Revenue Atlas.

Revenue recognition is the spine of the first half of this course. This atlas draws it as one machine, then follows four cases out of it into receivables, inventory, provisions, investments and PP&E. Every topic answers one of seven recurring questions, so you can place an unfamiliar case before you know which chapter it belongs to.

MIDTERM	YOU ARE HERE	EXAM FORMAT	WHAT EARNS THE MARKS
Thursday 29 October 2026, 6:30 to 8:00 PM	Week 3: Step 5, consignment, bill-and-hold, warranties	The problem-solving process, with a guidance appendix of standard wording handed to you (Spring 2026 papers)	A named case fact under every criterion, then the amount, the date and the entry

1 Learn
Start with the one-page version, then work the topics in order. Each opens with the question to ask; the facts come before the worked solution.

2 Test
Switch on **Quiz mode** in the bar: worked solutions fold away and table answers hide until you tap them. Answer each retrieval question before you reveal it, then mark how it went.

3 Review
Anything you mark shaky or missed goes on your review list, kept in this browser. The Q buttons dim every topic that doesn't answer that question.

▾ How to read the figures and badges

- Control and timing tests
- Judgment or estimate
- Loss, obligation, provision
- Amounts and units of account
- Time value and financing
- Cash and collection
- requires an earlier judgment
- the same transaction moves on
- same concept, different test

FALL W2 · S24 this term's lectures, by deck and slide

SPRING 2026 earlier terms: lectures, PBLs, midterms, videos

IFRS / TEXT the standard or textbook, beyond the lectures

FLAG a conflict or gap, listed in Part VIII

Five questions, asked of every contract

The Week 2 pre-lecture video starts from the textbook's simplest case, a car sold for cash. There is one contract and one promise, the price is fixed, there is nothing to allocate, and control passes on delivery. Every step is trivial, and IFRS and ASPE land on the same answer. The rest of revenue is what happens when the steps come apart: a promise splits in two, the price moves, the cash arrives years later, control drifts away from the goods. Learn these five questions until you can say them without looking. Every case in this atlas is one of them getting hard.

1

STEP 1 · IDENTIFY THE CONTRACT

Is there an enforceable agreement to transfer goods or services?

TEST

All five must hold: approved, rights identifiable, payment terms identifiable, commercial substance, collection probable (15.9).

LECTURE CASE

TAI and OSI swap 10,000 identical pens at the same 200,000 price. Nothing about either company's future cash flows changes, so there is no commercial substance, no contract and no revenue.

WHERE MARKS GO

A full page on Step 1 when the paper says it is settled.

2

STEP 2 · IDENTIFY THE PERFORMANCE OBLIGATIONS

How many separate promises is the entity really making?

TEST

Both must pass: capable of being distinct (can the customer use it on its own?) and distinct within the contract (is it really separate, or part of a bigger package?).

LECTURE CASE

A packaging machine and a forklift: two obligations. A hospital's engineering, foundation and wiring: one, because the promise is the building.

WHERE MARKS GO

Treating each month of a service as its own obligation instead of one series.

3

STEP 3 · DETERMINE THE TRANSACTION PRICE

What amount of consideration does the entity expect to be entitled to?

TEST

Start from the contract price and adjust for variable consideration (then the constraint), a significant

LECTURE CASE

Greenborough's delay penalties give an expected value of 4,382,000. Barnett's 180,000 of financing component, non-cash consideration and amounts payable to the customer (15.48).

cash (20,000 down, then four payments of 40,000) holds only 149,588.80 of revenue; the rest is interest.

WHERE MARKS GO

Computing the expected value and stopping without the constraint sentence.

4

STEP 4 · ALLOCATE THE TRANSACTION PRICE

How is the price split across multiple performance obligations?

TEST

In proportion to stand-alone selling prices. Without an observable price: adjusted market assessment, expected cost plus a margin, or the residual approach.

LECTURE CASE

Equipment Ltd's 1,000,000 splits 697,674 to the machine and 302,326 to the forklift, on stand-alone prices of 750,000 and 325,000.

WHERE MARKS GO

Recording the stand-alone prices as revenue instead of the allocated price.

5

STEP 5 · RECOGNIZE REVENUE

When does control actually transfer to the customer?

TEST

Any one of three over-time criteria means over time, measured by an input or output method. If none is met, a point in time, found with the five control indicators (15.35, 15.38).

LECTURE CASE

Keep It Cool's standard freezer: point in time, 1 December 2025. Accounting Temps' monthly staff: over time. Eco Consulting's report: point in time, although the work ran for months.

WHERE MARKS GO

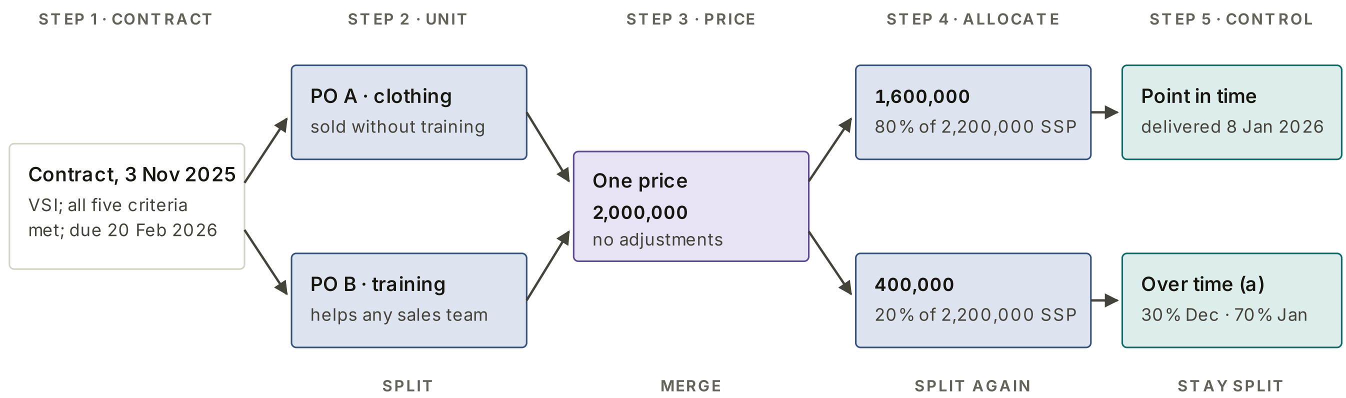
"Work has started, so it is over time." Effort is not control.

All five steps on one contract

The steps split and merge a contract in a fixed rhythm: split it into promises, merge them back into one price, split the price again, then keep each piece on its own timeline. Clothing Technology, the last example in the Fall Step 5 lecture, shows the whole rhythm with real numbers. It returns as Journey 2 in Part IV.

FIG 2 **Split, merge, split again, stay split: Clothing Technology and Vancouver Sports**

FALL STEP 5 DECK, SLIDES 22 TO 24 · SPRING W2 PBL



2025 revenue is 120,000, not 2,000,000. The accountant booked the whole price as training revenue on 20 December. Only 30% of the training (300 of 1,000 associates) had transferred by year end, and the clothing was still in an ice-stormed truck. Each piece keeps its own date, which is why skipping Step 2 wrecks every later number.

CONNECTION · WEEK 1, THE ACCOUNTING CYCLE

Bright Bakery's 1,200 of March cash sales is the car sale again: all five steps collapse into one transaction at the counter, journalized at step 2 of the eight-step cycle. The hard cases in this atlas land at step 6 instead, as adjusting entries: progress to date on an over-time contract, interest accrued on a financed sale, a contract liability released, a warranty provision set up. When a question asks for year-end entries, those are the ones it wants.

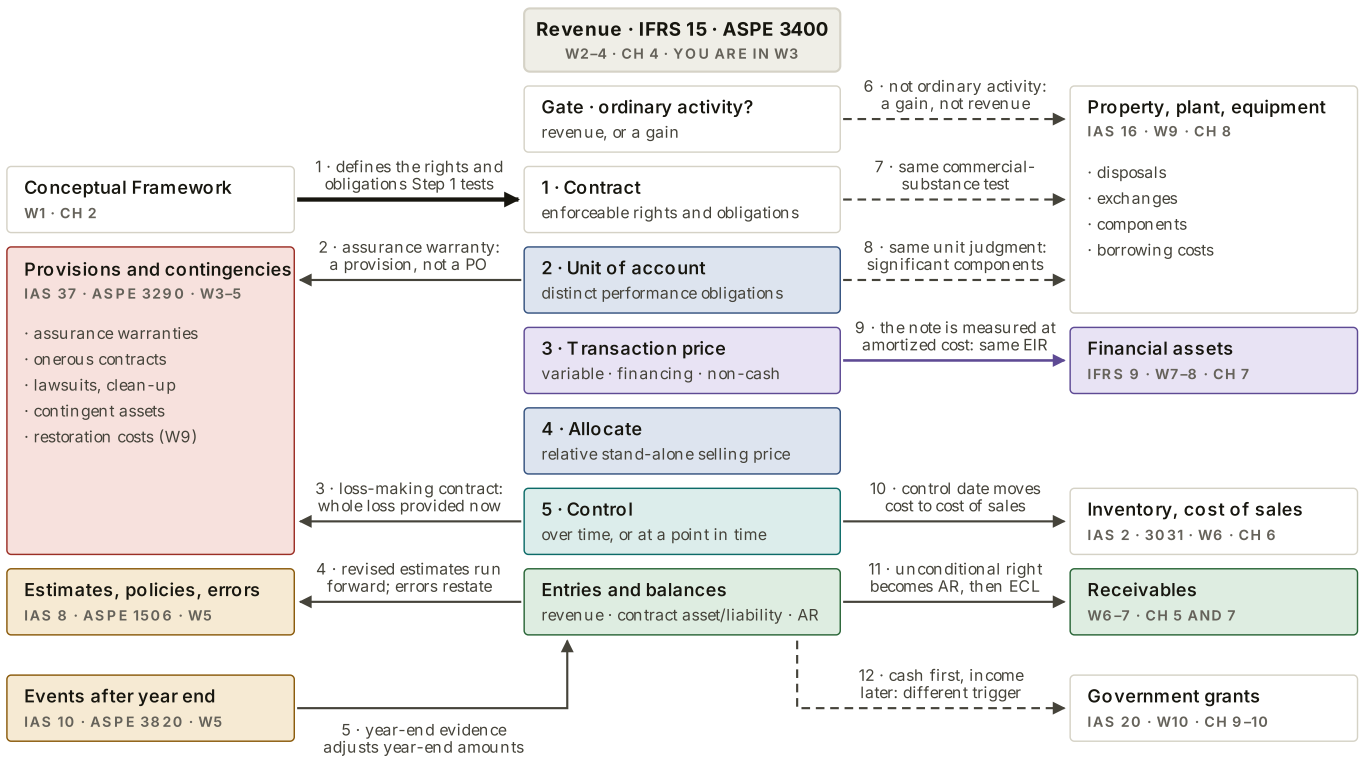
How the course fits together

Seven questions recur in every chapter. Revenue answers all seven, and each later chapter answers them again for a different asset or obligation, so the question a fact raises tells you which tool to reach for. Read this part once for the shape; Part V gives every link in full after you have met the topics.

The seven recurring questions

QUESTION	WHAT YOU MUST DECIDE	REVENUE'S TOOL	THE SAME QUESTION ELSEWHERE
Q1 · Event What economic event occurred, and what rights or obligations exist?	Is there an asset or liability at all? Is it ordinary activity?	Revenue or gain; Step 1 contract	Framework element tests (W1); present obligation (IAS 37); condition at year end (IAS 10)
Q2 · Unit What is the unit we are accounting for?	One thing or several?	Step 2 performance obligations; series rule	PP&E components (W9); LCNRV item by item (W6); ECL groups of customers (W6–7)
Q3 · Qualifies Does it qualify for recognition?	Face of the statements, notes, or nothing?	All five contract criteria; the variable consideration constraint	Provision criteria; contingent assets need virtual certainty; asset recognition (W1)
Q4 · When When should recognition occur?	Which date, which period?	Step 5 control: over time or at a point in time	Inventory ownership at the count (W6); subsequent events period (W5); PP&E ready for use (W9)
Q5 · Amount How is the amount measured initially?	Which number, which basis?	Step 3 price; Step 4 allocation	Inventory cost at normal capacity (W6); best estimate (IAS 37); PP&E cost incl. restoration (W9)
Q6 · Afterward What changes after initial recognition?	Progress, interest, estimates, losses, impairment	Cumulative catch-up; effective interest; onerous test	IAS 8 estimates and errors; ECL; LCNRV; depreciation; amortized cost (W8)
Q7 · Report How does it affect entries, statements and disclosures?	Accounts, balance sheet position, notes	Contract asset or liability; CIP and billings; AR	Provisions vs contingent liability notes; IAS 10 disclosures; IFRS 18 categories

FIG 1 **The relationship map: revenue's five steps are the joints where other chapters attach**



Read it as joints, not topics. Each later chapter attaches to one specific step. Heavy line: you must settle the earlier judgment first. Solid: the same transaction's consequences move into that chapter. Dashed: the chapter reuses the idea with its own test. The numbers match the register in Part V, which says where each analogy stops.

Six fact patterns, and the connection each one calls for

Payment more than a year after transfer
Step 3 financing, then an effective-interest table. **Topic 5**

A warranty
B29 first (sold separately?), then B30, then the IAS 37 criteria written with facts. **Topic 10**

Multi-year fixed price, costs rising
Cumulative catch-up, then the onerous test. **Topics 12 and 13**

Goods somewhere else at year end
Who has control, then whose inventory is in the count. **Topic 9**

Something happened after year end
IAS 10's condition test before you touch revenue. **Topic 15**

A wrong entry is already booked
Before issue, correct the draft; after issue, an IAS 8 error. **Topic 16**

One contract, five steps, one set of entries

Ten topics, in the order the Fall lectures teach them. Each opens with the one question to ask, shows the test as a figure, then works a course case with every criterion tied to a fact. The Fall lecture's own examples and in-class questions are here, marked by deck and slide, beside the harder Spring and midterm cases.

TOPIC 1 · WEEK 2 · IFRS 15.1, HB 1000 Q1 EVENT FALL W2 · SLIDE 4

Revenue or a gain?

DECISION QUESTION

Does the income come from the entity's ordinary activities?

IFRS 15 covers contracts with customers for income from ordinary activities. ASPE's definition (HB 1000) also ties revenue to ordinary activities. The label matters because revenue drives growth and operating measures, while a gain is incidental and carries different risk and timing. The lecture's pair makes the point: the same sale of land is revenue to one company and a gain to another.

SELLER	WHAT IT SELLS	RESULT	WHY
Land developer	Land held for sale	**Revenue**: run Steps 1–5	Selling land is its business
Security-systems manufacturer	Land bought for appreciation	**Gain on sale**	Not its ordinary output

CONNECTION · WEEK 9 PP&E

A disposal is derecognition, not revenue. The Week 9 video example: furniture with carrying amount 820,000 sold for 860,000 gives a 40,000 gain. Under IFRS 18 the gain sits in the operating category; the 860,000 of cash is an investing inflow.

COMMON MISTAKE

Running the five steps on the sale of equipment the entity used in its own operations. Ask Q1 first: whose ordinary activity is this?

RETRIEVAL R1

A car dealership sells the hoist from its service bay. Revenue or gain, and where does the cash go in the cash flow statement?

Answer: R1 in the key at the back.

1 2 3 4 5 TOPIC 2 · STEP 1 · IFRS 15.9, 15.15–16 Q1 EVENT Q3 QUALIFIES FALL W2 · SLIDES 6 TO 15 SPRING 2026

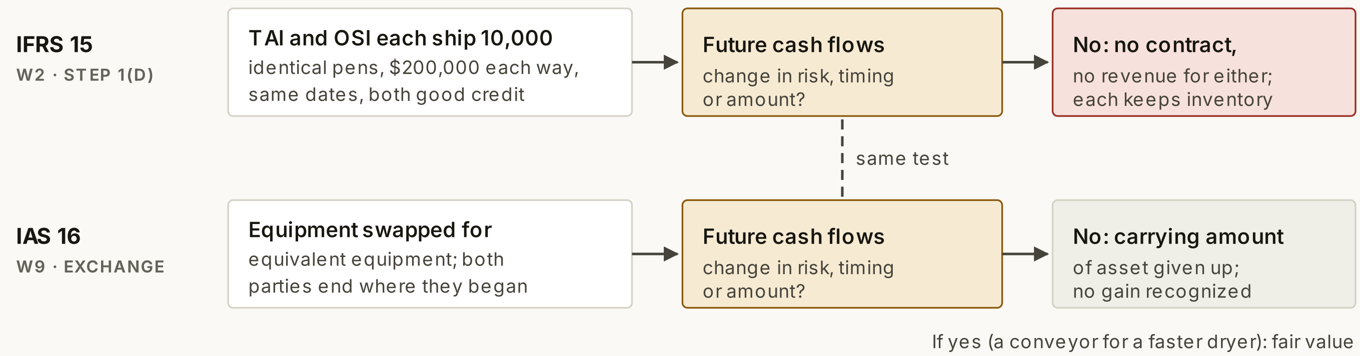
Is there a contract that creates real rights?

DECISION QUESTION

Is there an approved contract with identifiable rights and payment terms, commercial substance, and probable collection?

All five criteria must hold before a contract enters IFRS 15. If any fails, no revenue is recognized, and cash already received is a liability until the criteria are met. Commercial substance is the one people underrate: the risk, timing or amount of the entity's future cash flows must be expected to change.

FIG 3 **Commercial substance: one test, two consequences** FALL W2 · SLIDES 8 TO 10 · W9 VIDEO



Name both halves when you use it. In revenue, a fail blocks the contract, so nobody books a sale. In a PP&E exchange, a fail changes the measurement, so the new asset carries the old carrying amount and no gain appears. The test is identical; the consequence is not.

One failure per criterion: the Fall lecture's cases FALL W2 · SLIDES 9 TO 14

The lecture breaks each criterion in turn. Cover the right-hand column and say why each one fails before you look.

