IAS 18 REVENUE

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REVENUE - DEFINITION

AS - 9

❖ **<u>REVENUE</u>** is

Gross inflow

a. of cash, receivables and other considerations

b. arising in the ordinary course of activities;

c. from sale of goods, rendering of services and use of entity's resources in the form of interest dividend and royalty

<u>Revenue does not include</u>

1. Amounts collected on behalf of third parties, viz taxes;
2. Volume rebates and discounts

IND AS18 revenue

❖ **<u>REVENUE</u>** is

gross inflow of

a. Economic benefits flowing to the entity;
b. Arising from ordinary activities of the entity; AND
c. Such inflows result in increase in Equity (other than contributions from equity participants)

<u>Revenue does not include</u>

1. Amounts collected on behalf of third parties, viz taxes;
2. Volume rebates and discounts

Revenue - TYPES

Revenue in general arises from

- **Sale of Goods**
- **Rendering of service**
- **Use by others of entity’s assets yielding interest royalties & dividends**

RECOGNITION of Revenue

Sale of Goods

CONDITIONS (ALL)

1. Risks and rewards of ownership passes
2. Continuing Managerial involvement / effective control ceases
3. Future economic benefits probable
4. Revenue measured reliably
5. Costs measured reliable

Rendering of Services

Can outcome of the transaction be reliably estimated?

CONDITIONS (ALL)

1. Stage of completion measured reliably
2. Future economic benefits probable
3. Revenues and costs (incurred and to be incurred) can be measured reliably

YES – Recognise revenue using percentage completion method

NO – Recognise revenue to the extent of expenses incurred and are recoverable

Use by Others of Entity's assets

CONDITIONS (ALL)

1. Future economic benefits probable
2. Revenues can be measured reliably

Interest:
Effective Interest rate method

Dividend:
Shareholder's right to receive is established

Royalty:
Accrual basis – substance of contract

What are the important aspects of IND AS 18

- **Revenue measured at Fair Value of Consideration received or Receivable**

- **Exchange of goods or services**

- **Revenue in case of Deferred payment terms – recognised at cash price equivalent of goods sold**

- **Rendering of services – IND AS 18 prescribes Proportionate (Percentage) Completion method only.**

- **Composite / Bundled products**

- **Interest income calculated using Effective Interest Rate (EIR)**

Revenue at fair value of consideration received / receivable

- *Fair value is the amount at which an asset is realised or a liability settled between knowledgeable and willing parties in an arm's length transaction*

- **MEASUREMENT OF REVENUE**

IF currently receivable

At Cash price Equivalent

IF receivable in Future

At present value of cash flows

Exchange of goods / services

At FV of goods / services received Or FV of goods / services given up

CASE STUDY 1 – Exchange of goods / services

- *On 26.6.2015, A Ltd, a supplier of software product entered into an exchange transaction with B Ltd a second hand motor vehicle retailer. A agreed to supply an accounting and a financial data software package in exchange for a second hand motor vehicle to be supplied by B Ltd. The normal selling price of the software was Rs.450000 .*

  Normal selling price of the motor vehicle was RS 500000.

  Ignore Sales tax and VAT.

- *(a) whether the above exchange transaction qualifies as a revenue generating transaction within the meaning of IND AS 18?*
- *(b) if yes, how would your account for transaction in the books of A Ltd?*

CASE STUDY 1 – Exchange of goods / services

SOLUTION:

(a) In case of exchange of goods and services revenue recognition is based on the satisfaction of the following:

(i) exchange should be of dissimilar goods / services

(ii) the transaction should have commercial substance – transaction should be capable of generating revenue

Hence the above transaction does qualify for a revenue generating transaction as per IND AS 18.

(b) where the exchange transaction qualifies for revenue recognition, the revenue is recognized at the fair value of the goods or services received

Hence A Ltd should recognize revenue on the basis of the fair value of goods and services received **<u>i.e. Rs 5,00,000</u>**

CASE STUDY 2 – Deferred payment terms

- ***A Ltd textile machinery manufacturer entered into an agreement with B Ltd to sell the machinery on 1.4.2014***
- ***The terms of agreement were***
- ***Full legal title to goods would be transferred on 01.1.2014***
- ***The cash selling price of the machinery is Rs 2892400***
- ***Extended credit terms available - Full payment of Rs 35,00,000 on or before 31.03.2014 (including sales tax and VAT @14%)***
- ***Majority of A Ltd sales are cash on delivery***
- ***The effective interest rate is 10% (assumed)***

How would be revenue recognized by A Ltd in the above situation and journalise the same in the books of A Ltd.

