Such performance should be regarded as being achieved when no significant uncertainty exists regarding the amount of the consideration that will be derived from rendering the service.
13.	Revenue arising from the use by others of enterprise resources yielding interest, royalties and dividends should only be recognised when no significant uncertainty as to measurability or

	collectability exists. These revenues are recognised on the following bases : (i) *Interest* : on a time proportion basis taking into account the amount outstanding and the rate applicable; (ii) *Royalties* : on an accrual basis in accordance with the terms of the relevant agreement; and (iii) *Dividends from* : when the owner's right to receive payment is Investments in shares established.
14.	In addition to the disclosures required by Accounting Standard 1 on Disclosure of Accounting Policies (AS 1), an enterprise should also disclose the circumstances in which revenue recognition has been postponed pending the resolution of significant uncertainties.