CRITERION (15.9)	LECTURE CASE	WHY IT FAILS
(a) Approved, both committed	A sales rep sends a signed quote and starts shipping. The customer's purchasing department hasn't signed off, and has a record of walking away from similar deals before final sign-off.	No mutual approval and commitment yet, so no contract
(b) Rights identifiable	A letter of intent: Company A "will provide some marketing support", Company B "will provide some product".	Neither party's rights can be identified
(c) Payment terms identifiable	A consulting project "at a fair price to be negotiated once the scope is finalized", with no rate card, formula or method.	No way to determine what will be paid
(d) Commercial substance	TAI and OSI swap 10,000 identical tablet pens at 200,000 each way, same dates, both with strong credit.	Risk, timing and amount of future cash flows are unchanged. Had it qualified, TAI would show 200,000 revenue, 70,000 cost of sales and 130,000 gross profit
(e) Collection probable	200,000 of goods shipped to a customer already under bankruptcy protection, with a record of non-payment and no deposit or collateral.	Collection is not probable: no revenue, and any cash received is a deposit, a liability

LECTURE CHECK · FALL W2, SLIDE 15

TELUS ships a phone order after a verbal "yes" from the client's IT manager, who has no purchasing authority. Is there approval and commitment under 15.9(a)?

Answer: Fall W2, slide 15 in the key at the back.

Worked example: Clothing Technology and VSI W2 PBL SOLUTION

The facts. CTL signs with Vancouver Sports on 3 November 2025 to deliver smart clothing and train VSI's 1,000 associates in its new stores, for 2,000,000 due 20 February 2026. CTL's costs run at 60% of the 2,200,000 of stand-alone prices. VSI is a long-time customer that always pays on time. Does the contract pass Step 1?

▼ WORKED SOLUTION

CRITERION (15.9)	CASE FACT THAT PROVES IT	RESULT
Approved and committed	Contract signed with VSI on 3 November 2025	met
Rights identifiable	CTL will deliver clothing and train all 1,000 associates in the new stores	met
Payment terms identifiable	2,000,000, due 20 February 2026	met
Commercial substance	Costs are 60% of 2,200,000 SSP = 1,320,000 against a 2,000,000 price: future cash flows change	met
Collection probable	VSI is a long-time customer that always pays on time	met

EXAM MOVE · MARKER EVIDENCE

Write Step 1 only when the facts put it in doubt or the question asks. On the Spring 2026 midterm the paper said a colleague had reviewed "Identify the Contract", and many students still wrote a full page on it.

CONNECTION · WEEKS 6–7 RECEIVABLES

Collection is tested here once, at inception. If doubt arises later, revenue stays; the receivable gets an expected credit loss allowance. Doubt at the start keeps the contract out; doubt after the start is an impairment.

COMMON MISTAKE

Treating a signed document as a contract without checking commercial substance (the pen swap), or recognizing revenue on cash received from a customer who fails 15.9(e).

RETRIEVAL R2

Six months after a sale on credit, the customer's credit collapses. Do you reverse the revenue? Which week's tool handles it?

Answer: R2 in the key at the back.

1 2 3 4 5 TOPIC 3 · STEP 2 · IFRS 15.22, 15.27 Q2 UNIT FALL W2 · SLIDES 16 TO 20 SPRING 2026

What is the unit we are accounting for?

DECISION QUESTION

How many distinct promises does the customer actually get?

A promise is a separate performance obligation only if it is **capable of being distinct** (the customer can benefit from it alone or with readily available resources) **and distinct in the context of the contract** (no significant integration, modification or customization, and not highly interdependent). A run of substantially the same services with the same pattern of transfer is one obligation: a series.

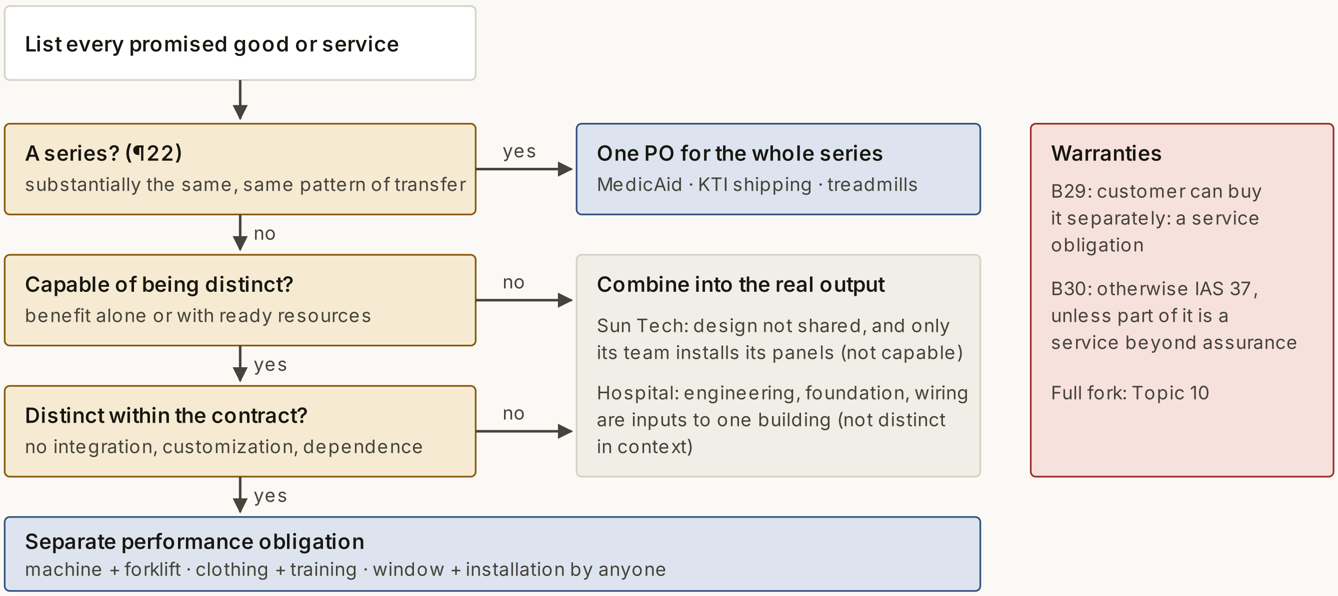
Capable of being distinct?
The lecture's shorthand: can the customer use it on its own?

Distinct within the contract?
Is this really a separate thing, or just part of a bigger package?

Both yes: separate performance obligations. Either no: combine into one.

FIG 4 **Three questions fix the unit before anything is measured**

IFRS 15.22, 15.27, B29



Two lenses the course accepts for "distinct in context". Performance risks: does delivering one promise change the risks of delivering the other? Inputs and output: are the promises inputs to one combined output? Either lens, argued with facts, earns the mark.

How the course's contracts split

Cover the last two columns and call each one before you check.

CONTRACT	PROMISES	POS	THE FACT THAT DECIDES IT
Equipment Ltd **FALL W2 · S18**	Packaging machine, forklift	2	Each works on its own; no integration
Software licence plus heavy customization **FALL W2 · S20**	Standard licence, installation that customizes it to the customer's systems	1	The customization modifies the licence: one combined output
IFRS example	Equipment, simple installation	2	Installation not complex; several providers could do it
Hospital **FALL W2 · S19**	Engineering, site work, foundation, wiring, finishing	1	The promise is a hospital; the rest are inputs
Clothing Technology **W2**	Clothing, staff training	2	Training isn't product-specific and is sold alone
Sun Technology **W4**	Consulting, design, panels, installation	1	Design isn't shared; only STI installs its panels
Custom Glass **MT 2025**	Custom window, installation, quality guarantee	2	Other suppliers can install; guarantee isn't sold separately
MedicAid **MT 2026**	Monthly deliveries for 4 years	1	Series: all shipping, same pattern of transfer
Tablets **W3**	Tablet with assurance warranty, extended warranty	2	Extended plan can be bought separately (B29)

ASPE · SECTION 3400 APPENDIX

ASPE calls these separate units of account. A deliverable is separate if it has value to the customer on a stand-alone basis and, where there's a general right of return, delivery of the rest is probable and substantially in the vendor's control.

CONNECTION · WEEK 9 COMPONENTS

PP&E asks the same "what is the unit?" question: significant parts with different lives are depreciated separately. Same judgment, different purpose: here the unit times revenue; there it spreads cost.

COMMON MISTAKE

Jumping straight to timing, or treating each month of a service as its own obligation. The Spring 2026 marker expected the series wording for MedicAid.

RETRIEVAL R3

Equipment plus installation that any contractor could perform: how many obligations? Which single fact would make it one?

Answer: R3 in the key at the back.

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1 2 **3** 4 5 TOPIC 4 · STEP 3 · IFRS 15.47–72 Q5 AMOUNT Q3 QUALIFIES FALL W2 · SLIDES 21 TO 25 MT 2025

Build the price before you split it

DECISION QUESTION

What amount does the entity expect to be entitled to, and how much of the uncertain part may it include?

The core principle is the consideration the entity **expects to be entitled to**, not the sticker price and not total cash. Four adjustments can move the contract price to the transaction price, and all of them happen before Step 4.

Contract price		Variable consideration		Significant financing		Non-cash consideration		Payable to the customer
fixed amount in the contract	±	expected value or most likely amount, then the constraint	±	cash selling price; interest apart (Topic 5)	+	fair value received (a used truck traded in); if not measurable, the SSP of what you gave	−	volume rebates, store coupons

The lecture's rule for all four: estimate the consideration expected, and never artificially overstate revenue at the time of sale.

Method choice. Expected value suits a large number of outcomes with similar characteristics; most likely amount suits two possible outcomes, such as a bonus that is earned or isn't. **The constraint**: include variable consideration only to the extent it is highly probable that a significant reversal of cumulative revenue will not occur.

GREENBOROUGH · MANY OUTCOMES FALL W2 · S24

4,500,000 warehouse, 100,000 less for each 6 months of delay. Ten years of history:

OUTCOME	PROB.	PRICE	WEIGHTED
On time	40%	4,500,000	1,800,000
Up to 6 months late	25%	4,400,000	1,100,000
Up to 12 months	17%	4,300,000	731,000
Up to 18 months	13%	4,200,000	546,000
Up to 24 months	5%	4,100,000	205,000
Expected value	**100%**		**4,382,000**

Then apply the constraint before booking it.

CUSTOM GLASS · ONE BONUS MT 2025

Price 1,380,000 plus a 36,000 bonus if installation finishes by 31 January 2025.

Two outcomes	Bonus or no bonus: use the most likely amount
Most likely	Window complete, installation scheduled 23 January, no delays expected
Constraint	Highly probable no significant reversal: include it
Transaction price	**1,380,000 + 36,000 = 1,416,000**

LECTURE CHECK · FALL W2, SLIDE 25

Canadian Tire sells 500 units of a seasonal product to a wholesaler with a volume rebate: 5% of the price comes back if the wholesaler's purchases for the year pass a threshold. History gives two outcomes only, threshold met (70%) or not (30%), and the rebate is all or nothing. Which method estimates the variable consideration, and why?

Answer: Fall W2, slide 25 in the key at the back.

CONNECTION · IAS 37 AND WEEK 6–7 ECL

Expected value is the same probability-weighting as a warranty provision for a large population (IAS 37) and an expected credit loss matrix. Same arithmetic, three standards; only IFRS 15 adds the constraint. Revising the estimate later is an IAS 8 change in estimate.

COMMON MISTAKE

Using expected value for a single yes-or-no bonus, or computing 4,382,000 and stopping without the constraint sentence.

RETRIEVAL R4

Why expected value for Greenborough but most likely amount for Custom Glass? What would make Custom Glass exclude the bonus?

Answer: R4 in the key at the back.

1 2 3 4 5 TOPIC 5 · STEP 3 · IFRS 15.60–65 · ASPE 3856 Q5 AMOUNT Q6 AFTERWARD FALL W2 · SLIDES 26 TO 29 MT 2024

Separate the sale from the passage of time

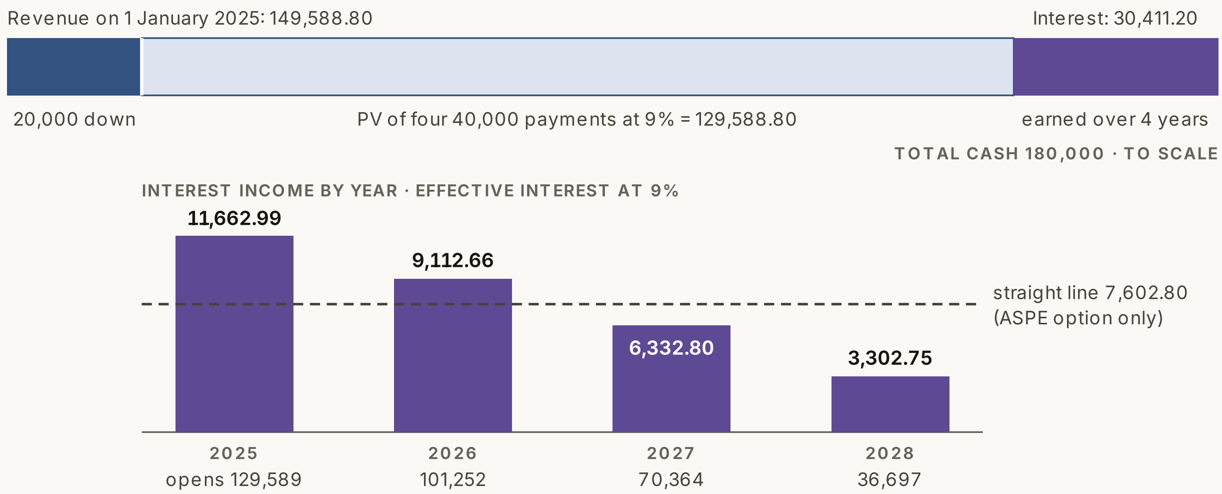
DECISION QUESTION

Does the payment timing give the customer financing, and what is the cash selling price?

When payment falls well after transfer, the cash contains two activities: selling a good and lending money. Revenue is the **cash selling price** (the price if paid on transfer); the rest is interest income, earned as time passes. The practical expedient lets you ignore financing when the gap is one year or less.

FIG 5 **Barnett: 180,000 of cash is two different kinds of income**

FALL W2 · SLIDES 26 TO 29 · ANCHOR CASE



Revenue is fixed on day one; interest follows the balance. Effective interest is opening balance × 9%, so it shrinks as the note is paid down. Straight-line (ASPE only) spreads 30,411.20 evenly. Both methods earn the same total interest and the same revenue.

Worked: Barnett Corp. FALL W2 · SLIDES 26 TO 29

The facts. Welding-machine maker, publicly traded, December year end. Machine delivered 1 January 2025 to a long-time customer with a very good credit rating; 20,000 down, then four annual payments of 40,000 from 31 December 2025; no separate interest; appropriate rate 9%. Find the revenue, the interest, and the entries for 1 January and 31 December 2025.

▼ WORKED SOLUTION

Step 2	One machine: one obligation
Step 3 issue	Payments run 4 years past delivery: significant financing, beyond the 1-year expedient
Cash price	20,000 + 40,000 × 3.23972 = 149,588.80
Interest	180,000 − 149,588.80 = 30,411.20
Step 5	Standard machine, delivered: point in time, 1 January 2025

YEAR	OPENING NOTE	INTEREST 9%	CASH	CLOSING
2025	129,588.80	11,662.99	40,000	101,251.79
2026	101,251.79	9,112.66	40,000	70,364.45
2027	70,364.45	6,332.80	40,000	36,697.25
2028	36,697.25	3,302.75	40,000	0.00

1 JANUARY 2025 · SALE

	Dr	Cr
Cash	20,000.00	
Long-term note receivable	129,588.80	
Revenue		149,588.80
Cost of goods sold	cost	
Inventory		cost

Cost of the machine isn't given in the slides; the line belongs in every sale. Slide 28 prints the note as 129,588.00 and revenue as 149,588.00; the .80 on slides 26 and 27 is right (Part VIII, item 15).

31 DECEMBER 2025 · FIRST INSTALMENT

	Dr	Cr
Cash	40,000.00	
Interest income		11,662.99
Long-term note receivable		28,337.01

ASPE

Section 3400 has no financing model. The note is a financial instrument under Section 3856, initially at the present value of its cash flows at a market rate. The lecture allows effective interest or straight line: 30,411.20 ÷ 4 = 7,602.80 a year. Same total interest, different pattern (slide 29).

Two other shapes of the same problem

MICROARM · PRICE KNOWN, PAYMENT DERIVED W2 VIDEO

Tractor sells for 85,000 cash on delivery (1 January 2023). Customer pays in three equal annual instalments at 10%: payment = 85,000 ÷ 2.48685 = 34,179.76. Total cash 102,539.27; revenue 85,000; interest 17,539.27, earned 8,500.00, then 5,932.02, then 3,107.25. ASPE straight line: 17,539.27 ÷ 3 = 5,846.42 a year.

TOWNSHIP OF WELLINGTON · UNEVEN PAYMENTS MT 2024

Truck delivered 1 September 2023: 17,000 on delivery, 350,000 on 1 September 2024, 360,000 on 1 September 2025, at 6%. Discount each payment on its own: 17,000 + 330,189 + 320,399 = 667,588 revenue; COGS 70% = 467,312. By 31 December, 4 months of interest: 650,588 × 6% × 4/12 = 13,012 (Dr note receivable, since interest isn't paid separately).

CONNECTION · WEEKS 7–8 AMORTIZED COST

The note is a financial asset at amortized cost. A Week 8 discount bond (97,922 growing to 100,000) runs on the same table: interest = opening carrying amount × effective rate. ASPE's straight-line choice reappears for bond discounts. The simplified credit-loss approach in Weeks 6–7 is for receivables **without** a significant financing component, which is decided here.

COMMON MISTAKE

Revenue of 180,000; straight-line under IFRS; discounting the down payment; an annuity factor applied to uneven payments; forgetting the partial-year interest accrual.

