AS-9 Revenue recognition

IndAS-18.

Imp ** → Assess the ultimate collection with reasonable certainity.

→ sale of goods → seller transfered all rights to buyer.
→ service → completion of service
→ Interest → Time proportion basis
→ Royalty → As per terms of agreement
→ Advertising → when it appears before public
→ Dividend → when the right to receive established.

→ Common point in exam ⇒ As per AS-9 It is mainly concerned with the timing of recognition of revenue in statement of P&L of enterprise.

→ After ~~sale~~ of goods customer asked discount then revenue will be the gross inflow of cash receivables for discounts and for defective products - credit note to be raised.

→ If sale is done to customer and same product is purchased back from the customer then it is called as financing rather than sale and accounted as revenue

Journal entries

Bank a/c Dr
    To Advance from customers a/c

Finance charges a/c Dr
    Advance from
    To customers a/c

Profit & loss a/c Dr
    To finance charges a/c.

→ Interest should be recognised in the year to which it pertains, not in the year in which it is received.

→ AS-9 does not applicable to inter division sales.

→ self consumption included in sales not as per AS-9.