CASE STUDY 2 – Deferred Payment terms

SOLUTION:

In case of sale of goods and the consideration is in the form of cash or cash price equivalents, then revenue is measured at the amount of cash or cash equivalents received. *Where however the inflow of cash or cash equivalents is deferred*, the arrangement effectively constitutes a finance arrangement, and

The *difference between the fair value and the nominal amount of consideration is recognized as interest revenue in accordance with IND AS 109*

AS ON	Opening Balance	Interest income 10%	Closing balance
31.3.2013	2892400	289240	3181640
31.3.2014	3181640	318630	3500000
		6,07,600	

CASE STUDY 2 – Deferred Payment terms

SOLUTION:

Journal Entries

AS ON	Particulars		RS
1.4.2012	B Ltd To sales (fair value of consideration) To Deferred Revenue (interest income)	DR CR CR	3500000 2892400 607600
31.3.2013	Deferred Revenue To Interest Income	DR CR	289240 289240
31.3.2014	Deferred Revenue To Interest Income	DR CR	318360 318360
31.3.2014	Bank To B L td	DR CR	3500000 3500000

Composite / bundled products

- **Composite or bundled products:** involves sale of goods and services as a single product

- ✓ Ascertain separately the fair value of the goods and services separately at initial recognition date;

- ✓ **In case of goods:** Recognise revenue as per sale of goods i.e. transfer of risks and rewards of ownership;

- ✓ **In case of services:** recognise revenue over the period of service

(For example : sale of telecom products involving sale of hand sets and talk time)

CASE STUDY 3 - Composite / bundled products

Airwaves Ltd is a mobile service provider. On 1.1.2014 Mr X approached the service provider for a mobile connection. Airwaves offered the following 2 plans to Mr X. How would you account for revenue under each of the plans:-

PLAN 1:-

- ✓ Prepaid plan – Plan 500 (500 minutes)
- ✓ Plan validity period – 6 months
- ✓ One time upfront cost Rs.2500 which includes

  a. Handset cost Rs.1500 (Fair Value Rs.1800)

  b. Activation fees Rs.200 (paid on initial subscription)

  c. Outgoing calls @ Rs.1 per call – Rs.500

CASE STUDY 3 - Composite / bundled products

SOLUTION

Hand Set Costs	Fair Value of hand set Rs. 1800 should be recognised as revenue when the hand set is delivered
Activation fees	Recognise the same with the payment for the handset; ***Rs 200 to be either recognized along with the sale of the handset, or recognize it with the cost of the initial connection***
Outgoing calls	To be recognised when the calls are made (based on usage) In case of prepaid cards having a validity date where estimates for lapses cannot be made then revenue should be recognized at the end of the validity period. If estimates can be made revenue must be recognized over calls estimated to be made during the validity period

CASE STUDY 4 – Installment Sales

- ***A Ltd, a car dealer, entered into an agreement with Mr X to sell a car for Rs.6,00,000 on 1.1.2013 and the car was delivered to Mr X on 1.1.2013.***

The terms of sale agreement were: Upfront payment of Rs. 2,00,000 and balance Rs.4,00,000 in two equal installments on 30.3.2013 & 30.06.2013

a) A Ltd received Rs.2,00,000 on 1.1.2013 and another Rs.2,00,000 on 31.3.2013.

As on 31.3.2013 (the reporting date) A Ltd booked revenue of Rs.4,00,000/- being the amount received

b) Continuing with the above example, there is an additional term to the sale agreement- If any technical fault takes place within 6 months from the date of sale, then Mr X can return the car back and claim refund for the amount paid. When should A Ltd recognize revenue from the sale of the car?

CASE STUDY 4 – Installment Sales

SOLUTION

- ***a)*** Revenue from sale of goods should be recognized when the seller has transferred all the risks and rewards of ownership to the buyer, the seller retains no effective control over the goods sold, and amount of revenue can be measured reliably. In most of the cases, the transfer of risks and rewards coincides with the passing of title / possession to the buyer.

