

Ind AS 115 AC example

→ map **R** to trf **G/S**

→ Amt → Reasonable expects.

Bank A/C

To sale

To unearned Revenue

① Contracts [enforceable]

→ Approved **T** / Rights Identified

pay **T** / comm subst [Actual transaction]

collectability [sale to relative]

combining v/s Segmenting

↓
All or none

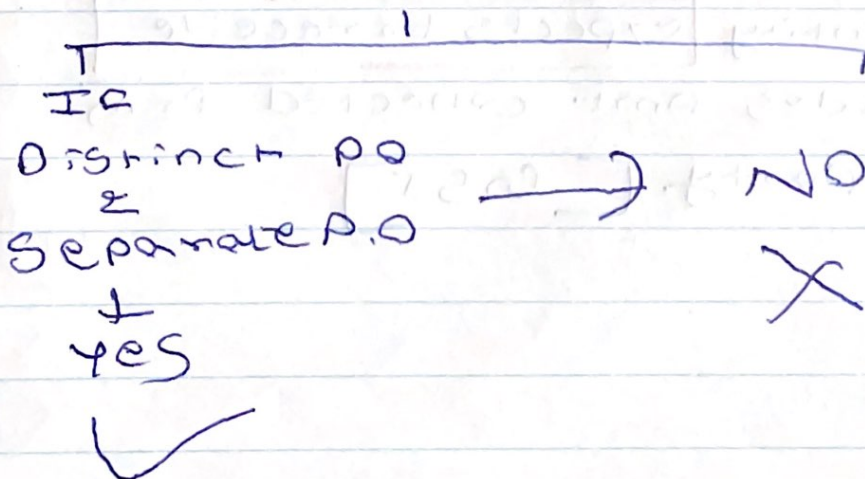
↓
single package

[Dam → 2 Loss
Gross 3 profit]

↓
each separate

↓
general principle

* Contract Modified *



2] P.O. [Promises]

- distinct → some benefit.
- separately identifiable

- ① Not Integrated Sign
- ② Not Customisation of existence
- ③ Not highly Inter-related.

* Cable/ Newspaper for 1-year
Series of Same P.O. [365 P.O.]

↳ Single P.O.

[Pattern of Tr is same]

* [P] → Gross [A] → Net comm.

↓
Primary + Inv. + Pricing
Resp to Risk Discretionary.
FURB Service

* upfront non refundable fees

↳ If for
separate
P.O. → Immⁿ
at G/S
Tr.

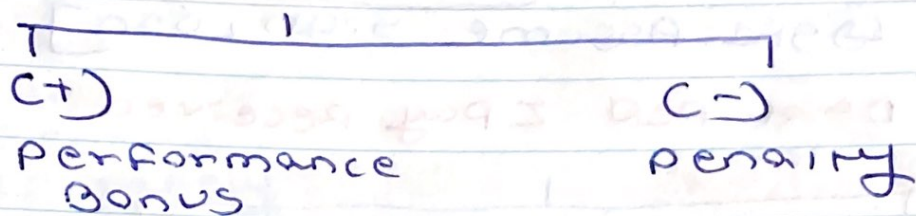
↓
If for
future P.O.
↳ deferred
till future
Tr.

3] Transaction price

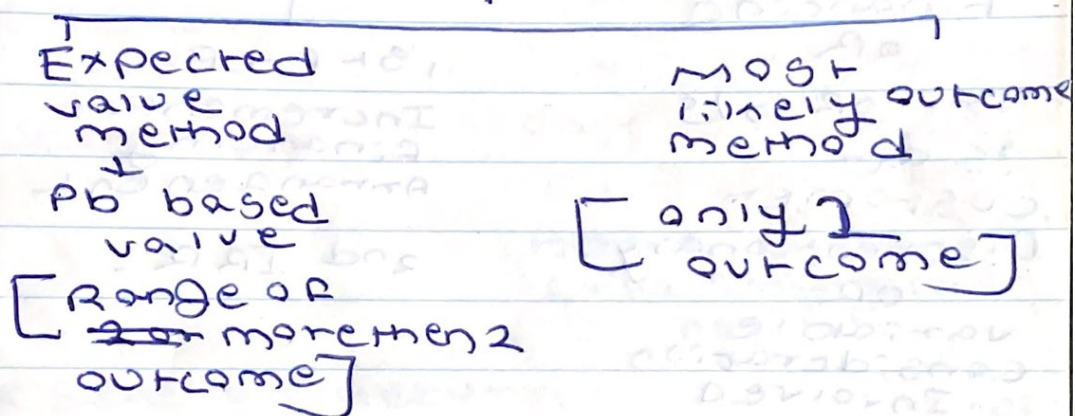
→ entity expects to receive

excludes amt collected from
3rd party [GST]