RETRIEVAL R5

Barnett at 31 December 2026: what is the note's carrying amount, and what interest income does 2026 report?

Answer: R5 in the key at the back.

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1 2 3 **4** 5 TOPIC 6 · STEP 4 · IFRS 15.73–80 | Q5 AMOUNT | FALL W2 · SLIDES 30 TO 33 | W2–3 PBL

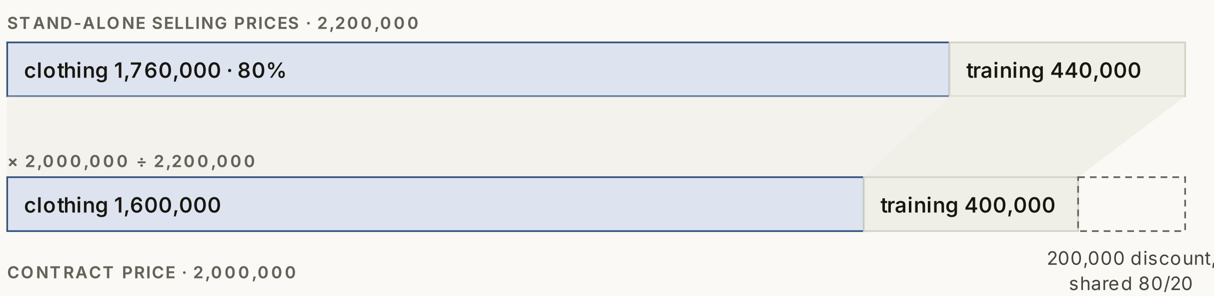
Split one price on stand-alone selling prices

DECISION QUESTION

How much of the single transaction price belongs to each performance obligation?

Allocated amount = transaction price × SSP of the obligation ÷ total SSP. Use observable stand-alone prices first. Without one: adjusted market assessment (what competitors charge), expected cost plus a margin, or, in limited cases, the residual approach (price less the known SSPs). Any bundle discount is spread proportionally.

FIG 6 **The discount is shared in proportion: 2,200,000 of SSP becomes 2,000,000 of price** W2 PBL · TO SCALE



Allocate the price, then apply progress to the allocated amount. Training's 400,000 is the base for Step 5. 30% of 440,000 (the SSP) would overstate 2025 revenue by 12,000.

The lecture's arithmetic for Equipment Ltd: 750,000 ÷ 1,075,000 = 69.77%, and 69.77% × 1,000,000 = 697,674; the forklift takes the other 30.23%, 302,326. Cover the last column and run the others the same way.

CONTRACT	PRICE	SSPS	ALLOCATION
Equipment Ltd FALL W2 · S32	1,000,000	machine 750,000 · forklift 325,000	697,674 · 302,326
Clothing Technology W2	2,000,000	clothing 1,760,000 · training 440,000	1,600,000 · 400,000
Momentum Fitness W3	158,000	50 treadmills 150,000 · 50 plans 10,000	148,125 · 9,875
Tablets W3 VIDEO	600 each	tablet 500 · extended plan 125	480 · 120
Custom Glass (residual) MT 2025	1,416,000	custom window: none observable · installation 140/h × 7 h = 980	window 1,415,020 · installation 980

LECTURE CHECK · FALL W2, SLIDE 33

Loblaw sells a smart-fridge sensor with a one-year grocery delivery subscription for 300. Stand-alone prices: sensor 100, subscription 250. How much of the 300 goes to the sensor?

Answer: Fall W2, slide 33 in the key at the back.

CONNECTION · WEEK 9 LUMP-SUM PURCHASES

Buying land, building and equipment for one price, you allocate cost on relative fair values: the same proportional arithmetic (your Week 9 notes). The base differs: fair values of assets bought, not SSPs of promises sold.

COMMON MISTAKE

Allocating before Step 3 adjustments (Custom Glass allocates 1,416,000 including the bonus), recording SSPs as revenue, or giving part of the price to an assurance warranty.

RETRIEVAL R6

Clothing Technology: why is December training revenue 120,000 and not 30% of 440,000?

Answer: R6 in the key at the back.

---

1 2 3 4 **5** TOPIC 7 · STEP 5 · IFRS 15.31–38, B4 · Q4 WHEN · FALL STEP 5 DECK · SLIDES 3 TO 25 · MT 2025–26

Over time or at a point in time

DECISION QUESTION

Does control pass to the customer as the entity performs, or at one moment?

Revenue is recognized when, or as, the customer obtains control. Test each obligation separately. Check the three over-time criteria first; any one is enough. Only if all three fail is it a point in time, located with the ¶38 indicators, which you weigh as evidence rather than count.

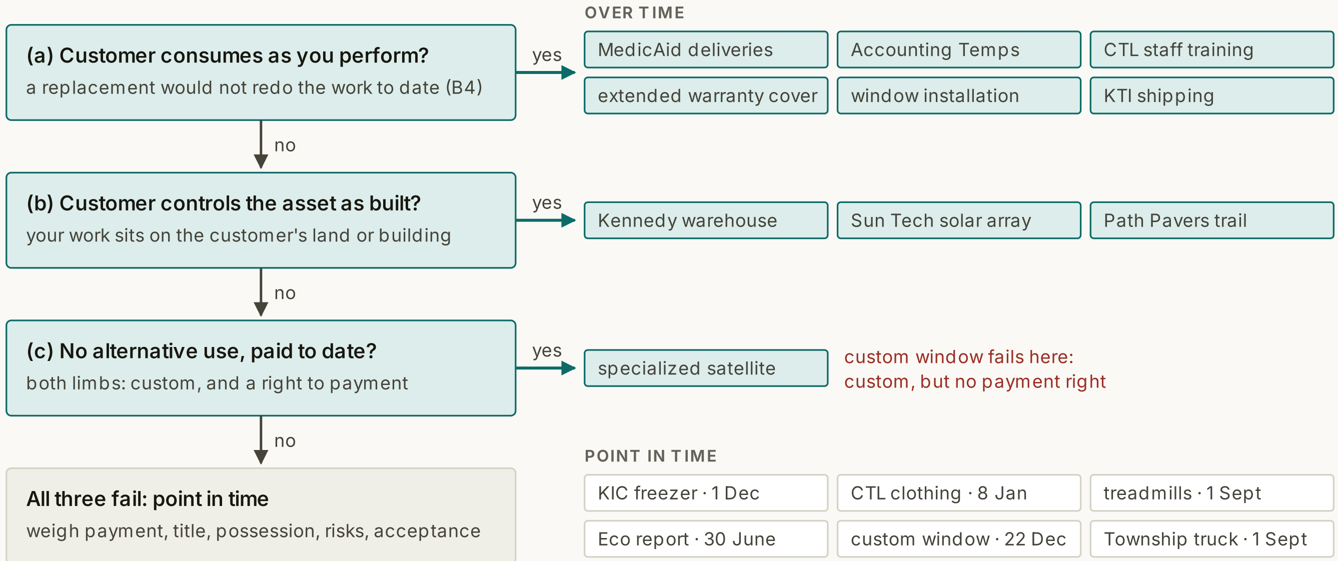
CONTROL, AS THE LECTURE DEFINES IT · SLIDE 3

The customer can **direct the use** of the asset and **obtain substantially all** of its remaining benefits, and can **prevent others** from directing its use or benefiting from it.

Benefits include using the asset to produce goods or services, enhancing other assets, settling liabilities, selling or exchanging it, pledging it as collateral, or simply holding it.

FIG 7 **The verdict board: where each course case lands**

IFRS 15.35, 15.38



Hours worked and custom design are not over-time evidence on their own. Eco Consulting had 200 of 500 hours logged at year end but delivered nothing the client could use, controlled no asset in progress, and could bill only after the report: all three fail. The custom window had no alternative use, but the contract gave no right to payment for work to date, so (c) fails.

The three criteria, each with the lecture's case

FALL STEP 5 · SLIDES 5 TO 8

(a) Simultaneous receipt and consumption

Lecture case. A cleaning company cleans an office building every night. The customer benefits from a clean floor the moment it is cleaned.

The test. Would another entity have to substantially re-perform the work done so far if it took over the contract? No: criterion met.

Same pattern: payroll processing, monthly bookkeeping, freight, Accounting Temps.

(b) An asset the customer controls as it is built

Lecture case. A contractor builds a custom home on land the customer already owns. The foundation and half-built walls are the customer's at every stage.

The key fact. Whose land it is on. A house built on the builder's own land, to sell later, fails: the customer controls nothing until closing.

Same pattern: custom software built on the customer's own servers.

(c) No alternative use, and a right to payment to date

Lecture case. A defence contractor builds a satellite to one government customer's exact specifications.

Two questions, both yes. If the customer walked away, could I sell this to someone else? (No, or only at a big loss.) If the customer backs out partway, does the contract guarantee I am paid for the costs and profit already put in?

An off-the-shelf product almost never qualifies, however strong the payment terms.

IF ALL THREE FAIL · THE ¶38 INDICATORS, SLIDE 9

1. The entity has a present right to payment
2. The customer has legal title
3. The entity has transferred physical possession
4. The customer has the significant risks and rewards of ownership
5. The customer has accepted the asset

Recognize revenue at the moment most or all of them point the same way.

LECTURE CHECK · VEVOX POLL, SLIDE 10

A manufacturer builds a highly customized machine to one customer's exact specifications, with an enforceable right to payment for work completed. Over time or at a point in time?

Answer: Vevox poll, slide 10 in the key at the back.

The Fall lecture's five cases FALL STEP 5 · SLIDES 12 TO 24

Cover the last two columns, decide from the facts, then check.

CASE AND FACTS	CRITERION MET	VERDICT
Keep It Cool · a standard freezer for Systems Inc.'s warehouse, 930,000; delivered and title passes 1 December 2025; payment in 30 days; excellent credit	None	Point in time, 1 December 2025: possession, title and risks and rewards all point the same way. ASPE lands on the same date
Accounting Temps · one year of accounting services for 60,000 from 1 January 2025, an employee on site each month; 31 March year end	(a), and the monthly services are one series (¶22)	One obligation, over time: 3 of 12 months, 15,000 by 31 March (the slide prints 1/3 and 20,000; see Part VIII)
Eco Consulting · a 250,000 study of PML's electricity use; 200 of 500 hours logged by the 31 March year end; report delivered and billed 30 June	None: PML gets nothing it can use until the report, controls no asset along the way, and payment is earned only on delivery	Point in time: nothing at 31 March, all 250,000 on 30 June
Clothing Technology, clothing · 1,600,000 allocated; shipped FOB destination; an ice storm delays arrival to 8 January 2026	None	Point in time, 8 January 2026: none of the 1,600,000 belongs in 2025. FOB destination makes the storm CTL's problem
Clothing Technology, training · 400,000 allocated; 1,000 associates, 300 trained by 31 December	(a), like Accounting Temps	Over time, output method: 300 ÷ 1,000 × 400,000 = 120,000 in 2025

THE LECTURE'S STEP 5 RECAP · SLIDE 25

1. Revenue is recognized when the customer obtains control, not simply when work is being done.
2. Test each performance obligation separately against the over-time criteria.
3. Assurance warranties don't change the count: a cost of the sale, not a separate promise.
4. A series of substantially the same services can be one obligation, recognized over time.
5. Ongoing work is not over-time revenue: Eco Consulting shows the difference.

Worked: one pass, one fail MIDTERMS

MEDICAID · PASSES (A) MT 2026

Performance	Monthly deliveries of hospital supplies for 4 years
(a) Consumes as performed?	Hospitals use each month's supplies as delivered; another carrier wouldn't redeliver past months
Conclusion	**Over time; measure with time elapsed**

CUSTOM GLASS WINDOW · FAILS ALL THREE MT 2025

(a)	No benefit until delivered; another maker would start over
(b)	WIP sits in CGL's plant, controlled by CGL until delivery
(c)	Custom (no alternative use) but no payment for work to date if Story Station cancels
Conclusion	**Point in time: delivery, 22 December 2024. Installation is a separate obligation over time**

ASPE · PERFORMANCE AND RISKS AND REWARDS

ASPE recognizes revenue on performance: risks and rewards transferred (goods), collection reasonably assured, measurable, plus persuasive evidence of an arrangement, delivery or service rendered, and a fixed or determinable price (RCMP). For services and long-term contracts: percentage of completion when it relates revenue to work accomplished; completed contract only for a single act or when progress can't be reasonably estimated. It is not a free choice. The KIC freezer lands on 1 December under both frameworks.

CONNECTION · WEEK 1 AND WEEK 6

Control is the same limb as the Week 1 asset test (training costs failed it). In Week 6, control decides whose inventory is in the count: FOB terms and consignment (Topic 9).

COMMON MISTAKE

"Work has started, so over time." Or counting three of five ¶38 indicators as a vote. Spring 2026 markers gave generous marks once; they said specific facts will be required for full marks.

RETRIEVAL R7

The custom window has no alternative use. Why is its revenue still recognized at a point in time?

Answer: R7 in the key at the back.

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1 2 3 4 **5** TOPIC 8 · STEP 5 · MEASURING PROGRESS · IFRS 15.39–45 Q4 WHEN Q6 AFTERWARD

FALL STEP 5 · SLIDES 19 AND 24 W3–4 PBL

How far along is the entity?

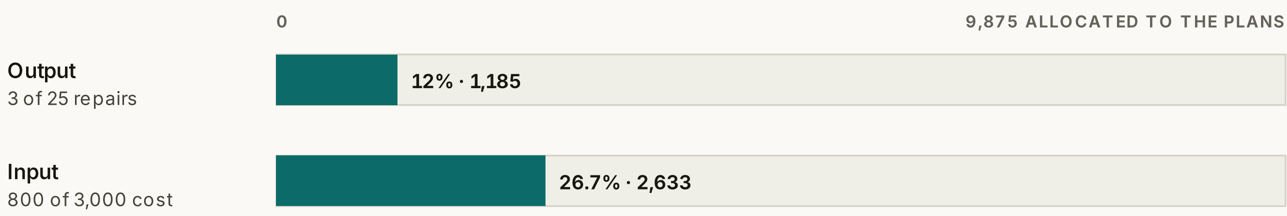
DECISION QUESTION

Which measure best depicts the transfer of control, and what share has transferred to date?

Output methods measure what the customer received: units, milestones, time elapsed, repairs made. **Input methods** measure the entity's effort: costs incurred over total expected costs, labour hours. Apply one method consistently to similar obligations, and choose the one that depicts transfer, not the one that gives a nicer earnings pattern.

Revenue to date = (progress to date ÷ total expected) × allocated transaction price

FIG 8 Same contract, two measures: Momentum Fitness's extended warranties in 2025 W3 PBL · TO SCALE



MFI's own policy is output (number of repairs), because time doesn't reflect how it delivers. 50% of 50 treadmills are expected to need repairs: 25 in total, 3 done. The input version uses expected cost of 30% × 10,000 = 3,000 and 800 incurred. Different measures, different answers: the method must be argued, not assumed.

CASE	MEASURE	ARITHMETIC	REVENUE
Accounting Temps, 31 March year end FALL STEP 5 · S19	time	3 of 12 months × 60,000	15,000
CTL training, December FALL STEP 5 · S24	associates trained	300 of 1,000 × 400,000	120,000
MedicAid, 2025 MT 2026	time	1 of 4 years × 4,000,000	1,000,000
Path Pavers, year 2 W3 LECTURE	output survey	40% × 25M − 16% × 25M	6,000,000
Tablet service plans W3 VIDEO	cost to cost	2,100 of 5,250 × 18,000	7,200
Kennedy, 20X1 W4	cost to cost	6.5M of 36.0M × 40M	7,222,222

SUN TECHNOLOGY: WHEN INPUTS MISLEAD W4 PBL

STI spent 700,000 on consulting and design before any panel was installed. Cost to cost counts that as progress, yet the customer benefits only as panels are installed. The sample solution recommends considering an output measure (panels installed over total panels).

CONNECTION · WEEK 6 NORMAL CAPACITY

Inventory keeps abnormal costs (idle capacity from a strike) out of the asset: 150,000 of 300,000 fixed overhead is expensed when output halves. Same instinct, different standard: a cost that doesn't depict what was produced or transferred shouldn't drive the number. This is an analogy, not an IFRS 15 rule from your materials.

COMMON MISTAKE

MedicAid: "many had a full page of input method calculations", when time gave 4,000,000 ÷ 4 = 1,000,000 in one line.

RETRIEVAL R8

Why was time, not cost, the right measure for MedicAid, and what would have justified cost to cost instead?

Answer: R8 in the key at the back.

1 2 3 4 **5** TOPIC 9 · STEP 5 SPECIAL SITUATIONS · IFRS 15.B77–B82 Q4 WHEN Q7 REPORT FALL STEP 5 · SLIDES 26 TO 34

Where possession and control part company

DECISION QUESTION

Where are the goods, and who can direct their use and take their benefits?

Possession is evidence of control, never the answer. The lecture calls consignment and bill-and-hold the same Step 5 question in disguise: has control really transferred? They are exactly the cells where possession and control disagree, and each one has a twin in the Week 6 inventory count.

FIG 9 **Four cells, four revenue answers, four inventory-count answers** FALL STEP 5 DECK · W6

	GOODS STILL WITH THE SELLER	GOODS HAVE LEFT THE SELLER
Control passed to the buyer	**Bill-and-hold (B79–B82)** Revenue before delivery only if all four B81 tests pass Count: not the seller's inventory, though it sits in the seller's warehouse **Precision Parts: 200,000**	**Ordinary sale** Revenue when control passes; FOB terms fix the moment of delivery Count: the buyer's inventory once control passes **CTL clothing: FOB destination, 8 Jan**
Control stayed with the seller	**Nothing yet** No transfer, no revenue Count: the seller's inventory	**Consignment (B77–B78)** Revenue when the dealer sells to the end customer, not on shipment Count: the consignor's inventory, though the dealer holds it **Bright Furnishings: 20 chairs, 4,000**

The count follows control, not the warehouse. Week 6's error pattern C is this figure's bottom-right cell gone wrong: 40,000 of consignment goods included in a year-end count overstates inventory and net income by 40,000.