In this case, A Ltd has already transferred possession of the car to Mr X and it is only the payment terms which are deferred. **Hence A Ltd should recognize the entire revenue of Rs 6,00,000 for the year ended 31.03.2013.**

b)Where, however, the transfer of risks and rewards occur at dates that are different from the passing of possession, revenue is recognized only when the risks and rewards of ownership is transferred to the seller. If the seller retains significant risks of ownership, the transaction is not a sale and no revenue is recognized. *For example* when the buyer has a right to rescind the purchase for a reason specified in the contract and the entity is uncertain about the probability of return.

In the given case, Mr X has the right to return the car within 6 months of sale date if any technical fault occurs and claim full refund. Hence, in such a case, A Ltd should

CASE STUDY 5 – Lay away sales

- ***A Ltd sells motor vehicle for Rs.3,00,000 to a customer on a lay away sale on 1.1.2014. The agreement is that the customer pays 3 monthly installments of Rs.1,00,000 each on 31.1.2014, 28.02.14 and 31.3.2014. The other terms of the contract is that the customer will not take delivery until the final installment is paid.***

A Ltd has a long history of lay way sales being consummated successfully

Pass journal entries under the two conditions, as below:-

i) A Ltd will order motor vehicle from its supplier just in time to deliver to customer on payment of last Installment

AS 9 also deals with lay away sales

ii) A Ltd has motor vehicle in stock and will earmark one for the customer

CASE STUDY 5 – Lay Away Sales

SOLUTION

- Conditions for revenue recognition in case of lay away sales are:
- when the buyer makes the last installment payment; and
- goods are delivered

Also, revenue is recognized when the following conditions are fulfilled:

- past history indicates that the entity has done such sales successfully
- significant deposit is received
- goods are in hand and ready for delivery

CASE STUDY 5 – Lay Away Sales

SOLUTION

- **(i) A Ltd will order the bike from supplier just when the delivery is to be made**

1.1.2014	NO Transaction		
31.01.2014	Bank Advance Received from customer	DR CR	100000 100000
28.02.2014	Bank Advance Received from customer	DR CR	100000 100000
31.03.2014	Bank Advance Received from customer **Sales of goods (sale of bike)**	DR CR	100000 200000 300000
Revenue will be recognised when the delivery is made on 31.03.2014			

CASE STUDY 5 – Lay Away Sales

SOLUTION

- **(ii) A Ltd has the motorcycle in stock on the sale date 1.1.2014**

1.1.2014	NO Transaction		
31.01.2014	Bank Advance Received from customer	DR CR	100000 100000
28.02.2014	Bank Advance Received from customer Customer To **Sale of goods (sale of bike)**	DR DR DR CR	100000 100000 100000 300000
31.03.2014	Bank To Customer	DR CR	100000 100000
When the goods are available in stock, revenue can be recognized when significant deposit has been received (on 28.02.2014 Rs 2,00,000 of the sale of Rs 3,00,000 is received) and past history indicates that A Ltd has successfully completed such lay away sales.			

CASE STUDY 6 - Interest – effective Interest rate method

- X Ltd a NBFC provides long term financial loans and on 1.4.2015 it entered into an agreement with Y Ltd to provide long term finance Rs 1 CR. X Ltd recovered the following from Y Ltd as costs for loan processing

- ✓ Professional fees – Rs 5 lacs
- ✓ Processing fees / documentation / title search etc – Rs 1.5 lacs

The rate of interest is 9% payable annually at the end of each year and the principal amount of loan is repayable in equal installments at the end of each year.

Assuming the loan was disbursed on 1.4.2015 calculate the interest recognition using the *effective interest rate method*

SOLUTION:

Step 1 → calculate the cash inflows and outflows

Step 2→ calculate the EIR

Step 3 → calculate the interest component

CASE STUDY 6 - Interest – effective Interest rate method

- STEP 1 → Calculation of loan outstanding NORMAL

Year	Opening balance	Interest receipts	Installment receipts	Closing balance	Total CASH receipts
31.3.15	100,00,000	9,00,000	10,00,000	90,00,000	19,00,000
31.3.16	90,00,000	8,10,000	10,00,000	80,00,000	18,10,000
31.3.16	80,00,000	7,20,000	10,00,000	70,00,000	17,20,000
31.3.18	70,00,000	6,30,000	10,00,000	60,00,000	16,30,000
31.3.19	60,00,000	5,40,000	10,00,000	50,00,000	15,40,000
31.3.20	50,00,000	4,50,000	10,00,000	40,00,000	14,50,000
31.3.21	40,00,000	3,60,000	10,00,000	30,00,000	13,60,000
31.3.22	30,00,000	2,70,000	10,00,000	20,00,000	12,70,000
31.3.23	20,00,000	1,80,000	10,00,000	10,00,000	11,80,000
31.3.24	10,00,000	90,000	10,00,000	0	10,90,000