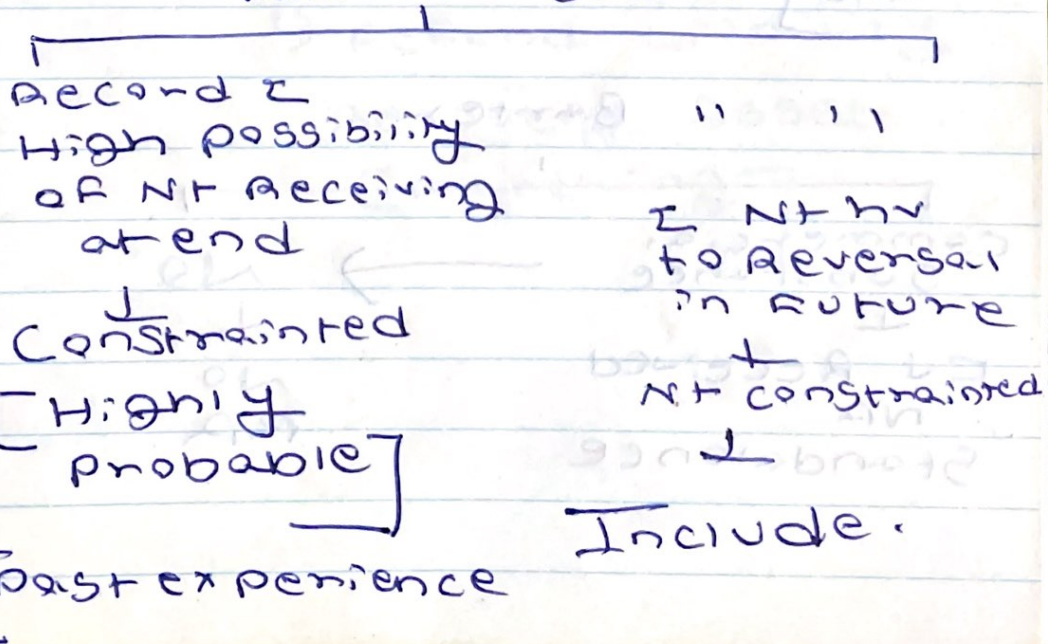
Fixed consideration $\rightarrow$ Always
variable consⁿ
 $\hookrightarrow$ If it is constrained
 $\hookrightarrow$ ~~If~~ Include



* Method for chain variable consideration



* Constraints in variable consideration *



* Sign Financing Component
[Time is involved
payment at Later Stage]

Time Gap > 12 months

↳ Std Assume Sign Loan

↳ DR or P20 2 Pay Received

Exceptions

↓
Reason for
other than
financing

OR

TRR or G/S
is at
customer
Discretionary
OR
variable
consideration
is involved

[Sale based
Royalty
known at
end]

Discounting

↓
No Disc. Rate

↓

1st Pref

Incremental
financing
Arrangement

2nd IRR

Barter

Commercial
Substance

↓

RV Received
NA

Standalone

NO

↓

NO
RR

Consideration
Customer.

payable to

Service is Distinct

Yes

Record
Separately
as Distinct
Service

No

Netted
a R
[Reduce
R]

Consid
< RV

Separately

Cons > RV

overstating Exp

only to extend

RV $\rightarrow$ Separate
Service

Above reduce
from Transaction
price

* Sale on Return

Revenue $\neq$ Return $\rightarrow$ Record
 $\hookrightarrow$ To be Return

$\hookrightarrow$ Refund Liability

Recovery Asset.

[Matching]

4] Allocation of Trans. Price
Ratio $\rightarrow$ Consideration to
Receive

[In Separate Standalone
Price]

* Exception *

Discounts

Variable
Consideration

* Standalone SP *

Seller
himself
observable price

Not

Cost
plus

Residual
[Balance]

Adjusted
MKT
price

Comp. Price
+ Adjust.

Suitable
 $\downarrow$
Not seen
Standable
or
hr Standable
wide Range

① Allocate
Discount

② Residual
value shd
be in
Range.

⑤ Revenue Recognise

Control TrF

Ability
to
direct
use

prevent other
firm use.

TrF or control

Over
period or
time

at a
point.



① Render & consumed
simultaneous eg: coaching
[mid Review whether
to start or continue at
stage]

② modifying customer Asset.
[painting]

③ Goods have no alternate
use [Legal / practical
constraint]

+
seller has right to
receive payment on
work completed.