BRIGHT FURNISHINGS · CONSIGNMENT

FALL STEP 5 · S28 TO 30

Shipping goods to a consignee is not a sale. The signs (B78; the slide cites B77, which describes the arrangement): the consignor can require the goods back or send them to a third party, it controls delivery to the end customer, and the consignee has no unconditional obligation to pay until it resells.

The facts. Bright ships 50 designer chairs costing 200 each to Amazon on consignment. Amazon sells to end customers at 500, keeps a 20% commission and remits 80%. By year end 30 chairs have sold. Record the sales.

WORKED SOLUTION

WHEN THE DEALER REPORTS 30 SALES

Cash or receivable from Amazon	12,000	
Commission expense	3,000	
Revenue (30 × 500)		15,000
Cost of sales (30 × 200)	6,000	
Inventory		6,000

The slide's entry stops at revenue; the cost line belongs in every sale. The 20 unsold chairs (4,000) stay in Bright's inventory, although they sit in Amazon's warehouse.

The lecture's other consignments: paintings left with a gallery on a 30% commission, books a store may return within 90 days and pays for only when sold, cars on a dealer's floor plan paid for as each one sells.

PRECISION PARTS · BILL-AND-HOLD

FALL STEP 5 · S31 TO 32

The customer buys but asks the seller to keep the goods. The lecture calls it a classic earnings-management red flag, so all four B81 conditions must be met, each with a fact.

The facts. 200,000 of custom machinery components; the customer asks Precision to store them for three months because of its own warehouse constraints. It is billed and cannot cancel. The goods are complete, tagged and segregated in Precision's warehouse, and Precision cannot use them or redirect them to anyone else.

Substantive reason	Customer's own storage constraint
Identified as the customer's	Tagged and segregated
Ready for transfer	Complete and available now
Seller can't use or redirect	Stated in the facts; the sale is noncancellable

WORKED SOLUTION

ON THE BILL-AND-HOLD DATE

Accounts receivable	200,000	
Revenue		200,000
Cost of sales	cost	
Inventory		cost

Cost isn't given. If storage is a separate custodial service (B82), part of the price is deferred.

LECTURE CHECK · VEVOX POLL, SLIDE 33

A seller stores goods at the customer's request but keeps the option to sell them to a different buyer if a better offer comes along. Bill-and-hold revenue now?

Answer: Vevox poll, slide 33 in the key at the back.

THREE RELATED RULES BEYOND THE LECTURE EXAMPLES IFRS 15 · TEXTBOOK

- **Principal or agent (B34–B38).** Did the entity control the good before the customer got it? Principal: gross revenue, the other party's fee is an expense (Bright Furnishings reports 15,000, margin 6,000). Agent: revenue is the net fee (Amazon reports 3,000).
- **Right of return (B20–B27).** Revenue only for goods expected to be kept; a refund liability for the rest; cost of sales only for goods kept; an asset for the right to recover goods. Remeasure each reporting date.
- **Repurchase (B64–B76).** If the seller has a forward or call option to buy the goods back (B66), the customer never obtains control: it's a lease or a financing, not a sale and not consignment.

THE LECTURE'S KEY TAKEAWAYS · SLIDE 34

1. Control, not physical delivery and not ongoing effort, is what triggers revenue.
2. Consignment: shipment isn't a sale; revenue waits until the consignee sells to the end customer.
3. Bill-and-hold: all four criteria or revenue waits for delivery. Watch it as an earnings-management signal.
4. Each special situation is the same Step 5 question in a different disguise: has control really transferred?

CONNECTION · WEEK 6 INVENTORY

Revenue's control date is the date cost leaves inventory for cost of sales. Goods in transit at year end belong to whoever controls them under the FOB terms: CTL's clothing (FOB destination, stuck in the ice storm) was still CTL's inventory on 31 December.

COMMON MISTAKE

Revenue on shipment to a consignee; bill-and-hold revenue with one B81 condition unproven; the bill-and-hold entry without cost of sales.

RETRIEVAL R9

Your year-end count includes 40,000 of goods you hold on consignment for a supplier. Effect on inventory, cost of sales and net income?

Answer: R9 in the key at the back.

---

1 2 3 4 5 TOPIC 10 · IFRS 15.B28–B33 · IAS 37 · ANCHOR CASE Q2 UNIT Q3 QUALIFIES Q5 AMOUNT Q6 AFTERWARD

FALL STEP 5 · SLIDES 14 TO 17 W3 VIDEO, PBL

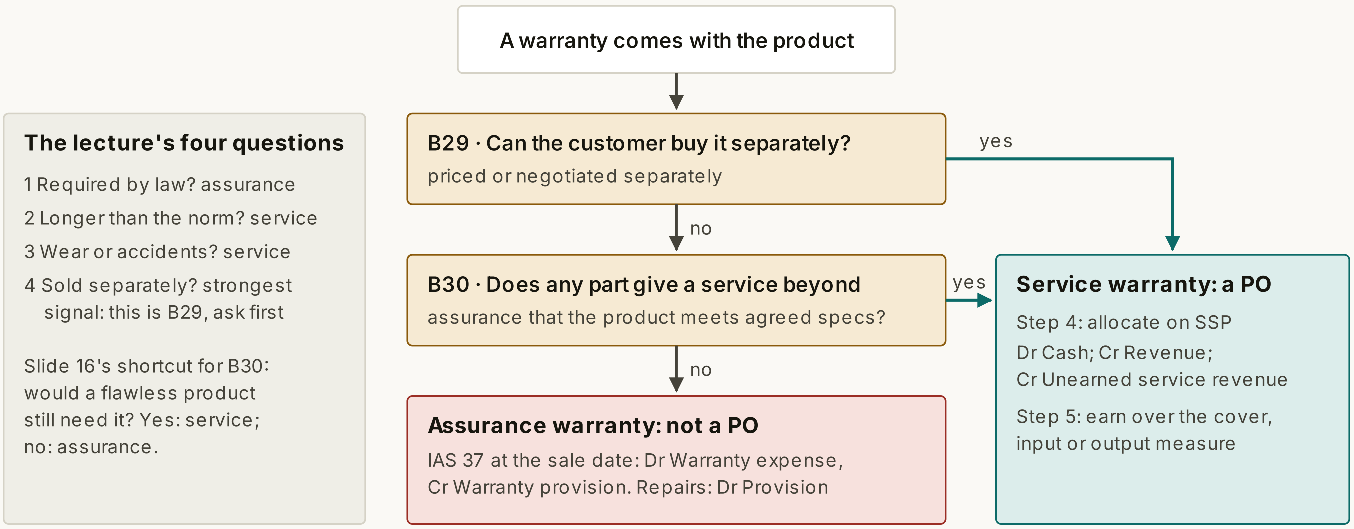
One word, two standards: warranties

DECISION QUESTION

Is the warranty a second promise the customer is buying, or a cost of keeping the first promise?

FIG 10 The warranty fork: B29 first, then B30

IFRS 15.B29–B32 · FALL STEP 5 · SLIDES 16 AND 17



Ask B29 first. Separate purchase is the strongest signal, as the lecture's fourth question says, and it ends the analysis: a service obligation. Only when it can't be bought separately do you ask whether part of it is a service beyond assurance. Coverage length is a signal, not the test.

Worked: Keep It Cool's freezer with a defect warranty

FALL STEP 5 · S14 TO 15

The facts. The same 930,000 standard freezer, delivered 1 December 2025, now comes with the manufacturer's promise to repair defects free for the first year. How many performance obligations, and what is recorded on 1 December?

▾ WORKED SOLUTION

The warranty only assures that the freezer meets the agreed specifications, and it isn't sold separately: no to both of the lecture's tests. Still **one** performance obligation, recognized at a point in time on 1 December, exactly as without the warranty. The repair promise is a cost of the sale, provided for under IAS 37.

One sale can also split: a standard first year is assurance, bundled; years 2 to 5 of an extended plan are a service, a separate obligation with its revenue deferred over those years (slide 17).

1 DECEMBER 2025

Accounts receivable, Systems Inc.	930,000	
Revenue		930,000
Cost of goods sold	cost	
Inventory		cost
Warranty expense	estimate	
Warranty provision		estimate

The slide gives no cost or repair estimate, so those lines carry no amounts; on an exam they are never optional.

Worked: the tablets, both packages in one year

W3 WARRANTY VIDEO, CH 4 PROBLEM

The facts. 250 tablets sold for cash; cost 300 each. 100 were sold at 500 with the assurance warranty only. 150 were sold at 600 with a 2-year extended plan (plan sold alone for 125). Expected assurance repairs 25 per tablet; expected plan repairs 35 per tablet. Actual assurance repairs in the year 2,000 (all 250 tablets); actual plan repairs 2,100. Repairs are half parts, half labour. Plan revenue uses the input method. Give every entry for the year and the closing balances.

▼ WORKED SOLUTION

100 TABLETS · ONE PO, POINT IN TIME

SALE

Cash	50,000	
Revenue		50,000
Cost of goods sold	30,000	
Inventory		30,000
Warranty expense (100 × 25)	2,500	
Warranty provision		2,500

ACTUAL ASSURANCE REPAIRS, ALL 250 TABLETS

Warranty provision	2,000	
Parts inventory		1,000
Wages payable		1,000

Not expensed again: the estimate was already expensed at sale.

Present obligation	Contract promises to fix manufacturing defects
Probable outflow	History of warranty repairs
Reliable estimate	Cost history: 25 per tablet

150 TABLETS · TWO POS

600 × 500/625 = 480 tablet · 600 × 125/625 = 120 plan

SALE

Cash (150 × 600)	90,000	
Revenue, tablets (150 × 480)		72,000
Unearned service revenue (150 × 120)		18,000
Cost of goods sold	45,000	
Inventory		45,000
Warranty expense (150 × 25)	3,750	
Warranty provision		3,750

PLAN REPAIRS AND REVENUE · INPUT 2,100 ÷ (150 × 35 = 5,250) = 40%

Service expense	2,100	
Parts inventory		1,050
Wages payable		1,050
Unearned service revenue	7,200	
Service revenue (40% × 18,000)		7,200

Year-end balances. Warranty provision 2,500 + 3,750 − 2,000 = 4,250. Unearned service revenue 18,000 − 7,200 = 10,800.

ASPE

Section 3400's multiple-deliverables guidance separates a service warranty. Section 3290 excludes warranties, so an assurance warranty obligation rests on the Framework's liability definition and matching. The outcome matches IFRS; the route is different, so say which route you used.

CONNECTION · IAS 37 AND IAS 8

The assurance side is the IAS 37 machinery (Topic 14) applied to a sale. If repair history shows 25 per tablet is now too low, the new rate is a change in estimate: future provisions and the remaining balance change; past years stay.

COMMON MISTAKE

Allocating part of the price to an assurance warranty, expensing actual repairs as well as the estimate, or deciding by coverage length alone.

RETRIEVAL R10

A warranty is required by law and not sold separately, but it also covers accidental damage. How do you account for it?

Answer: R10 in the key at the back.

PART III · WEEKS 4 AND 5

Obligations, estimates and time after year end

Weeks 4 and 5 add no new revenue principle. They stretch over-time recognition across several reporting dates, bring IAS 37 back for contracts that turn into losses, and ask what later information does to numbers already reported. Kennedy Construction carries the first three topics.

TOPIC 11 · LONG-TERM CONTRACTS · IFRS 15.105–108 · Q7 REPORT · Q4 WHEN · W4 VIDEOS, KENNEDY WORKBOOK · MT 2026

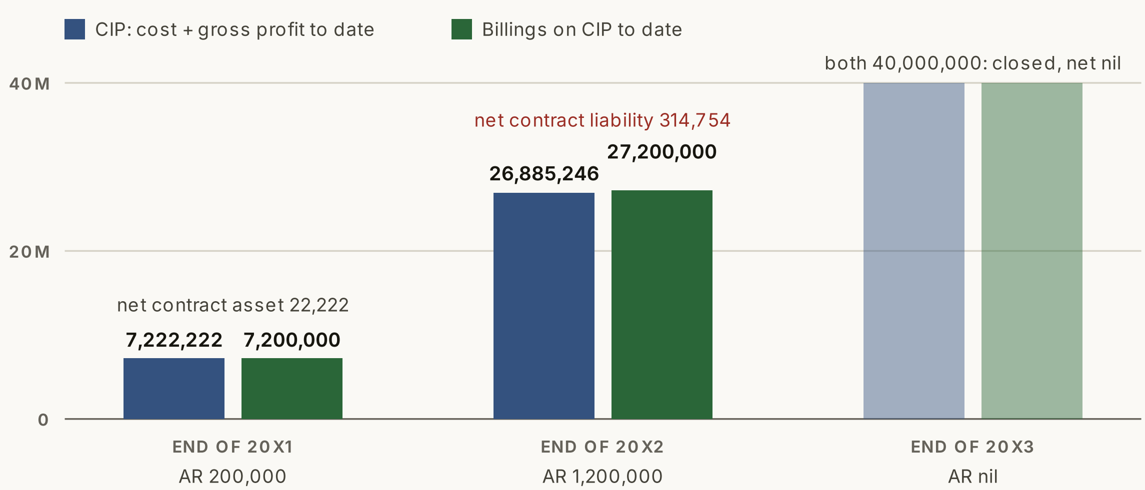
Billing is not revenue: CIP, billings and receivables

> **DECISION QUESTION**
>
> **At the reporting date, what is left on the balance sheet: a receivable, a contract asset, or a contract liability?**

Kennedy Construction (TSX) builds a warehouse on the customer's land for a fixed 40,000,000. The design, engineering, materials and construction are inputs to one warehouse, so it is one obligation, satisfied over time under criterion (b). Kennedy uses cost to cost. Billing follows the contract's schedule and has nothing to do with progress, so the course keeps two accounts that meet only at the end: **CIP** (cost plus gross profit recognized) and **Billings on CIP**.

FIG 11 CIP and billings climb separately and close against each other at 40,000,000

KENNEDY WORKBOOK · TO SCALE



The net of the two is the contract position; the receivable sits apart. At the end of 20X2 Kennedy has billed 314,754 more than it has performed, so the contract is a liability even though it is profitable. The receivable is what the customer owes on invoices (billed minus collected), an unconditional right measured in Weeks 6–7.

PHASE	ENTRY	20X1	20X2	20X3
1 · Incur costs	Dr CIP · Cr Cash or AP	6,500,000	18,100,000	13,000,000
2 · Bill	Dr AR · Cr Billings on CIP	7,200,000	20,000,000	12,800,000
3 · Collect	Dr Cash · Cr AR	7,000,000	19,000,000	14,000,000
4 · Recognize	Dr Cost of construction	6,500,000	18,100,000	13,000,000
	Dr CIP (gross profit)	722,222	1,563,024	114,754
	Cr Revenue	7,222,222	19,663,024	13,114,754
5 · Complete	Dr Billings on CIP · Cr CIP	—	—	40,000,000

THE THREE BALANCES, AS IFRS 15 FRAMES THEM

- **Receivable** (¶108): an unconditional right where only time must pass.
- **Contract asset**: performance ahead of billing, with the right still conditional.
- **Contract liability**: billed or paid ahead of performance. Present the net per contract.
- Amount due before you perform on a noncancellable contract: Dr AR, Cr contract liability together.

The Kennedy workbook labels CIP "contract asset" and billings "contract liability". Custom Glass's 100,000 deposit went to unearned revenue (contract liability) on 1 September 2024 (MT 2025).

MEDICAID · BALANCES WITH DETAILS MT 2026, 8 MARKS

The paper asked for 31 December 2025 balances with 2024 detail. Markers gave most of the marks for showing the build, not the total.

WIP: 2024 costs	900,000
+ 2024 gross profit	100,000
+ 2025 costs	1,045,000
− 2025 gross loss	(45,000)
WIP, 31 Dec 2025 (debit)	**2,000,000**
Billings: 2024 + 2025	1,000,000 + 1,000,000
Billings, 31 Dec 2025 (credit)	**2,000,000**

CONNECTION · WEEK 6 AND WEEKS 6–7

Inventory WIP holds cost only; the course's CIP also holds recognized gross profit, which is why it ends at the price. The AR created in phase 2 is the Weeks 6–7 financial asset, with an expected-credit-loss allowance under IFRS.

COMMON MISTAKE

From the Spring 2026 marker: entries written backwards (Dr Billings, Cr WIP), missing cash entries, and full statements when only two balances were asked for.

RETRIEVAL R11

End of 20X2: CIP 26,885,246 and billings 27,200,000. Asset or liability, how much, and why isn't the 1,200,000 receivable netted in?

Answer: R11 in the key at the back.

TOPIC 12 · CUMULATIVE CATCH-UP · IAS 8 LINK Q6 AFTERWARD W4 LECTURE · W5 IAS 8

When the estimate moves, the past stays put

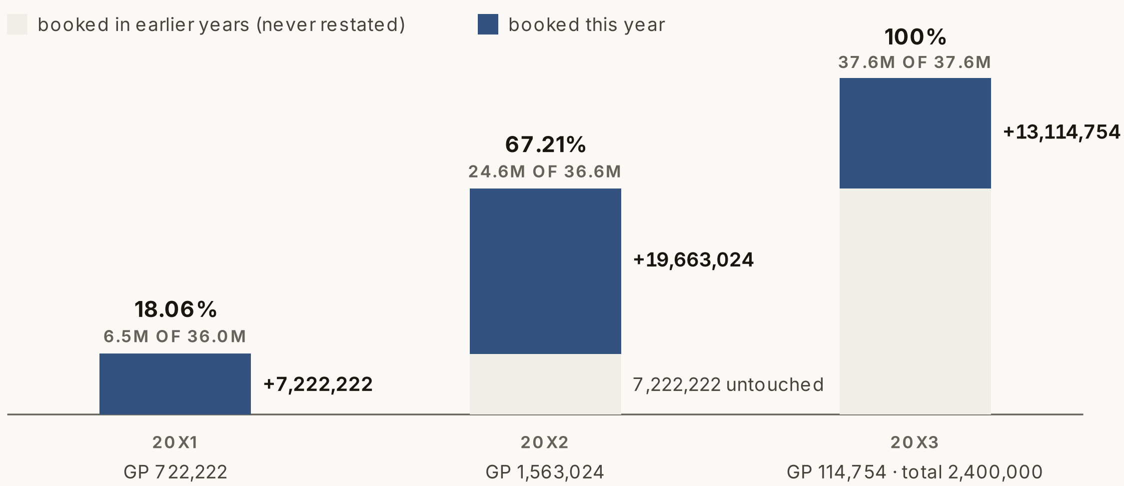
DECISION QUESTION

Costs to complete have changed. What happens to revenue already recognized?