CASE STUDY 6 - Interest – effective Interest rate method

- STEP 2 → NET cash flows for Calculation of EIR

Year	Cash Inflow	Cash Outflow	NET cash flows
1.4.2015		-93,50,000	-93,50,000
31.3.15	19,00,000		19,00,000
31.3.16	18,10,000		18,10,000
31.3.16	17,20,000		17,20,000
31.3.18	16,30,000		16,30,000
31.3.19	15,40,000		15,40,000
31.3.20	14,50,000		14,50,000
31.3.21	13,60,000		13,60,000
31.3.22	12,70,000		12,70,000
31.3.23	11,80,000		11,80,000
31.3.24	10,90,000		10,90,000

IRR = 10.72%

CASE STUDY 6 - Interest – effective Interest rate method

- STEP 3 → Calculation of loan outstanding and Interest income ***EIR method***

Year	Opening balance	Interest @ 10.72%	Payment Recd	Closing Balance	Total CASH receipts
31.3.15	93,50,000	10,02,320	19,00,000	8,452,320	19,00,000
31.3.16	84,52,320	9,06,089	18,10,000	7,548,409	18,10,000
31.3.16	75,48,409	8,09,189	17,20,000	6,637,598	17,20,000
31.3.18	66,37,598	7,11,551	16,30,000	5,719,149	16,30,000
31.3.19	57,19,149	6,13,096	15,40,000	4,792,241	15,40,000
31.3.20	47,92,241	5,13,728	14,50,000	3,855,970	14,50,000
31.3.21	38,55,970	4,13,360	13,60,000	2,909,330	13,60,000
31.3.22	29,09,330	3,11,880	12,70,000	1,951,210	12,70,000
31.3.23	19,51,210	2,09,170	11,80,000	980,379	11,80,000
31.3.24	9,80,379	1,09,621	10,90,000	0	10,90,000

INTEREST income

Customer loyalty Programs

- **Addresses accounting by entities that grant loyalty award credits EG. award points, travel miles to customers**

- **The accounting treatment**

- ✓ **Split total consideration received** into sales at point of delivery and sales deferred to the future (equivalent to the cash component of the reward points)

- ✓ **Sales equivalent to goods / services at cash price equivalent ->** Recognise immediately

- ✓ **Sales equivalent to reward points ->** deferred and recognised when the reward points are encashed

CASE STUDY 7 - Customer loyalty Programs

- *Fresh mart, a super shop, awards 100 points with each purchase of goods worth Rs1,000. These points can be exchanged for goods supplied by Fresh Mart. The customer has a <u>three year period</u> over which the credits can be used. For every 100 points, goods worth Rs 60 can be obtained by the customer. X purchased goods worth Rs10,000. The reward points available to X is1,000 and Fair value of these points isRs600 (60/100 x 1,000 points).*

  Assume that X redeemed the entire reward points as follows

  Year 1 – 400; year 2 – 300; year 3 – 300

- *How should the above transaction be accounted for fresh mart?*

CASE STUDY 7 - Customer loyalty Programs

SOLUTION

- The total fair value of the reward points is Rs 600. Amount received by Fresh Mart towards sale of goods is Rs 10,000.
- When an entity issues reward points, the consideration received from the sales should be allocated between the sale component and award credits (representing future sale of goods). The sales transaction shall qualify for immediately recognition and the fair value of award credits shall be deferred and recognized as revenue in future when the award points are redeemed.
- The amount of consideration should be split into the following components:

a) award credits – Rs 600

b) sale of goods – Rs 9,400 (difference between the consideration received and the fair value of the award credits.

