

Accounting For E-Commerce Business

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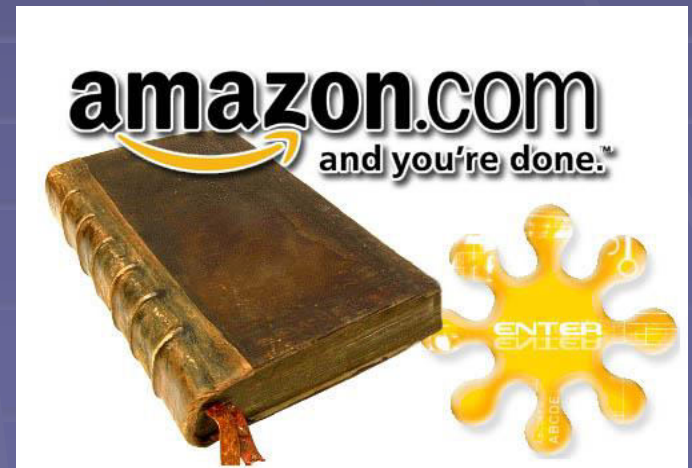
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GDP Contribution A/c ----- dr
To Learning A/c

Index

- Overview ecommerce industry
- Ecommerce & type of ecommerce transactions
- Elements of ecommerce transactions
- Key Accounting Issues
- Conclusions



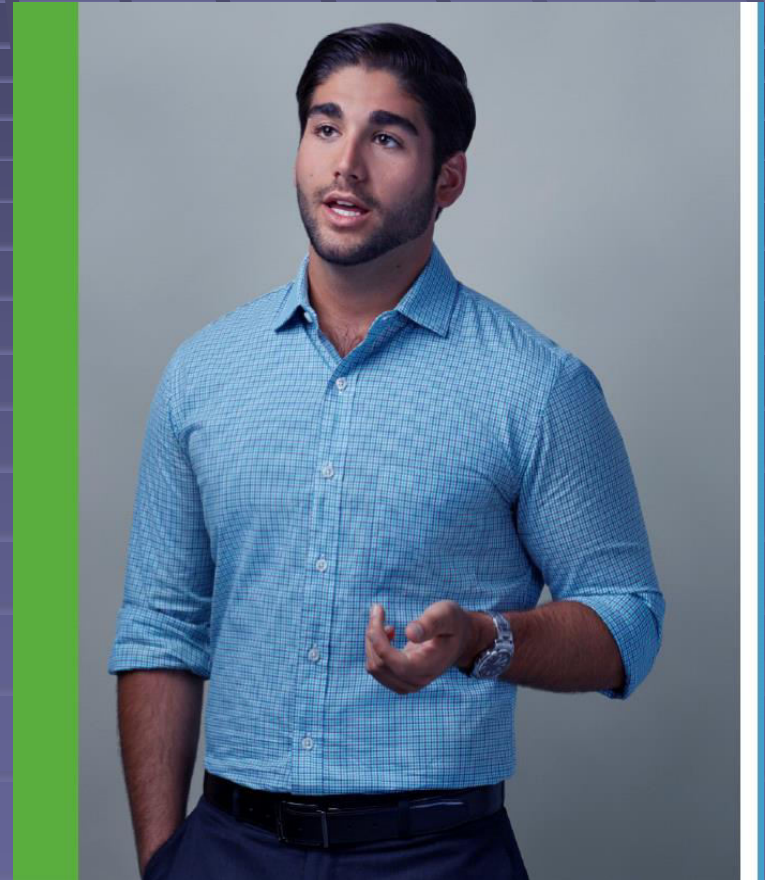
Overview ecommerce industry

- Disruptive Innovation
- Click of the mouse
- 2nd Largest market 2034
- Revenue jump to 4 times
- Investment opportunities
- Government initiative



to be continue...

- AS or Ind AS
- Recognize at fair value or cost
- Legal approach or substance over the form
- Historical accounting rules or else
- Follow universally