REVISITING KENNEDY	
Already established	One obligation, over time under (b), cost to cost. 20X1: 6.5M of an estimated 36.0M, so 18.06% and revenue 7,222,222.
New fact	At the end of 20X2, costs to date are 24.6M and procurement expects 12.0M more: total 36.6M.
Still applies	The unit, the over-time conclusion, the method, and every 20X1 number.
Reassess	Cumulative progress and 20X2 revenue; and which IAS 8 category the change belongs to.

FIG 12 **Recompute the cumulative total, then book only the increment**

KENNEDY WORKBOOK · TO SCALE



With hindsight, 20X1 would show 6.5 ÷ 36.6 × 40M = 7,103,825, which is 118,397 less than was booked. That difference is not restated. It is absorbed in 20X2's increment, because 20X1 used the best estimate available at the time. The three gross profits add back to 2,400,000, the actual contract profit: the check to run on any multi-year schedule.

Your turn. From the revisit box alone: 20X2 revenue, 20X2 gross profit, and which IAS 8 category the change belongs to, with a fact for each test.

▾ WORKED SOLUTION

20X2 ARITHMETIC

Cumulative progress 24.6 ÷ 36.6	67.21%
Cumulative revenue × 40,000,000	26,885,246
Less revenue booked in 20X1	(7,222,222)
20X2 revenue	**19,663,024**
20X2 cost of construction	(18,100,000)
20X2 gross profit	**1,563,024**

IAS 8 CLASSIFICATION, WITH FACTS

Monetary amount with measurement uncertainty?	Cost to complete a warehouse	**met**
From new information or developments?	Material and labour prices rose during 20X2	**met**
Change in estimate: prospective. 20X2 and later absorb it		

KTI's shipping contract does the same in 20X2: 5.5M of 9.37M (58.70%) × 9.1M = 5,341,515 cumulative, less 2,201,083 = 3,140,432.

CONNECTION · WEEK 5 AND LATER

The same prospective rule governs Blue Sky's patent (Topic 16), useful lives in Week 9, expected credit loss rates, and warranty cost rates. If 20X1's estimate had ignored information Kennedy already had, it would be a prior period error instead.

COMMON MISTAKE

Restating 20X1, or applying the new percentage only to the revenue not yet recognized instead of the whole price.

RETRIEVAL R12

Why isn't 20X1 revenue restated to 7,103,825 when the estimate rises to 36.6M?

Answer: R12 in the key at the back.

TOPIC 13 · ONEROUS CONTRACTS · IAS 37.66–69 · ASPE 3400.A33 | Q3 QUALIFIES | Q6 AFTERWARD | W4 · MT 2024, 2026

Book the whole foreseen loss now

DECISION QUESTION

Do the unavoidable costs of the contract now exceed its benefits, and how much of that loss is not yet in the statements?

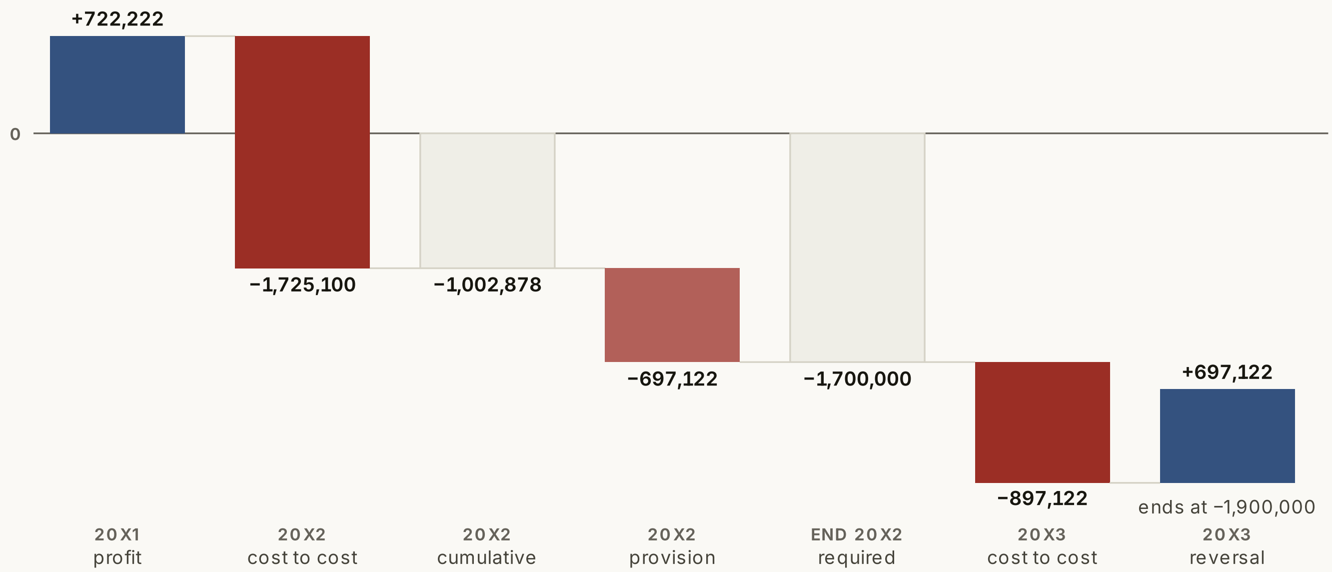
A contract is **onerous** when the unavoidable costs of meeting it exceed the economic benefits expected. Unavoidable costs are the lower of the cost to fulfil and any penalty for walking away. The obligation is recognized as a provision if the IAS 37 criteria hold. Revenue keeps following the progress measure; the provision only tops up the loss.

REVISITING KENNEDY · THE ONEROUS WORKBOOK

Already established	20X1 is unchanged: 7,222,222 revenue and 722,222 gross profit.
New fact	In 20X2 materials and labour jump: 17.1M still to spend, so total cost is 41.7M against a fixed 40.0M.
Still applies	One obligation, over time, cost to cost, cumulative basis, no restatement of 20X1.
Reassess	20X2 revenue (now 59%), whether the contract is onerous, and the provision.

FIG 13 From profit to the required loss: the provision is the gap, and it reverses as the work is done

KENNEDY ONEROUS WORKBOOK · TO SCALE



Two ways to the same 697,122. Required cumulative loss 1,700,000 less the 1,002,878 already shown; or, looking forward, cost to complete 17,100,000 less revenue still to come 16,402,878. Grey bars are running totals. In 20X3 the provision is released, so 20X3 shows only the 200,000 of new overrun.

Your turn. Before opening the entries: 20X2 revenue at 24.6 ÷ 41.7, the provision, and the three 20X3 lines that close the contract.

WORKED SOLUTION

31 DECEMBER 20X2 · REVENUE (59.0% CUMULATIVE)

Cost of construction	18,100,000	
Revenue		16,374,900
CIP (gross loss)		1,725,100

31 DECEMBER 20X2 · ONEROUS CONTRACT

Expected loss (cost of sales)	697,122	
Provision for onerous contract		697,122

31 DECEMBER 20X3 · FINAL YEAR

Cost of construction	17,300,000	
Provision for onerous contract	697,122	
Revenue		16,402,878
CIP (gross loss)		897,122
Reversal of expected loss		697,122

PROVISION CRITERIA, WITH MEDICAID'S FACTS MT 2026

"Many students did not analyze the provision criteria." Write all three:

Present obligation	Signed 4-year noncancellable contract; 2 years of deliveries still owed at 31 Dec 2025
Probable outflow	Costs will be incurred to fly the remaining deliveries
Reliable estimate	2025 actual costs (1,045,000) are a reliable estimate for each remaining year

ASPE · SECTION 3400.A33–A34

No "onerous" label: when it is probable that total contract costs will exceed total revenue, the entire expected loss is expensed immediately, whatever the stage of completion.

Four contracts, one formula

W4 · MT 2024 · MT 2026

Provision = expected total loss + profit already recognized (or − loss already recognized). The check is always the loss on the remaining work.

CONTRACT	PRICE	TOTAL EXPECTED COST	EXPECTED LOSS	RESULT ALREADY SHOWN	PROVISION	CHECK: COST LEFT − REVENUE LEFT
Kennedy, 20X2 (input)	40,000,000	41,700,000	1,700,000	(1,002,878)	697,122	17,100,000 − 16,402,878
KTI shipping, 20X2 (input)	9,100,000	9,370,000	270,000	(158,485)	111,515	3,870,000 − 3,758,485
MedicAid, 2025 (time)	4,000,000	4,035,000	35,000	55,000	90,000	2,090,000 − 2,000,000
Toronto snow removal, 2023 (input)	900,000	910,400	10,400	(6,656)	3,744	327,744 − 324,000

STANDARD DETAIL YOUR COURSE ENTRY DOESN'T SHOW

IAS 37.69 asks you to first recognize any impairment of assets used in fulfilling the contract before setting up a separate provision. The course workbook and the midterm solutions credit a provision. Follow the course entry on the exam; see Part VIII.

CONNECTION · WEEK 6 LCNRV

Writing inventory down to net realizable value also books a foreseen loss before the sale. The limit: LCNRV reduces an asset item by item and can reverse if NRV recovers; the onerous provision is a liability for a whole contract, released as the loss-making work is done.

COMMON MISTAKE

Providing the whole 1,700,000 on top of the 1,725,100 already booked (double counting); skipping the provision criteria; forgetting the 20X3 reversal.

RETRIEVAL R13

MedicAid's whole contract loses only 35,000. Why is the 2025 provision 90,000?

Answer: R13 in the key at the back.

TOPIC 14 · PROVISIONS AND CONTINGENCIES · IAS 37 · ASPE 3290 Q1 EVENT Q3 QUALIFIES Q5 AMOUNT FALL 2026 W3–4

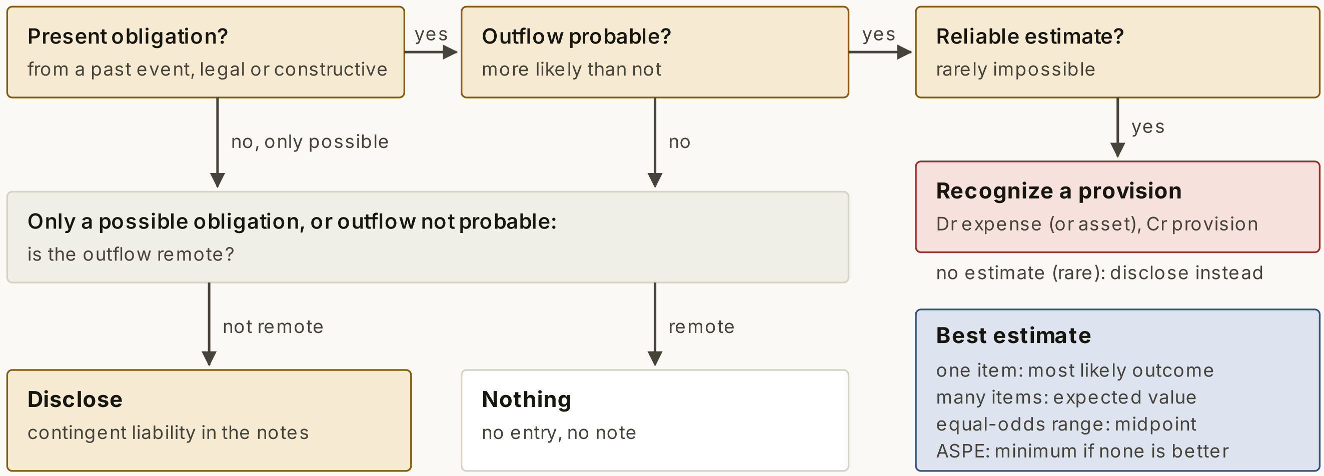
Provision, note, or nothing

DECISION QUESTION

Is there a present obligation from a past event, is the outflow probable, and can it be reliably estimated?

FIG 14 The IAS 37 path, with the best-estimate rules beside the provision

IAS 37 DECISION TREE · W3 VIDEO



The tree picks the bucket; the estimate rules pick the number. Warranties use expected value because they are a large population. A single lawsuit uses the most likely outcome. A continuous range of equally likely outcomes uses the midpoint under IFRS and, under ASPE, the minimum when no amount is a better estimate.

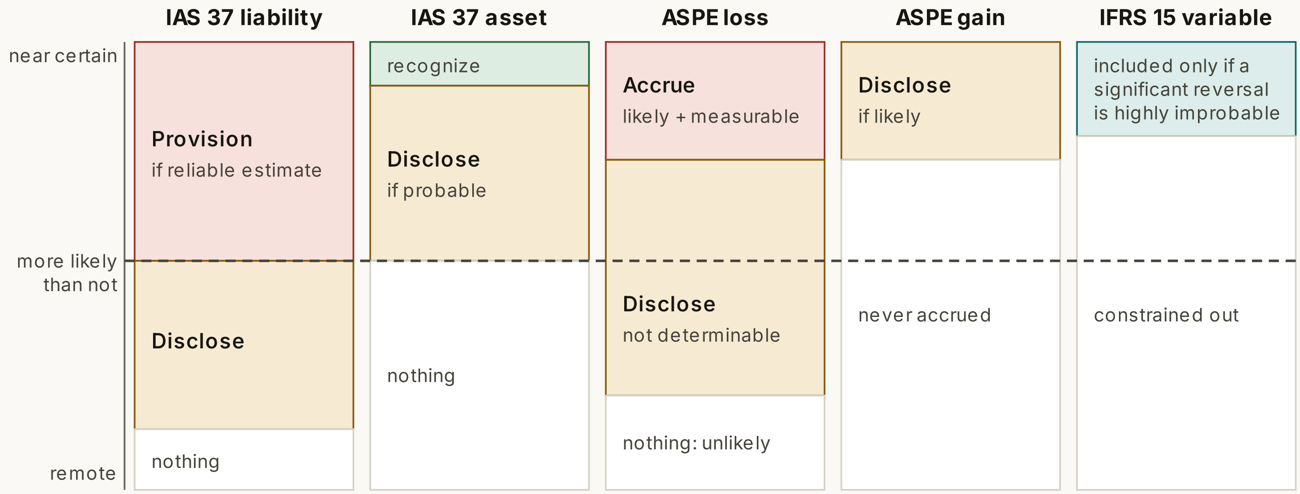
CASE	FACTS THAT DECIDE IT	IFRS	ASPE
Canless Isotopes W4 VIDEO	Acknowledged the clean-up liability; disputes 5–6M vs a 10M claim; insured with a 1M deductible	Provision 1,000,000: whatever the amount, Canless pays the deductible	Likely and measurable: accrue 1,000,000
Oil company, no clean-up law W4 LECTURE	Published policy to clean up all contamination and a record of honouring it	Constructive obligation: provision for best estimate of clean-up	—
Patent infringement claim W4 LECTURE	Counsel: some substance; claimant's chance of success about 20%	Not probable, not remote: disclose	20% probably reads as "unlikely": nothing; if not determinable: disclose
Breach of contract W4 LECTURE	70% chance of losing; payout 1.0M to 1.2M, all equally likely	Provision 1,100,000 (midpoint)	If "likely": accrue 1,000,000 (minimum) and disclose exposure to 1.2M
CSR suing its supplier MT 2024	80% chance of winning 300,000	Contingent asset: probable, not virtually certain: disclose only	Contingent gain: never accrued; disclose if likely

ASPE CONTINGENT LOSSES (3290)	LIKELY	NOT DETERMINABLE	UNLIKELY
Can estimate	Accrue; disclose any exposure above the accrual	Disclose	Nothing
Cannot estimate	Disclose	Disclose	Nothing

> IAS 37 is under review: a 2024 exposure draft would bring some provisions forward and tighten how long-term ones are measured. The Week 3 video says the changes aren't final and aren't part of AFM 291, so answer with the current standard.

FIG 15 **Losses clear a lower bar than gains: the prudence ladder across standards**

SCHEMATIC · ORDER, NOT MEASURED PERCENTAGES



Read across a row, not a number. Only "probable = more likely than not" is numeric in the course. The rest is an ordering: "highly probable" and "virtually certain" sit well above it, and ASPE's "likely" (a high chance) sits above IFRS's probable, which is why ASPE recognizes fewer contingent liabilities. The same prudence shows in Week 6: inventory is written down when NRV falls, never up above cost.

CONNECTION · WEEK 9 PP&E COST

The estimated cost to dismantle an asset and restore its site is part of the asset's cost; the credit is an IAS 37 provision. Same criteria, but the debit is an asset, not an expense.

COMMON MISTAKE

Using ASPE's "likely" in an IFRS answer; recognizing a contingent asset because it is probable; listing the three criteria without a case fact under each.

RETRIEVAL R14

A 70% chance of losing a suit, damages anywhere from 1.0M to 1.2M with equal likelihood. What do IFRS and ASPE each record?

Answer: R14 in the key at the back.

TOPIC 15 · EVENTS AFTER THE REPORTING PERIOD · IAS 10 · ASPE 3820 Q4 WHEN Q6 AFTERWARD W5 · PBL · MT 2025

After year end: was the condition already there?

DECISION QUESTION

Does information received after year end, but before the statements are authorized for issue, describe a condition that existed at year end?

