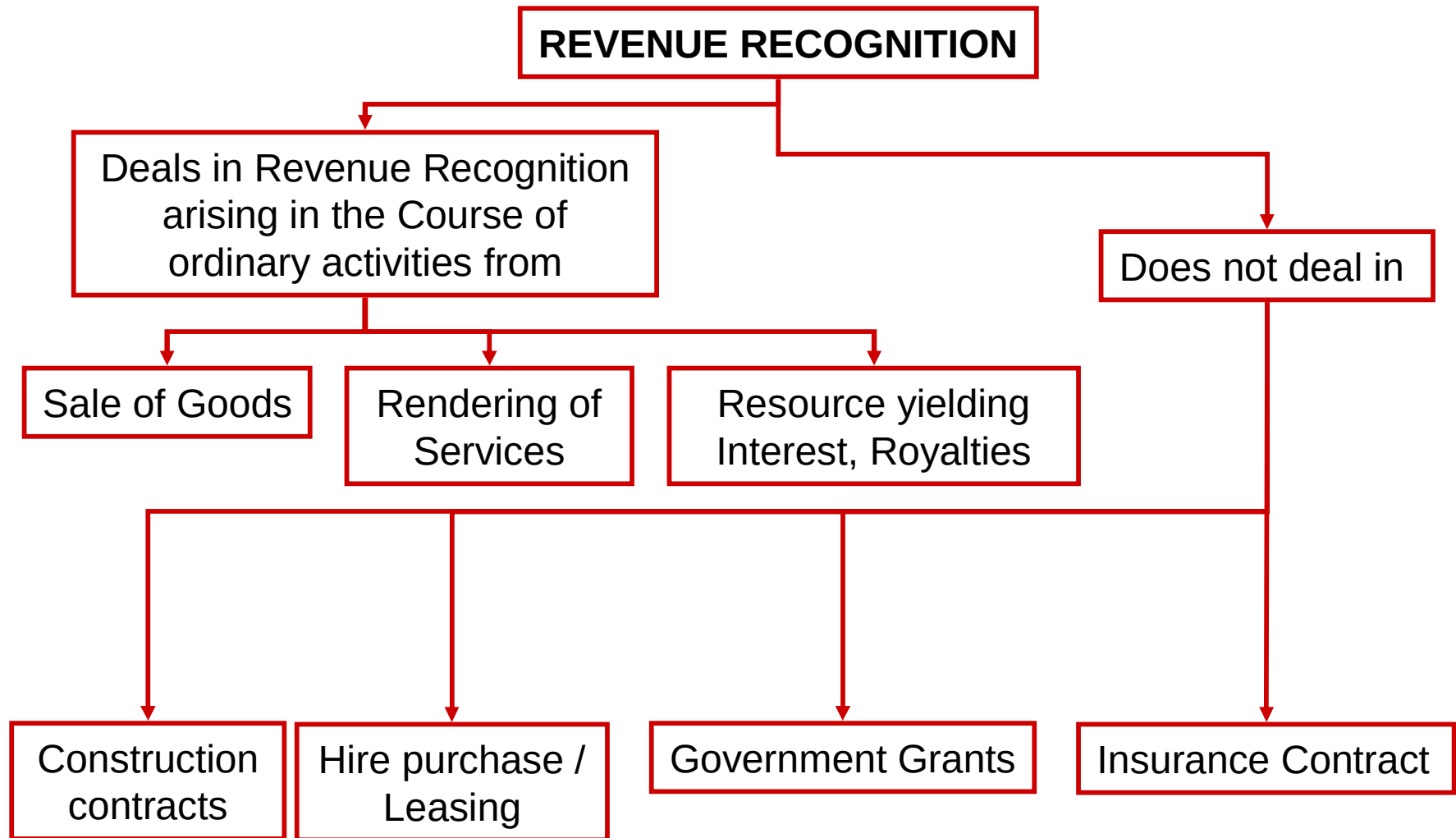


SREERAM COACHING POINT

Accounting Standard (AS) – 9

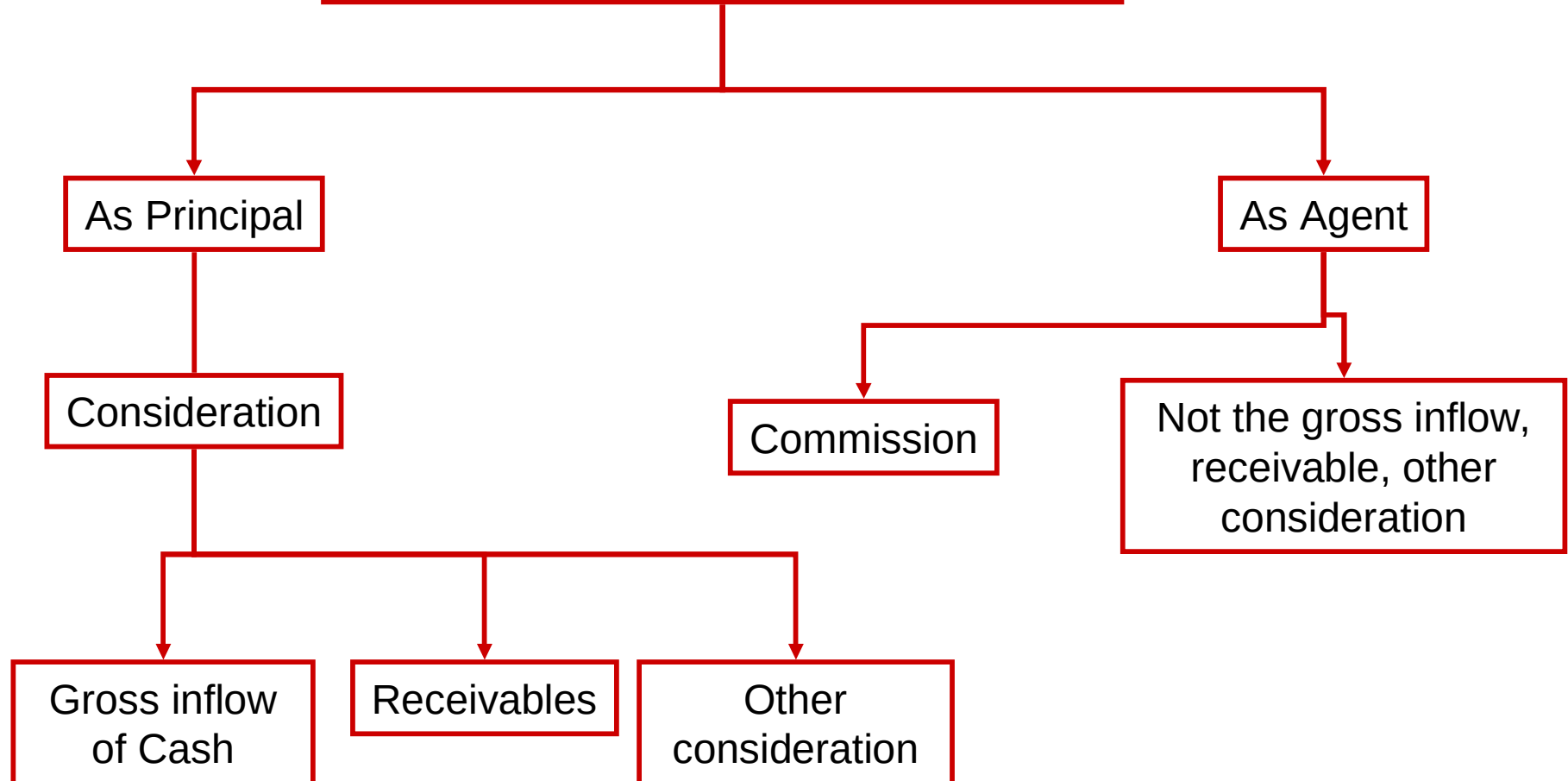
Revenue Recognition

SREERAM COACHING POINT



SREERAM COACHING POINT

Definition - Revenue



SREERAM COACHING POINT

SALE OF GOODS

When the following conditions are satisfied, revenue from sale of goods can be recognised

1. Seller transfers property in goods to the buyer for a price

or

Seller transfer all significant risks and rewards of ownership to the buyer and retains no effective control of the goods

2. No significant uncertainty exists regarding the amount of consideration that will be derived from the sale of goods

SREERAM COACHING POINT

RENDERING OF SERVICES

When the following condition is satisfied, revenue from rendering of services can be recognised

- 1. No significant uncertainty exists regarding the amount of consideration that will be derived from rendering of services**

For services either Use completed service method or Proportionate Completion Method

SREERAM COACHING POINT

USE OF ENTERPRISE RESOURCES

When the following condition is satisfied, revenue from use of enterprise resources can be recognised

- 1. No significant uncertainty exists regarding the amount of consideration that will be derived from use of enterprise resources**

SREERAM COACHING POINT

Interest : Time proportion basis taking into account the amount outstanding and the rate applicable

Royalty : On accrual basis

Dividends : When owner's right to receive payment is established

www.sreeramcoachingpoint.com

044 2814 2616 / 3296 4602

SREERAM COACHING POINT

Note:

1. If uncertainties exists regarding the ultimate collection, revenue recognition is postponed to the extent of uncertainty

2. If uncertainty relating to collectibility arises subsequent to the time of sale or the rendering of service, it is more appropriate to make a separate provision to reflect the uncertainty rather than to adjust the amount of revenue originally recorded