Ecommerce & type of ecommerce transactions

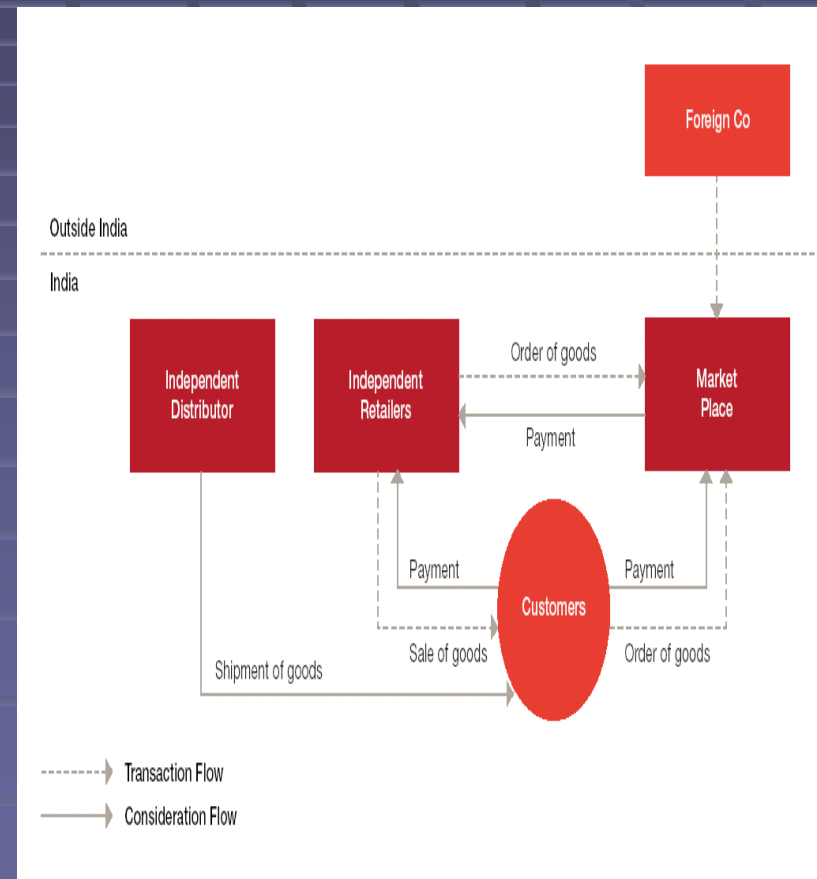
- Ecommerce: Business on electronic network i.e. internet.

- Ecommerce transactions:
 1. Business to Business
 2. Business to Customer
 3. Customer to Customer
 4. Customer to Business



Elements of ecommerce transactions

- A product or service;
- a place, namely a websites;
- a way for people to visit the place (website);
- accept orders;
- accept payment;
- a facility to ship the products to customers;
- a way to accept rejected/returned goods and services;
- handle warranty claims, if necessary;
- provide customer service



Key Accounting Issues

1. Revenue
2. Expenditure
3. Asset



1. Revenue

Applicability

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graph TD; A[Applicability] --> B[AS 9 Revenue Recognition or]; A --> C[Ind AS 18 Revenue or]; A --> D[Ind AS 115 Revenue from contract with customer];
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AS 9 Revenue
Recognition or

Ind AS 18
Revenue or

Ind AS 115
Revenue from
contract with
customer

Main Source of Revenue

Membership and subscription fee ■ Entrance fee ■ Upfront fee ■ Refundable fee ■ Annual fee	Merchandising Activity ■ Two Model ■ Auction ■ Shipping and Handling ■ Multiple Element Arrangement
Advertisement Service ■ Banner Advertisement ■ Sponsorship Advertisement ■ Barter Transaction	Other Services ■ Websites maintenance and hosting ■ Content selling

2. Expenditure

Rebate, discounts and other sales incentive

- Introductory offer
- Customer specific
- General rebate
- Rebate in kind

to be continue...

Paid and Loyalty programs

- Applicability

Ind As 37 – Provisions, contingent liabilities and assets or

AS 29 – Provisions, contingent liabilities and assets

- Direct or indirect award
- Customer specific
- General

3. Asset

- Intangible Asset

Applicability

AS 26 Intangible
Assets

or

Ind AS 38 Intangible
Assets



Website Development

- Significant cost to promote or advertise product
- Cost incurred at
 - Planning stage
 - Application and infrastructure development
 - Develop graphics
 - Develop Content
 - Operating Stage
- Amortization of first and new website

Conclusion

- Significant Transformation
- Trading result non comparability
- Changes in regulatory and reporting landscape
 - Goods and Service Tax
 - Income computation and disclosure standard
 - Companies Act 2013
 - Ind AS
 - Others
- Emerging market in global industry

The logo for Flipkart.com, featuring a yellow shopping cart icon with a white dot, followed by the word "flipkart" in white lowercase letters and ".com" in yellow lowercase letters.

The logo for Myntra.com, featuring the word "myntra" in a colorful, stylized font with each letter in a different color (purple, orange, green, blue, red, green, purple, red), followed by ".com" in black.

The logo for Amazon, featuring the word "amazon" in black lowercase letters with a registered trademark symbol, and a yellow curved arrow underneath it.

The logo for Jabong.com, featuring the word "JABONG" in black uppercase letters, followed by "COM" in white uppercase letters inside an orange arrow pointing to the right.

The logo for Snapdeal, featuring the word "snapdeal" in a bold, sans-serif font, with "snap" in blue and "deal" in red.

The logo for eBay, featuring the word "eBay" in a bold, sans-serif font, with "e" in red, "b" in blue, "a" in yellow, and "y" in green, followed by a small "tm" trademark symbol.

The logo for Nykaa.com, featuring the word "NYKAA" in a stylized, pink-to-red gradient font, followed by ".COM" in red, and the tagline "Your Beauty. Our Passion." in black below it.

The logo for Shopclues.com, featuring a teal circle with a white checkmark inside, followed by the word "SHOPCLUES" in black uppercase letters and ".COM" in black uppercase letters.

Thank you