

IND AS 18 – REVENUE (OVERVIEW)

- Anand Banka

REVENUE

- Ind AS 115 – Revenue from Contracts with Customers (Expected date 1.4.2018)
- Ind AS 18 – Revenue (Exposure Draft)
- Ind AS 11 – Construction Contracts (Exposure Draft)



WHAT IS REVENUE

- GROSS inflow of ECONOMIC BENEFITS
 - 1. Discounts?? 2. Taxes??
- Arising in the course of ORDINARY activities
- Resulting in INCREASE in EQUITY (other than contribution from equity participants)
 - Sales tax/ Service tax collected
 - VAT collected
 - Agent's collections on behalf of its principal



CASE STUDY

- An undertaking sells canned food and has 100 customers
- The delivery of the goods is made on the last day of each month. Standard payment terms require settlement within 45 days of delivery
- The undertaking's policy is to grant a settlement discount of 2% to customers that pay within 15 days of delivery
- Past experience shows that 45% of the customers normally pay within 15 days, while the remaining 55% pay after the early settlement period



SOLUTION

Trade receivables	1,000	
To Revenue		991
To Provision for discounts (1000*45%*2%)		9



SUMMARY

- Multiple element arrangement
- Deferred settlement terms
- Barter Transactions
- Customer Loyalty Programmes
- Service concession arrangements
- Transfer of assets from customers



ThanQ?

Anand Banka
Consulting Director,
Talati & Talati Group

Contact us!



Email: anand.banka@talatiandtalati.com

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