The **subsequent events period** runs from the end of the reporting period to the date the statements are authorized for issue (ASPE: to their completion). **Adjusting events** give evidence of conditions at year end: change the numbers. **Non-adjusting events** reflect new conditions: disclose them if material, with the nature and an estimate of the effect. IFRS also requires disclosing the authorization date.

FIG 16 One timeline sorts every "after year end" fact

SCHEMATIC · NOT TO SCALE

ADJUST: EVIDENCE OF A YEAR-END CONDITION

- GreenField: +140 × 600 engines, agreed 7 Jan (+84,000 revenue)
- lawsuit filed before year end, settled at 5M (provision 2M to 5M)
- customer bankrupt: credit-impaired at year end (IAS 10.9)
- inventory sold below cost: evidence of year-end NRV (W6)
- Capilano: 25% of year-end inventory contaminated (write-down)

conditions that exist at year end

SUBSEQUENT EVENTS PERIOD

31 Dec year end

Authorized for issue (ASPE: completed)

DISCLOSE: A NEW CONDITION AFTER YEAR END

- GreenField: machine crash 4 Jan (fully working on 31 Dec)
- Custom Glass: soda ash flood 5 Jan (1,678,000 of raw material)
- an abnormally large price change after year end

AFTER ISSUE: IAS 8

GIC interest for 2024 found in 2025: prior period error, restate

"Discovered after year end" is not "arose after year end". The Capilano contamination was found in August but existed on 30 June, so it adjusts. The machine was inspected and fully working on 31 December, so its January crash is a new condition: a note, not a write-down.

Worked: GreenField Equipment, 2025 statements

W5 PBL SOLUTION

ENGINE UPGRADES · ADJUSTING

In the period?	Agreed 7 Jan 2026; auditors arrive March, so not yet authorized
Condition at year end?	The 600 tractors were upgraded (with A-8 engines) and returned on 21 Dec 2025

31 DECEMBER 2025

Accounts receivable, LML (600 × 140)	84,000	
Revenue, engines		84,000

ROBOTIC MACHINE · NON-ADJUSTING

In the period?	Damaged 4 Jan 2026, before authorization
Condition at year end?	Inspected and fully functional before the shutdown; damage came from a 4 January programming error

Note: the damage, the carrying amount (cost 2,138,000 less 1,800,000 accumulated depreciation) and the lack of insurance; plus the authorization date.

UNRESOLVED · SEE PART VIII

The course solution treats the post-year-end price agreement as an adjusting event. Under IFRS 15 a price change agreed after transfer could also be argued as a contract modification or a change in transaction price. Use the course's IAS 10 reasoning on the exam; the conflict isn't settled in your materials.

CONNECTION · WEEK 6 AND IAS 37

IAS 10's own examples reach into later chapters: inventory sold below cost after year end is evidence of year-end NRV (Week 6 LCNRV); a customer's bankruptcy confirms a year-end credit loss (Weeks 6–7). A lawsuit settled after year end updates an IAS 37 provision.

COMMON MISTAKE

Writing down an asset for damage that happened in January; forgetting the authorization-date disclosure; analyzing subsequent events for an error in the current year's draft.

RETRIEVAL R15

Soda ash worth 1,678,000 floods on 5 January, after a 31 December year end. Adjust or disclose, and why?

Answer: R15 in the key at the back.

TOPIC 16 · ESTIMATES, POLICIES, ERRORS · IAS 8 · ASPE 1506 | Q6 AFTERWARD | Q7 REPORT | W5 LECTURE · PBL · MT 2024

Forward, or back?

DECISION QUESTION

Is this change new information, a management choice between permitted policies, or information that was available and misused?

FIG 17 **Three kinds of change, two directions of treatment**

W5 LECTURE · GUIDANCE APPENDIX §8

Something in the numbers changes

New information
or new developments

Change in estimate
prospective: this period and later

Kennedy costs · Blue Sky propane patent life · warranty cost rate

Management choice
reliable AND more relevant

Change in policy
retrospective: as if always applied

FIFO to weighted average; mandatory change: IFRS 15 in 2018

Available, but misused
or omitted in issued statements

Prior period error
retrospective: opening RE, net of tax

GIC interest · Blue Sky basket patent expensed in error

An error needs issued statements. A mistake found while the current year's statements are still being prepared is simply corrected in them. The Spring 2026 marker said so directly about students who analyzed the training costs as a prior period error.

BLUE SKY PROPANE PATENT · ESTIMATE W5

Bought 1 Jan 2023 for 2,525,000, 10-year life: 252,500 a year for 2023 and 2024 (505,000). New technology in 2025 means the patent will be used only through 2026.

(2,525,000 − 505,000) ÷ 2 = 1,010,000 a year

2025 · PROSPECTIVE

Amortization expense	1,010,000	
Accumulated amortization		1,010,000

BLUE SKY BASKET PATENT · ERROR W5

870,000 patent bought 2 July 2024 was expensed in error; 10-year life. 2024 income understated: 870,000 − 43,500 half-year amortization = 826,500; after 30% tax, 578,550.

2025 · RETROSPECTIVE, WITH TAX

Patent	870,000	
Retained earnings, 1 Jan 2025		578,550
Accumulated amortization		43,500
Income taxes payable		247,950
Amortization expense, 2025	87,000	
Accumulated amortization		87,000

THE GIC · ERROR, FOUND A YEAR LATER W5 PBL · MT 2024

A 1,000,000 GIC at 4%, bought 1 February 2024, paid 1,040,000 at maturity on 1 February 2025. All 40,000 of interest was recorded in 2025. Eleven months belonged to 2024: 1,000,000 × 4% × 11/12 = 36,667; after 30% tax, 25,667 to opening retained earnings.

2025 · CORRECT THE PRIOR PERIOD

Interest income	36,667	
Retained earnings, opening		25,667
Taxes payable		11,000

CONNECTION · WEEK 6 INVENTORY ERRORS

An ending-inventory error flips sign the next year and self-corrects in retained earnings after two years; it is still a prior period error if found after issue. Revenue cut-off errors behave the same way: revenue booked a year early inflates one year and deflates the next.

COMMON MISTAKE

Calling a current-year correction a prior period error (Spring 2026 marker); restating prior years for a change in estimate; forgetting the tax on the retained earnings adjustment.

RETRIEVAL R16

On 14 January 2026 you find that CTL booked 2,000,000 of training revenue on 20 December 2025. The 2025 statements aren't issued yet. Prior period error?

Answer: R16 in the key at the back.

TOPIC 17 · IFRS AND ASPE SIDE BY SIDE Q3 Q4 Q5 GUIDANCE APPENDIX · W2–5

Where the frameworks part, and where they don't

DECISION QUESTION

Private or public? Decide it in Assess the Situation (ASPE unless IFRS is required or chosen, as for Sun Technology's planned IPO or a bank requiring IFRS).

The Week 2 video puts the difference in one line: ASPE is a **performance-based** model (has the entity performed, have the risks and rewards passed?), IFRS 15 a **contract-based** one (what did the entity promise, and has it delivered on each promise?). For a simple sale they land on the same date. Cover the ASPE column and recall it row by row.

TOPIC	IFRS	ASPE	OUTCOME USUALLY
Revenue model	Five steps; control	Performance; risks and rewards; RCMP	Same for simple sales (KIC freezer: 1 Dec both)
Multiple promises	Distinct performance obligations	Separate units: stand-alone value; return condition	Similar
Allocation	Relative SSP	Relative SSP (appendix)	Same
Financing	15.61 cash price; effective interest	No 3400 model; 3856 PV at market rate; effective or straight line	Same revenue; interest pattern may differ
Over time	Three criteria; input or output	% of completion unless single act or not estimable (completed contract)	Usually similar; not a free choice under ASPE
Warranties	B28–B33 plus IAS 37	Multiple deliverables; 3290 excludes warranties, so Framework liability and matching	Same outcome, different route
Loss-making contracts	Onerous: IAS 37 provision	3400.A33: expected loss expensed immediately	Same timing
Contingent losses	Probable (>50%) and reliable estimate: provision	Likely (high) and measurable: accrued liability	ASPE recognizes fewer
Range of outcomes	Midpoint of an equal-odds range	Minimum if no amount is better	Different amount
Contingent assets or gains	Virtually certain: recognize; probable: disclose	Never accrued; disclose if likely	Rarely recognized either way
Subsequent events	Until authorized for issue; disclose that date	Until completion of the statements	Adjusting vs non-adjusting harmonized
Estimates, policies, errors	IAS 8	Section 1506	Harmonized
Receivable impairment (W6–7)	Expected loss: historical, current, forward-looking	Incurred loss: historical and current only	Earlier allowance under IFRS

COMMON MISTAKE

Inventing an ASPE difference. Where your materials show no separate ASPE rule (consignment, bill-and-hold), say so and apply Section 3400's performance and risks-and-rewards principles.

PART IV · JOURNEYS

Four transactions, followed out of revenue

Each journey starts where a topic in Part II or III stopped and carries the same numbers into the next chapter. At every return, the revisit box says what is settled, what is new, what still holds, and what you must reassess. Extensions marked HYPOTHETICAL are added for practice; they are not course facts.

JOURNEY 1 · BARNETT'S MACHINE Q5 Q6 Q7

A sale that becomes a loan

W2 · STEPS 1–2	W2 · STEP 3	W3 · STEP 5	W7–8 · AMORTIZED COST	W6–7 · RECEIVABLES
1 Jan 2025 · contract Long-time customer, very good credit; one machine, one obligation	**Cash price** 149,588.80 revenue; 30,411.20 is interest	**Delivery** Point in time, 1 Jan 2025	**Each 31 Dec** Interest = opening note × 9%	**Credit risk** Allowance for expected credit loss

W5 · IAS 10

After year end

A bankruptcy tests the year-end condition

RETURN 1 · WEEKS 7–8: THE NOTE IS A FINANCIAL ASSET	
Already established	Revenue 149,588.80 on 1 January 2025; note receivable 129,588.80; interest by effective interest (Topic 5).
New question	What kind of asset is the note, and does the Week 8 machinery apply?
Still applies	Revenue never changes again. The interest table is final unless the cash flows change.
Reassess	Nothing in the numbers. The Week 8 discount bond is the same mechanism from the other direction: bought for 97,922, it earns 32,078 of interest (more than its 30,000 of coupons) as its carrying amount climbs to 100,000. Barnett became a lender by selling a machine; a bond investor lends by buying the bond. IFRS: effective interest for both. ASPE: effective or straight line for both.

RETURN 2 · WEEKS 6–7: CREDIT RISK ON THE NOTE	
Already established	Collection was probable at inception (15.9(e) met), so the contract exists and the revenue stands.
New question	How much of the note does Barnett expect to collect?
Still applies	Revenue and the interest method.
Reassess	The allowance: IFRS uses expected loss (historical, current and forward-looking information); ASPE uses incurred loss. The simplified provision-matrix approach in your notes is described for receivables **without** a significant financing component, which Barnett's note has. FLAG How IFRS 9 treats that case is beyond your materials.

RETURN 3 · WEEK 5: A BANKRUPTCY AFTER YEAR END HYPOTHETICAL

Already established	At 31 December 2026 the note is carried at 70,364.45; 2026 interest was 9,112.66.
New fact	On 20 January 2027, before the 2026 statements are authorized, the customer files for bankruptcy.
Still applies	2025 and 2026 revenue. Step 1 was met at inception; later doubt never reverses revenue.
Reassess	IAS 10.9(b)(i): a customer's bankruptcy after the reporting period usually confirms it was credit-impaired at year end, so it is an adjusting event. Recognize the credit loss in the 2026 statements; its measurement belongs to Weeks 7–8.

JOURNEY 2 · CLOTHING TECHNOLOGY AND VSI Q4 Q6 Q7

Two obligations, an ice storm and a wrong entry

3 NOV 2025	DECEMBER	31 DEC · W6 COUNT	8 JAN 2026	JANUARY
Contract 2,000,000; two POs; allocated 1,600,000 and 400,000	**300 trained** Revenue 120,000; cost of sales 79,200	**Clothing in transit** FOB destination: still CTL's inventory	**Clothing delivered** Revenue 1,600,000; COGS 1,056,000	**700 trained** Revenue 280,000; cost of sales 184,800
20 FEB 2026				
Collection Cash 2,000,000; receivable derecognized				

RETURN 1 · WEEK 6: THE YEAR-END COUNT

Already established	Clothing is a point-in-time obligation; FOB destination means control passes on delivery (Topic 7).
New fact	On 31 December the clothing is on a truck delayed by an ice storm.
Still applies	No clothing revenue in 2025.
Reassess	Whose inventory is it at the count? CTL's: it still controls the goods. Its 1,056,000 cost belongs in CTL's 31 December inventory even though it isn't in CTL's warehouse. Leaving it out would understate inventory.

RETURN 2 · WEEK 5: CORRECTING THE 20 DECEMBER ENTRY

Already established	2025 revenue should be 120,000 of training.
New fact	The ledger holds Dr AR 2,000,000, Cr Training revenue 2,000,000, booked on 20 December. It's 14 January 2026 and the statements aren't issued.
Still applies	Two POs, the allocation, the dates.
Reassess	Not a prior period error: the statements aren't issued, so correct the draft. Dr Training revenue 1,880,000, Cr AR 1,880,000; Dr Cost of sales 79,200, Cr Cash or wages payable 79,200. Had the error been found after issue, IAS 8 would require retrospective restatement. The Assess step also flags bias: management wanted to beat a 5% revenue forecast.

COURSE USAGE VS IFRS 15 WORDING · PART VIII ITEM C

The sample solution debits accounts receivable for the 120,000 of December training. Payment isn't due until 20 February and the contract still requires the clothing to be delivered, so IFRS 15.105–108 would call that 120,000 a contract asset. Follow the course's account on the exam unless the question asks about contract balances.

JOURNEY 3 · KENNEDY, TWO VERSIONS Q6

What changes when only the cost estimate changes

Same contract, same 20X1, same price, same method. The only changed fact is the 20X2 estimate of cost to complete: 12.0M in the original workbook, 17.1M in the onerous one. Everything below follows from that one number.

LINE	ORIGINAL	ONEROUS	WHY IT MOVED
Total estimated cost, end of 20X2	36,600,000	41,700,000	The changed fact
Cumulative progress, 20X2	67.21%	58.99%	Same 24.6M incurred over a bigger total
20X2 revenue	19,663,024	16,374,900	Cumulative catch-up
20X2 cost-to-cost result	1,563,024	(1,725,100)	18.1M of cost either way
20X2 onerous provision	—	(697,122)	Expected loss 1,700,000 not yet fully shown
20X2 total	**1,563,024**	**(2,422,222)**	
20X3 revenue	13,114,754	16,402,878	Whatever is left of 40M
20X3 result	114,754	(200,000)	Onerous: −897,122 + 697,122 reversal
Whole contract	**2,400,000**	**(1,900,000)**	**Price less actual cost**

CONNECTION · IAS 8 AND IAS 37 TOGETHER

Both versions are changes in estimate (prospective). The onerous version adds IAS 37 on top: the loss that the progress method would spread into 20X3 is pulled into 20X2. Prudence (Fig 15) is why the loss can't wait while a profit would.

JOURNEY 4 · TABLETS TO TREADMILLS Q3 Q5 Q6

A warranty's life: provision, deferral, claims, re-estimate

SALE · IFRS 15	SALE · IAS 37	DURING THE YEAR	YEAR END	NEXT YEAR · IAS 8
Split	**Provision**	**Claims**	**Balances**	**Re-estimate**
Assurance stays with the tablet; the plan takes 120 of 600	25 per tablet: 6,250 for 250 tablets	Assurance repairs 2,000 hit the provision; plan repairs drive 40% progress	Provision 4,250; unearned plan revenue 10,800	New repair history: prospective change

RETURN · WEEK 5: THE REPAIR RATE CHANGES HYPOTHETICAL	
Already established	The provision was 25 per tablet, from repair history; 4,250 remains at year end.
New fact	Next year's data show assurance repairs now average about 30 per tablet.
Still applies	The obligations, the allocation, the revenue already recognized.
Reassess	A change in estimate: new sales are provided at the new rate and the remaining provision is re-measured, both through the current year's warranty expense. Last year isn't restated. The plan's cost-to-cost progress is re-estimated the same way (cumulative catch-up).

RETURN · THE SAME LOGIC ON EXAM-STYLE NUMBERS: MOMENTUM FITNESS	
Already established	Treadmills (with assurance) and extended plans are two POs: B29, plans sold separately.
New fact	A 158,000 price for 50 treadmills and 50 plans (SSPs 150,000 and 10,000); assurance repairs historically 1% of selling price.
Still applies	The fork, the provision criteria, the over-time plan.
Reassess	Allocation 148,125 and 9,875; provision 1% × 150,000 = 1,500 at delivery (1 September 2025); plan revenue 1,185 by repairs (output) or 2,633 by cost (input).

Every link, and where each analogy stops

The map in Part I shows the joints; this part says what crosses each one and, as important, where the analogy stops. It reads best after the topics and the journeys, when every name in it is a case you have worked.

Where each chapter answers the seven questions FALL 2026 SCHEDULE

Week numbers and chapters follow the Fall 2026 schedule. Revenue (highlighted) is the only topic that answers all seven questions in depth, which is why it anchors every later chapter. Grey cells are topics your supplied materials don't cover yet.