CASE STUDY 7 - Customer loyalty Programs

SOLUTION

Journal Entries

On date of sale	CASH To sale of goods To Deferred Revenue	DR CR CR	10000 9400 600
Year 1	Deferred Revenue To sale of goods *(400 points were redeemed)*	DR CR	240 240
Year 2	Deferred Revenue To sale of goods *(300 points were redeemed)*	DR CR	180 180
Year 3	Deferred Revenue To sale of goods *(300 points were redeemed)*	DR CR	180 180

IAS 11 Construction contracts

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What are the important aspects of IND AS 11

- Accounting for construction contracts in the financial statements of the contractors including the financial statements of real estate developers

- Construction contract can either be a ***fixed price contract*** or ***cost plus contract***

- Combining and segmenting construction contracts *(similar to AS 7)*

- Contract revenue and contract costs using the percentage completion method *(similar to AS 7)*

- Service concession arrangements NEW

Combining and segmenting construction contracts

- **Segmenting a construction contract:**
  - separate proposals for each asset;
  - Separate negotiations for construction of each asset with the contractor or the customer able to accept or reject any part;
  - Construction costs and revenues for individual asset can be determined

- **Combining a construction contract:**
  - Group of contracts is negotiated as a single package
  - Contracts are closely interrelated; or
  - The contracts are performed concurrently or in a continuous sequence

AS 7 also deals with this aspect

Contract Revenues and Contract Costs

Contract REVENUE	Contract COSTS
a) The **initial amount of revenue** agreed in the contract; c) **Variations** in contract work, **claims** and **incentive payments** *provided* ✓ It is probable that they will result in revenue; and ✓ They are capable of being measured	a) Costs that relate directly to the specific contract; b) Costs attributable to contract activity in general and can be allocated to the contract; and c) Such other costs specifically chargeable to the customer under the terms of the contract

AS 7 also deals with this aspect

Recognition of contract Revenues and costs

the Alternatives

*When OUTCOME of the construction activity **can** be estimated reliably*

Contract revenues and Costs are recognised using

The percentage of completion method

*When OUTCOME of the construction activity **cannot** be estimated reliably*

Contract revenues are recognised to the extent of costs incurred and whose recovery is **probable**

AS 7 also deals with this aspect

Recognition of Contract Revenues and Contract costs

- When outcome of construction activity can be ***estimated reliably***

Conditions	The Recognition
a) Total contract costs can be measured reliably; **b)** It is probable that economic activities associated with the contract will flow to the enterprise; **c)** Both the contract costs to complete the contract and the stage of contract completion at the reporting date can be measured reliably; and **d)** The contract costs attributable to the contract can be clearly identified, measured reliably so that the actual contract costs incurred can be compared with the prior estimates	✓ Contract Revenue and contract costs recognised by reference to the ***Stage of completion of the contract activity as at the end of the reporting period*** **Expected loss:** When it is probable that the contract costs ***will exceed the*** total contract revenue ***The expected loss shall be recognised as expense immediately***

Recognition of Contract Revenues and Contract costs

- When outcome of construction activity cannot be ***estimated reliably***

Conditions	The Recognition
a) during the very early stages of contract activity	✓ Revenue should be recognised only to the extent of contract costs incurrred and whose recovery is probable ✓ Contract costs should be expensed in the period in which incurred **Expected loss:** When it is probable that the contract costs ***will exceed the*** total contract revenue ***The expected loss shall be recognised as expense immediately***

Guidelines – percentage of completion method

- The various methods:

- Proportion (%) that contract costs for work performed **at end of reporting period to the estimated total contract costs**;
- Surveys of work performed; OR
- Completion of physical proportion of the contract work

The stage of completion of the contract activity as at reporting date (%) =

Contract costs upto the reporting date (Rs 40 Lacs)

Total estimated contract costs (Rs 100 Lacs)
= 40%

Case Study – 1

- A construction contractor has a fixed price contract for Rs. 9,000 to build a bridge. The initial amount of revenue agreed in the contract is Rs. 9,000. The contractor's initial estimate of contract costs is Rs. 8,000. It will take 3 years to build the bridge.
- By the end of year 1, the contractor's estimate of contract costs has increased to Rs. 8,050.
- In year 2, the customer approves a variation resulting in an increase in contract revenue of Rs. 200 and estimated additional contract costs of Rs. 150. At the end of year 2, costs incurred include Rs. 100 for standard materials stored at the site to be used in year 3 to complete the project.
- The contractor determines the stage of completion of the contract by calculating the proportion that contract costs incurred for work performed upto the reporting date bear to the latest estimated total contract costs.