WEEK · TOPIC	Q1 EVENT, RIGHTS	Q2 UNIT	Q3 QUALIFIES?	Q4 WHEN	Q5 INITIAL AMOUNT	Q6 AFTERWARD	Q7 ENTRIES, STATEMENTS, NOTES
W1 · Ch 2 Framework	Asset: right, control, past event. Liability: present obligation, past event	not the focus	Relevant and faithfully represented, worth the cost	not the focus	Historical cost or current value	not the focus	Accounting cycle; earnings management lens
W2–4 · Ch 4 Revenue	Contract creates enforceable rights and obligations	Distinct performance obligations; series	All five contract criteria; constraint on variable amounts	Control: over time (3 criteria) or point in time	Transaction price, allocated on stand-alone prices	Progress, cumulative catch-up; interest; onerous test	Revenue; contract asset or liability; AR; CIP and billings
W3–5 Provisions (IAS 37)	Present obligation, legal or constructive	Each obligation, or a large population	Probable outflow and reliable estimate	When the obligating event occurs	Best estimate: most likely, expected value, midpoint	Reviewed each period; used; reversed	Provision on the face; contingent liabilities in notes
W5 · Ch 3 Events after year end (IAS 10)	Did the condition exist at year end?	n/a	Adjusting or non-adjusting	Year end to authorization for issue	Use the new evidence	n/a	Adjust amounts, or disclose; disclose the authorization date
W5 · Ch 3 Estimates, policies, errors (IAS 8)	n/a	n/a	Which of the three changes is it?	Current and future periods, or prior periods	n/a	Estimate: prospective. Policy, error: retrospective	Restated comparatives; opening retained earnings, net of tax
W6 · Ch 6 Inventory	Control of goods: FOB terms, consignment	Item by item for LCNRV	Asset definition	Leaves inventory on the revenue control date	Purchase plus conversion; fixed overhead at normal capacity	Cost formula; LCNRV write-down and reversal; errors	Cost of sales; write-down; IFRS disclosures
W6–7 · Ch 5, 7 Cash and receivables	Contractual right to cash	Customer groups for expected loss	Right is unconditional	When billed or when only time must pass	Consideration; present value if financed	Expected credit loss (ASPE: incurred); derecognition, factoring	Allowance; bad debt expense
W7–8 · Ch 7 Financial assets	Contract to cash flows	Each instrument	not the focus	not the focus	Price paid; present value at market rate	Amortized cost by effective interest; fair value models	IFRS 18: investment interest in investing
W9 · Ch 8 PP&E	Control of the asset	Components; lump sums on relative fair value	Asset definition	Costs until ready for intended use	Cost incl. restoration estimate; borrowing costs; exchanges	Depreciation estimates; disposal gains	IFRS 18: operating; cash flows in investing
W10 · Ch 9–10 Revaluation, grants	not yet in your materials	—	—	—	Grants: deferred income or cost reduction	Grants: income approach, systematic	Deferred income on the balance sheet
W11 · Ch 9 Intangibles	—	—	—	—	—	Amortization estimates (Blue Sky patent, W5)	—
W12 · Ch 10 Impairment	No material supplied yet (Spring folder for Weeks 12–13 is empty)						

Connection register: what each link does, and where it stops

#	LINK	TYPE	WHAT MOVES OR REPEATS	LIMIT: WHAT DIFFERS
1	Framework → Step 1	requires earlier judgment	A contract matters because it creates enforceable rights (an asset: a resource the entity controls from a past event) and obligations (a liability). Step 1's five criteria confirm those rights are real.	The Framework is the fallback when no standard applies (ASPE assurance warranties). Once IFRS 15 applies, argue from its criteria.
2	Step 2 → IAS 37	same transaction moves on	An assurance warranty is not a performance obligation, so no price goes to it. The repair obligation is an IAS 37 provision at the sale date.	A service warranty stays inside IFRS 15 as deferred revenue. Only the assurance part leaves.
3	Step 5 → IAS 37	same transaction moves on	When total expected costs exceed the price, the unavoidable remaining loss is provided now (Kennedy 697,122).	Revenue keeps following the progress measure; the provision only tops up the loss. ASPE uses Section 3400's expected-loss rule instead.
4	Steps 3, 5 → IAS 8	same transaction moves on	Variable amounts, warranty costs and costs to complete are estimates. Revising them is a change in estimate: current and future periods only.	If the earlier figure ignored information available at the time, it was an error; found after issue, it is restated.
5	IAS 10 → year-end amounts	same transaction moves on	Evidence received before authorization about a condition that existed at year end adjusts revenue (GreenField, +84,000).	A condition that arises after year end (a flood, a crash, a price spike) is disclosed, never booked.
6	Gate → PP&E disposal	same concept, different test	Selling something outside ordinary activity is a gain, not revenue (developer's land vs a manufacturer's land).	Under IFRS 18 the PP&E gain is still in the operating category (Week 9 video); its cash is investing, not operating.
7	Step 1 → PP&E exchanges	same concept, different test	Commercial substance asks the same thing: does the risk, timing or amount of future cash flows change?	In IFRS 15 a fail means no contract and no revenue. In a PP&E exchange a fail means measure at carrying amount, no gain.
8	Step 2 → PP&E components	same concept, different test	Both ask what the unit is.	Performance obligations split a price by stand-alone selling price to time revenue; components split a cost so significant parts with different lives are depreciated separately.
9	Step 3 → financial assets	same transaction moves on	Barnett's note is a financial asset at amortized cost; its interest table is the Week 8 effective-interest table.	IFRS requires effective interest. ASPE lets you choose effective or straight-line, for this note and for bond discounts alike.
10	Step 5 → inventory	same transaction moves on	On the control date, cost leaves inventory for cost of sales. Consignment and FOB terms decide whose inventory is in the count.	IFRS 15 sets the date only. What the cost is (formula, overhead, LCNRV) is IAS 2.
11	Balances → receivables	same transaction moves on	Once only time must pass, the right is a receivable; Weeks 6–7 measure it (expected credit loss) and derecognize it.	A conditional right is a contract asset, not AR. Doubt at inception fails Step 1; doubt that arises later is an impairment, not a revenue reversal.
12	Contract liability ↔ grants	same concept, different test	Both hold cash received before it is earned as a credit balance.	A contract liability is released as the customer gets control; a grant's deferred income is released systematically over the related costs or depreciation.
13	Onerous ↔ LCNRV	same concept, different test	Both recognize a foreseen loss before it is incurred.	LCNRV writes an asset down item by item and can reverse if NRV recovers. An onerous provision is a liability for a whole contract.
14	Control ↔ factoring	same concept, different test	Both ask who now bears the risks and gets the benefits.	Factoring derecognition asks whether substantially all risks and rewards transferred. IFRS 15 asks about control; ASPE revenue asks about risks and rewards.
15	Constraint ↔ contingent assets	same concept, different test	Gains need more certainty than losses (Fig 15).	Different words, different bars: highly probable, virtually certain, probable, likely. Never swap them.

#	LINK	TYPE	WHAT MOVES OR REPEATS	LIMIT: WHAT DIFFERS
16	IAS 37 → PP&E cost	same concept, different test	The estimated cost to dismantle and restore a site is added to the asset; the credit is a provision (Week 9 notes).	Here the debit is an asset, not an expense.
17	Revenue → IFRS 18	same transaction moves on	Revenue, cost of sales and PP&E gains sit in the operating category; interest on debt investments in investing (Weeks 8–9 videos; IFRS 18 applies from 2027).	FLAG Where interest from a customer financing component lands under IFRS 18 is not in your materials. Don't assert it.

Five kinds of connection

FOUNDATIONS LATER CHAPTERS DEPEND ON

- **Element definitions (W1)** decide every Q1. Training costs failed the control limb on the Spring midterm; no recognition analysis followed.
- **Control** recurs as the asset test (W1), the revenue trigger (Step 5), inventory ownership (W6) and, in a risks-and-rewards form, receivable derecognition (W6–7).
- **Present value** recurs in financing (W2), bonds at amortized cost (W8), restoration provisions and borrowing costs (W9).
- **The IAS 37 criteria** recur for warranties (W3), onerous contracts (W4), lawsuits (W4–5) and restoration (W9).
- **The IAS 8 categories** (W5) govern every later estimate: useful lives, credit losses, NRV.

SAME CONCEPT, DIFFERENT APPLICATION

Links 6 to 8 and 12 to 16 above. The pattern is always the same question with a different consequence. Name both when you use one: "same commercial-substance test as IFRS 15, but here a fail means carrying amount."

ONE TRANSACTION THROUGH SEVERAL CHAPTERS

Part IV follows four cases end to end:

- Barnett: sale, note, interest, collection, amortized cost, a customer bankruptcy after year end.
- Clothing Technology: two obligations, goods in transit at the count, a wrong entry and when it becomes an IAS 8 error.
- Kennedy: CIP and billings, a revised estimate, then the onerous variant.
- Tablets: provision, deferred service revenue, claims, and a revised repair estimate.

Similar words that hide different tests

The most expensive table in the atlas to get wrong: each word sets a different bar. In quiz mode the meanings hide; say each one before you tap.

WORD OR PAIR	WHERE	WHAT IT ACTUALLY MEANS THERE	WHY IT TRIPS PEOPLE
probable	IFRS 15.9(e) collection; IAS 37 outflow	More likely than not (IAS 37 defines it; the course uses >50%)	Lower than every threshold below
highly probable	Constraint on variable consideration	A significant reversal of cumulative revenue is highly improbable	Higher bar than probable, one-sided toward caution
likely	ASPE 3290 contingent losses and gains	The chance of occurrence is high	Higher than IFRS probable, so ASPE recognizes fewer contingent liabilities
virtually certain	IAS 37 contingent assets	Recognize only then; at that point it is no longer contingent	80% (the Spring 2024 lawsuit) is probable but only disclosed
reasonably assured	ASPE revenue (the C in RCMP)	Collection is reasonably assured at performance	Not the same words as IFRS 15.9(e)
WIP vs CIP	Inventory (W6) vs long-term contract (W4)	Inventory WIP holds cost only; the course's CIP holds cost **plus** recognized gross profit	CIP ends at the contract price, not at cost
contract asset vs receivable	IFRS 15.105–108	Receivable: only time must pass. Contract asset: right still depends on performance	The course workbook labels CIP "contract asset" and billings "contract liability"; present the net per contract
unearned revenue · contract liability · billings · deferred income	W2–4, W10	All credits for amounts received or billed before they are earned	Different release triggers: control, progress, or a grant's systematic basis
provision · allowance · accrued liability	IAS 37; ECL and inventory; ASPE	Provision: liability of uncertain timing or amount. Allowance: contra-asset. Accrued liability: ASPE's word for a recognized contingent loss	A credit-loss "provision matrix" (W6–7) builds an allowance, not an IAS 37 provision
expected value	IFRS 15.53; IAS 37.39; ECL	Probability-weighted amount	Same arithmetic, three standards. Only IFRS 15 then applies the constraint
risks and rewards	ASPE revenue; IFRS 15.38(d); factoring	ASPE: the test. IFRS 15: one indicator of five. Factoring: the derecognition test	Citing it as the IFRS revenue test loses the mark
fair value · SSP · NRV · cash price	W1, W2, W6	Market exit price; price when sold alone; selling price less costs to complete and sell; price if paid on transfer	Four different numbers that can all be "what it's worth"

Practice, from one-line checks to a full case

P1 to P9 each drill one topic. P10 is an unfamiliar case that needs several chapters at once. Write the answer in the four-step format before you open the worked answer under each one. All new figures here are invented for practice; every answer was recomputed.

P1 A swap between distributors · Topic 2

Two distributors, both IFRS reporters, each ship the other 5,000 units of the identical product at the same price, on the same day, to fill regional shortages. Does either recognize revenue? Which later chapter uses the same test, and what differs there?

Answer: P1 in the key at the back.

P2 A financed sale with no cash price given · Topic 5

A machine is delivered on 1 January 2026. No down payment; three payments of 50,000 on 31 December 2026, 2027 and 2028. The market rate for this customer is 8%. The cash price is not stated. Give the revenue, the entries on 1 January and 31 December 2026, the closing note, and the ASPE straight-line interest.

Answer: P2 in the key at the back.

P3 Equipment plus a service year · Topics 3, 6, 8

On 1 October 2026 a customer pays 90,000 cash for equipment (SSP 60,000, delivered that day) and 12 months of maintenance starting that day (SSP 40,000; other firms offer it). December year end; the service is delivered evenly. Find 2026 revenue by obligation and the contract liability at 31 December.

Answer: P3 in the key at the back.

P4 A completion bonus · Topic 4

A 2,000,000 contract pays a 150,000 bonus if finished by 30 June 2027. At 31 December 2026 the project is ahead of schedule and the entity met the deadline on 9 of its last 10 similar contracts. What is the transaction price? What facts would make you exclude the bonus?

Answer: P4 in the key at the back.

P5 Four timing calls · Topic 7

1. A custom press built to one customer's specifications; if the customer cancels, it pays costs to date plus 10%.
2. The same press, but payment is due only on delivery.
3. Weekly payroll processing for one year.
4. Renovating the customer's own warehouse.

Over time or point in time? Name the criterion and the deciding fact.

Answer: P5 in the key at the back.

P6 A contract that turns · Topics 12, 13

Fixed price 5,000,000, cost to cost. Year 1: costs 1,800,000, estimated total 4,500,000. Year 2: cumulative costs 3,900,000, cost to complete 1,300,000. Find Year 1 revenue and gross profit, Year 2 revenue, the Year 2 provision, the Year 2 total result, and the entries. What happens in Year 3 if costs come in as expected?

Answer: P6 in the key at the back.

P7 A warranty mix · Topic 10

On 1 July 2026, 400 units are sold for cash: 300 alone at 1,200 each, and 100 in a bundle at 1,350 that adds a 2-year extended plan (plan SSP 300; unit SSP 1,200). Every unit carries a 1-year assurance warranty that isn't sold separately; expected repair cost 36 per unit. Unit cost 700. The plan transfers evenly over 24 months. December year end. Give the sale entry, 2026 plan revenue, the closing contract liability, cost of sales and the provision.

Answer: P7 in the key at the back.

P8 Sort six changes · Topics 15, 16

December year end; 2026 statements authorized 10 March 2027. Classify each and give the treatment: (a) a customer with a large 31 December balance goes bankrupt on 20 January 2027; (b) a warehouse fire on 3 February 2027 destroys inventory; (c) in June 2026 you find a December 2025 delivery recorded as 2026 revenue, and the 2025 statements were issued in March 2026; (d) a revised cost to complete on a long-term contract; (e) a switch from FIFO to weighted average because it is reliable and more relevant; (f) a price increase agreed on 10 January 2027 for goods delivered in December 2026.

Answer: P8 in the key at the back.

P9 A lawsuit on each side · Topic 14

The entity is being sued: counsel puts the chance of losing at 85%, with damages anywhere from 400,000 to 600,000, all equally likely. Separately, it is suing a supplier with a 75% chance of winning 250,000. What do IFRS and ASPE each record or disclose?

Answer: P9 in the key at the back.

P10 Northshore Pumps · unfamiliar case, several chapters

Northshore Pumps Ltd. (NPL) is listed on the TSX and has a 31 December year end. On 1 September 2026 it signs a fixed-price contract with the Town of Elmvale to build a pumping station on the Town's land and then maintain it for two years after completion. Other firms could maintain the station, and NPL sells maintenance on its own. Price: 2,400,000. Stand-alone prices: station 2,340,000, maintenance 260,000.

NPL estimates the station will cost 1,800,000; costs recorded to 31 December 2026 are 720,000. NPL billed 900,000 on 1 December and collected 600,000 by year end. The station should be finished on 30 April 2027; maintenance runs 1 May 2027 to 30 April 2029. NPL uses cost to cost for construction obligations. The 2026 statements will be authorized on 15 March 2027.

After year end: (i) on 10 February 2027 staff find an unrecorded 90,000 invoice for materials delivered and used on the station in December 2026 (the 1,800,000 total estimate already included them); (ii) in late January 2027 steel prices spike, and NPL now expects the station's cost to complete to rise by 200,000.

Required: performance obligations and allocation; timing and method; 2026 revenue and gross profit; the 31 December contract position and receivable; the treatment of (i) and (ii); whether the contract is onerous; and one connection to a later chapter.

Answer: P10 in the key at the back.

ANSWER KEY

Answers, kept apart on purpose

Check the reasoning, not only the number. An answer that reaches the right amount without a case fact under each criterion would have lost marks on the Spring 2026 midterm.

Retrieval questions and lecture checks

R1 **Topic 1.** A car dealership sells the hoist from its service bay. Revenue or gain, and where does the cash go in the cash flow statement?

A gain. The dealership's ordinary activity is selling and servicing cars, not hoists, so IFRS 15 doesn't apply. Derecognize the hoist: gain or loss = proceeds − carrying amount. Under IFRS 18 (Week 9 video) the gain is in the operating category; the cash is an investing inflow.

Fall W2, slide 15 **Topic 2.** TELUS ships a phone order after a verbal "yes" from the client's IT manager, who has no purchasing authority. Is there approval and commitment under 15.9(a)?

Probably not, and not because it was verbal: 15.9(a) accepts written, oral or customary approval. The problem is authority. An IT manager usually can't commit the company to a purchase, so unless TELUS's customary practice is for IT staff to approve and fulfil such orders routinely, there is no evidence that the person who said yes could bind the customer. (Fall W2 deck, slide 15.)

R2 **Topic 2.** Six months after a sale on credit, the customer's credit collapses. Do you reverse the revenue? Which week's tool handles it?

No. Collectability is a Step 1 test at inception (15.9(e)) and was met. Later deterioration is a credit-loss question for the receivable: an expected credit loss allowance under IFRS, incurred loss under ASPE (Weeks 6–7).

R3 **Topic 3.** Equipment plus installation that any contractor could perform: how many obligations? Which single fact would make it one?

Two: the equipment works without customization, and the installation is simple and available from others, so both are capable of being distinct and distinct in context. One obligation if the installation significantly modified or customized the equipment, or if only the seller could install it and the customer couldn't benefit otherwise (Sun Technology).

Fall W2, slide 25 **Topic 4.** Canadian Tire sells 500 units of a seasonal product to a wholesaler with a volume rebate: 5% of the price comes back if the wholesaler's purchases for the year pass a threshold. History gives two outcomes only, threshold met (70%) or not (30%), and the rebate is all or nothing. Which method estimates the variable consideration, and why?