Case Study – 1

- Summary of the financial data during the construction period as follows:

	Year 1	Year 2	Year 3
Initial contract revenue	9000	9000	9000
Variation		200	200
Total contract revenue	**9000**	**9200**	**9200**
Contract costs at reporting date	2093	6168	8200
Contract costs to complete	5957	2032	0
Total estimated costs	8050	8200	8200
Estimated profit	950	1000	1000
% Completion method	26%	74%	100%

Case Study – 1

- Contract Revenues and Contract costs recognised in each period:

	Upto Reporting date	Recognised in previous periods	Recognised in current year
Year 1: Revenue (9000 x 26%)	2340	0	2340
Expenses (8050 x 26%)	2093	0	2093
Profit	**247**	**0**	**247**
Year 2: Revenue (9200 x 74%)	6808	2340	4468
Expenses (8200 x 74%)	6068	2093	3975
Profit	**740**	**247**	**493**
Year3: Revenue (9200 x 100%)	9200	6808	2392
Expenses (8200 x 100%)	8200	6068	2132
Profit	**1000**	**740**	**260**

Agreement for Construction of Real estate

- **Essence of the real estate agreement being construction contracts:**

- the seller enters into an agreement for sale to buyer at initial stages of construction;

- The agreement has the effect of transferring significant risks and rewards though legal title is not transferred – no possession to the buyer

- *On transfer of risks and rewards to the buyer any acts of the performed by seller* ***reflect acts performed on behalf of the buyer in a manner similar to construction contracts***

IFRIC 15 prescribes that construction of real estate should be treated as sale of goods and *revenue should be recognised when the entity has transferred significant risks and rewards of ownership and retained neither continuing managerial involvement nor effective control*

IND AS: **agreements for construction of real estate are outside the scope of IND AS 18 and included within the scope of IND AS11** ***Construction contracts – adopt POCM***

Service concession Arrangements (BOT)

- **the arrangement**

- **The grantor** (the public enterprise that is responsible for constructing the infrastructure for public use) and **the operator** (the enterprise that constructs infrastructure and operates it)

- Operator constructs or upgrade infrastructure used to provide a public service

- Operator operates and maintains that infrastructure – operation services – for a specified period of time

- Operator shall recognise and revenue in accordance with IND AS 11 and IND AS 18 for the services it performs

Service concession Arrangements (BOT)

- **The present IGAAP**

- No specific accounting standard under Indian GAAP
- The constructed asset is treated as a fixed asset
- Depreciate the asset over the concession period
- Recognise revenue from, annuity payments received from government OR, toll collections from public use
- Operation and maintenance expenses are charged to income statement as and when incurred

Service concession Arrangements (BOT)

- **The IND AS - the accounting**

- **The Operator constructs or upgrades infrastructure (constructs or upgrade services)**
- The operator does not recognise infrastructure as PPE – no control over the infrastructure

- **Consideration (payments) for construction or upgrade services**
- Shall be at the fair value of the consideration received or receivable
- Operator shall account for the revenues and costs relating to construction or upgrade services in accordance with IND AS 11

- **Where the consideration is in the form of rights granted it can *either be:***
- **Financial asset:** if the operator has an unconditional right to receive cash because the grantor contractually agrees to pay the operator **(a)** specified or determinable

Service concession Arrangements (BOT)

- The IND AS - the accounting

- **Where the consideration granted consists rights which is partly a financial asset and partly an intangible asset**
- Account separately for each component of the consideration at initial fair value of the consideration received or receivable

- **Operation services**
- The operator shall account for revenue and costs in accordance with IND AS 18

- **Contractual obligations to restore the infrastructure to a specified level of serviceability**
- Shall be recognised and measured in accordance with IND AS 37 i.e. the best estimate of the expendituer required to settle the present obligation at the end of the reporting period

Service concession Arrangements (BOT)

- **The IND AS - the accounting**

- **Borrowing costs incurred by the operator**

- **If the operator has a right to a financial asset:** Recognised as an expense in the period in which they are incurred

- **If the operator has a right to charge public users, an intangible asset:** capitalised during the construction phase of the arrangement

- **Operation services**

- The operator shall account for revenue and costs in accordance with IND AS 18

- **Contractual obligations to restore the infrastructure to a specified level of serviceability**

- Shall be recognised and measured in accordance with IND AS 37 i.e. the best estimate of the expendituer required to settle the present obligation at the end of


Thank you!