Most likely amount. There are only two possible outcomes and one is clearly more likely, which is exactly when the lecture says to use it (Fall W2 deck, slide 25). Carried one step further: the most likely outcome is that the rebate is paid, so the estimate is the price less 5%, with the 5% held as a refund liability until the year's purchases are known.

R4 **Topic 4.** Why expected value for Greenborough but most likely amount for Custom Glass? What would make Custom Glass exclude the bonus?

Greenborough has ten years of history across five outcomes, so it probability-weights (4,382,000). Custom Glass's bonus is binary: bonus or not, so most likely amount. Exclude the bonus if it isn't highly probable that including it won't reverse: installation not yet scheduled, a history of delays, weather or permit risk.

R5 **Topic 5.** Barnett at 31 December 2026: what is the note's carrying amount, and what interest income does 2026 report?

Carrying amount 70,364.45. 2026 interest 101,251.79 × 9% = 9,112.66.

Fall W2, slide 33 **Topic 6.** Loblaw sells a smart-fridge sensor with a one-year grocery delivery subscription for 300. Stand-alone prices: sensor 100, subscription 250. How much of the 300 goes to the sensor?

85.71. The stand-alone prices total 350 but the bundle charges 300, so the 50 discount is shared in proportion: sensor 100 ÷ 350 = 28.57% × 300 = 85.71; subscription 250 ÷ 350 = 71.43% × 300 = 214.29. (Fall W2 deck, slide 33.)

R6 **Topic 6.** Clothing Technology: why is December training revenue 120,000 and not 30% of 440,000?

Step 4 allocates the price, not the SSP: training's share of 2,000,000 is 400,000 (20%). Progress applies to that: 30% × 400,000 = 120,000. Using 440,000 gives 132,000 and overstates revenue by 12,000.

Vevox poll, slide 10 **Topic 7.** A manufacturer builds a highly customized machine to one customer's exact specifications, with an enforceable right to payment for work completed. Over time or at a point in time?

Over time, under criterion (c). A machine customized to one customer's exact specifications has no alternative use, and the contract gives an enforceable right to payment for work completed: both limbs hold. Compare the Custom Glass window, which had the first limb and not the second, and landed at a point in time.

R7 **Topic 7.** The custom window has no alternative use. Why is its revenue still recognized at a point in time?

Criterion (c) needs both limbs: no alternative use **and** an enforceable right to payment for work to date. The contract gave no payment for work to date if Story Station cancelled, so (c) fails; (a) and (b) fail too. Point in time: delivery on 22 December 2024.

R8 **Topic 8.** Why was time, not cost, the right measure for MedicAid, and what would have justified cost to cost instead?

The hospitals receive the same monthly deliveries evenly across four years, so time elapsed depicts transfer: 1/4 a year. Cost to cost would suit a contract where costs track the work delivered. MedicAid's costs rose because fuel, labour and maintenance got dearer, not because more was delivered, so costs would misstate progress.

Vevox poll, slide 33 **Topic 9.** A seller stores goods at the customer's request but keeps the option to sell them to a different buyer if a better offer comes along. Bill-and-hold revenue now?

No. The fourth condition fails: for bill-and-hold revenue the seller must be unable to use the product or direct it to another customer. An option to sell to someone else means control never left the seller, so revenue waits for delivery. (Fall Step 5 deck, slide 33.)

R9 **Topic 9.** Your year-end count includes 40,000 of goods you hold on consignment for a supplier. Effect on inventory, cost of sales and net income?

Inventory overstated by 40,000; cost of sales understated by 40,000; net income overstated by 40,000 (Week 6 error pattern C). The entity holds the goods but doesn't control them.

R10 **Topic 10.** A warranty is required by law and not sold separately, but it also covers accidental damage. How do you account for it?

B29 isn't met (not sold separately), so go to B30. The legally required defect coverage is assurance: an IAS 37 provision. The accidental-damage coverage is a service beyond assurance: a separate obligation with its share of the price, earned over the cover. If the two parts can't reasonably be accounted for separately, treat them together as one obligation (B32).

R11 **Topic 11.** End of 20X2: CIP 26,885,246 and billings 27,200,000. Asset or liability, how much, and why isn't the 1,200,000 receivable netted in?

A net contract liability of 314,754: billed 27,200,000 against 26,885,246 of performance (cost plus gross profit). The 1,200,000 receivable is a separate, unconditional right on unpaid invoices, reported as a receivable; the contract position nets CIP against billings, not against AR.

R12 **Topic 12.** Why isn't 20X1 revenue restated to 7,103,825 when the estimate rises to 36.6M?

The rise comes from new information (20X2 material and labour prices), so it is a change in estimate, applied prospectively. 20X1 used the best estimate available then; the 118,397 difference is absorbed in 20X2 through the cumulative catch-up.

R13 **Topic 13.** MedicAid's whole contract loses only 35,000. Why is the 2025 provision 90,000?

By the end of 2025 the statements already show +55,000 (2024 +100,000; 2025 −45,000). The required cumulative result is −35,000, so the provision is 90,000: exactly the loss on the two remaining years (costs 2,090,000 against revenue 2,000,000).

R14 **Topic 14.** A 70% chance of losing a suit, damages anywhere from 1.0M to 1.2M with equal likelihood. What do IFRS and ASPE each record?

IFRS: 70% is probable, and an equal-odds continuous range uses the midpoint: provision 1,100,000. ASPE: accrue only if "likely" (a high chance); if so, accrue the minimum, 1,000,000, and disclose the exposure up to 1,200,000; if not, disclose.

R15 **Topic 15.** Soda ash worth 1,678,000 floods on 5 January, after a 31 December year end. Adjust or disclose, and why?

Disclose: a non-adjusting event. The flood happened on 5 January; on 31 December the soda ash was undamaged, so no condition existed at year end. The note gives the nature and the 1,678,000 effect.

R16 **Topic 16.** On 14 January 2026 you find that CTL booked 2,000,000 of training revenue on 20 December 2025. The 2025 statements aren't issued yet. Prior period error?

No. The 2025 statements aren't issued, so it's an error in the current draft: correct it before issue (Dr Training revenue 1,880,000, Cr AR 1,880,000; and record the 79,200 cost of sales). Found after issue, it would be a prior period error, corrected retrospectively.

Practice problems

P1 **A swap between distributors · Topic 2.** A swap between distributors · Topic 2

Neither recognizes revenue. Identical goods at the same price and on the same dates leave the risk, timing and amount of each party's future cash flows unchanged, so 15.9(d) fails and there is no contract under IFRS 15. Each keeps inventory at cost. Week 9's PP&E exchanges use the same commercial-substance test, but a fail there changes measurement (carrying amount, no gain) rather than blocking a contract.

P2 **A financed sale with no cash price given · Topic 5.** A financed sale with no cash price given · Topic 5

Revenue = 50,000 × 2.577097 = **128,855** (128,854.85), a point in time on 1 January 2026.

1 JANUARY 2026

Long-term note receivable	128,855	
Revenue		128,855

Plus cost of goods sold and inventory at cost.

31 DECEMBER 2026

Cash	50,000	
Interest income (128,855 × 8%)		10,308
Long-term note receivable		39,692

Closing note 89,163. ASPE straight line: (150,000 − 128,855) ÷ 3 = 7,048 a year.

P3 **Equipment plus a service year · Topics 3, 6, 8.** Equipment plus a service year · Topics 3, 6, 8

Two obligations (maintenance is available from others and isn't integrated). Allocation: 90,000 × 60/100 = **54,000** equipment; **36,000** maintenance. 2026 revenue: 54,000 on 1 October plus 36,000 × 3/12 = 9,000, total **63,000**. Contract liability at 31 December: **27,000**. Entry on 1 October: Dr Cash 90,000; Cr Revenue 54,000; Cr Contract liability 36,000. By 31 December: Dr Contract liability 9,000; Cr Revenue 9,000.

P4 **A completion bonus · Topic 4.** A completion bonus · Topic 4

Binary outcome, so most likely amount. Ahead of schedule with a 9-in-10 record, the bonus is the most likely outcome, and including it is highly probable not to reverse: transaction price **2,150,000**. Exclude it (2,000,000) if the project were behind schedule, dependent on weather or permits, or the history were poor: then a significant reversal wouldn't be highly improbable.

P5 **Four timing calls · Topic 7.** Four timing calls · Topic 7

(1) Over time, criterion (c): no alternative use and an enforceable right to payment for work to date plus a margin. (2) Point in time: (c) fails without the payment right; (a) fails (no benefit until delivered) and (b) fails (built in the seller's plant). Recognize on delivery. (3) Over time, (a): the customer consumes each week's processing as it is performed; a series, so one obligation measured by time. (4) Over time, (b): the work enhances an asset the customer already controls.

P6 **A contract that turns · Topics 12, 13.** A contract that turns · Topics 12, 13

Year 1: 1.8 ÷ 4.5 = 40% → revenue **2,000,000**, gross profit **200,000**. Year 2: total cost 3.9 + 1.3 = 5.2M against a 5.0M price: expected loss 200,000, so the contract is onerous. Progress 3.9 ÷ 5.2 = 75% → cumulative revenue 3,750,000, Year 2 revenue **1,750,000**; cost 2,100,000 → gross loss 350,000; cumulative −150,000; provision **50,000**; Year 2 total result **−400,000**. Check: revenue still to come 1,250,000 against cost to complete 1,300,000 = 50,000.

YEAR 2 · REVENUE

Cost of construction	2,100,000	
Revenue		1,750,000
CIP (gross loss)		350,000

YEAR 2 · ONEROUS

Expected loss	50,000	
Provision for onerous contract		50,000

Year 3 as expected: revenue 1,250,000, cost 1,300,000, provision released 50,000: Year 3 result nil. Contract total −200,000.

P7 **A warranty mix · Topic 10.** A warranty mix · Topic 10

Bundle allocation: 1,350 × 1,200/1,500 = 1,080 per unit; 1,350 × 300/1,500 = 270 per plan. Product revenue 300 × 1,200 + 100 × 1,080 = **468,000**.

1 JULY 2026		
Cash (360,000 + 135,000)	495,000	
Revenue		468,000
Contract liability (100 × 270)		27,000
Cost of goods sold (400 × 700)	280,000	
Inventory		280,000
Warranty expense (400 × 36)	14,400	
Warranty provision		14,400

2026 plan revenue 27,000 × 6/24 = **6,750**; closing contract liability **20,250**. The assurance warranty gets no price because it is not sold separately and gives no service beyond assurance.

P8 **Sort six changes · Topics 15, 16.** Sort six changes · Topics 15, 16

(a) Adjusting: the bankruptcy confirms the receivable was credit-impaired at year end; adjust the 2026 allowance. (b) Non-adjusting: the fire is a new condition; disclose if material. (c) Prior period error: the 2025 statements were issued; restate 2025 (revenue belongs there) and remove it from 2026, through opening retained earnings net of tax. (d) Change in estimate: prospective, through the cumulative catch-up. (e) Voluntary policy change meeting both tests: retrospective. (f) Adjusting under the course's GreenField reasoning (the goods were delivered in December); see the Part VIII flag on the contract-modification view.

P9 **A lawsuit on each side · Topic 14.** A lawsuit on each side · Topic 14

Lawsuit against the entity. IFRS: present obligation from the past event, probable (85%), estimable; equal-odds range, so the midpoint: **provision 500,000**. ASPE: 85% is a high chance ("likely") and measurable: **accrue 400,000** (the minimum, since no amount is a better estimate) and disclose the exposure up to 600,000. Suit against the supplier: IFRS, probable but not virtually certain, so **disclose only**; ASPE, never accrue, disclose if likely.

P10 **Northshore Pumps · unfamiliar case, several chapters.** Northshore Pumps · unfamiliar case, several chapters

Obligations. Two. The station is one obligation: design and construction are inputs to one output. Maintenance is capable of being distinct (other firms can maintain; NPL sells it alone) and not integrated with construction. Allocation: 2,400,000 × 2,340/2,600 = **2,160,000** station; **240,000** maintenance.

Timing. Station: over time under (b), built on the Town's land, so the Town controls it as it is built; cost to cost. Maintenance: over time under (a), but it starts 1 May 2027, so no 2026 revenue.

2026 numbers, including (i). The unrecorded materials were delivered and used in December: a year-end condition, so an adjusting event. Costs incurred become 810,000; progress 810 ÷ 1,800 = 45%; revenue 45% × 2,160,000 = **972,000**; gross profit **162,000**. (Before the correction it would have been 864,000 and 144,000.)

31 DECEMBER 2026 · REVENUE, AFTER RECORDING THE 90,000 INVOICE (DR CIP, CR AP)		
Cost of construction	810,000	
CIP (gross profit)	162,000	
Revenue		972,000

Balance sheet. CIP 810,000 + 162,000 = 972,000 against billings 900,000: a **net contract asset of 72,000** (the correction flips it from a 36,000 liability). Receivable **300,000** (billed 900,000, collected 600,000): an unconditional right, carried net of an expected credit loss allowance (Weeks 6–7).

Event (ii). The steel spike arose after year end: non-adjusting (IAS 10 treats abnormally large price changes after the period this way). Disclose if material. In 2027 the new estimate is a change in estimate: total station cost 2,000,000, applied prospectively.

Onerous? No for the station: 2,160,000 of allocated price still exceeds 2,000,000 of expected cost. State that the contract-level test also needs the maintenance cost estimate, which the facts don't give.

Connections. The receivable moves to Weeks 6–7; (i) and (ii) are IAS 10 then IAS 8; if payment had been deferred more than a year past transfer, Step 3 financing would split out interest.

Turning the analysis into marks

The Spring 2026 midterm was 70 marks in 90 minutes: about 1.3 minutes a mark. The guidance appendix gives you the standards' wording, so the marks are for connecting it to facts, reaching a conclusion, and writing the entries.

THE FOUR STEPS (COURSE PROBLEM-SOLVING PROCESS)

1. **Assess the situation.** Users and who is asking; IFRS or ASPE and why; the business model; any bias (earnings target, IPO, covenant); materiality; a timeline.
2. **Identify the issues.** One question per decision that changes recognition, measurement, presentation or disclosure, framed with case facts.
3. **Analyze.** Name the guidance heading; apply each criterion to a named fact; say met or not met; show the shortest calculation; note estimates and judgment.
4. **Conclude and recommend.** Treatment, amount, date; then the entries and any disclosure. A conclusion is a comment; a recommendation is an action.

WHICH GUIDANCE HEADING TO CITE (SPRING 2026 APPENDIX)

Revenue, any step	5 · IFRS Revenue Recognition
A warranty	6 · IFRS Additional Warranty Guidance, plus 10
Private enterprise revenue	7 · ASPE Revenue Recognition
Estimate, policy, error	8
After year end	9 · Events After the Reporting Period
Provision, lawsuit, warranty cost	10 · IFRS Contingent Liabilities/Provision
Loss-making contract	12 · IFRS Onerous Contracts, plus 10
Claim you might win	11 · Contingent Assets; 14 for ASPE
Asset or expense?	1 and 3 (or 2 and 4 for ASPE)

The sentence that earns the mark

WEAK	STRONGER
The customer receives benefits as the entity performs.	The hospitals receive each monthly delivery, and another carrier wouldn't redeliver past months: criterion (a) is met.
There is a provision because the loss is probable.	The signed 4-year contract obliges MAI to fly two more years; costs will be incurred; 2025 actual costs give a reliable estimate. A provision is required.
Use the input method.	Costs track construction progress on the customer's land, so cost to cost depicts transfer better than time.

Pattern: Because [case fact] meets or fails [criterion], [entity] should recognize, defer, allocate or disclose [amount] on [date]. Then the entry.

WHAT THE SPRING 2026 MARKER PENALIZED

- A full Step 1 when the paper said it was done.
- Guidance repeated without a case fact; provision criteria skipped.
- Missing cash entries; entries written backwards.
- A page of input calculations when time was the output.
- Full statements when only two balances were asked for.
- Prior period error, contingent asset or subsequent events analyzed for an expense-vs-asset issue.

BEFORE YOU STOP

- Framework and reporting date stated.
- Only the issues asked; Step 1 only if in doubt.
- Every criterion tied to a named fact.
- Amounts rounded to whole dollars, with the working shown.
- Entries balance and include cash, cost of sales, provisions, deferrals.
- IFRS–ASPE differences only where supported.
- Stopped at the requested deliverable.

Corrections reconciled and conflicts still open

Known errors in your earlier materials and the course sources are fixed in this atlas, and listed here so you can see what changed. Open items are flagged where they appear in the text. Don't treat an open item as settled.

#	WHERE	ISSUE	RESOLUTION IN THIS ATLAS	STATUS
1	Case Playbook, warranties	Used "would a flawless product still get this?" as the test	B29 first, then B30. The Fall Step 5 deck teaches the flawless-product question too (slide 16), so the atlas keeps it, as the shortcut for B30 after the sold-separately question, which the deck itself calls the strongest signal (Fig 10)	FIXED
2	Case Playbook, contract balances	Receivable mixed into the contract asset/liability grid	Receivable is its own test (¶108); net per contract (¶105–106); due before performing: Dr AR, Cr contract liability (Topic 11)	FIXED
3	Case Playbook, repurchase	Placed a forward or call option in the consignment cell	A lease or a financing (B66), not consignment (Topic 9)	FIXED
4	Case Playbook, IAS 37.69	"Assets dedicated to the contract"	"Assets used in fulfilling the contract" (amended 2020) (Topic 13)	FIXED
5	Recognition Map, Fig 10; Fall Step 5 deck, slide 29	Consignment indicators cited to B77	Indicators are in B78; cited as B77–B78	FIXED
6	Compendium	"ASPE accrues the minimum" stated without its condition	Only when no amount in the range is a better estimate	FIXED
7	Vault Ch 4 notes	Consignment revenue "deferred until the right of return lapses"	Fall deck: when the intermediary sells to the end customer	FIXED
8	AI transcripts	Kennedy 26,885,222 and 13,114,778; MicroArm balance 31,172; straight-line 5,846.33	Workbook and recomputation: 26,885,246; 13,114,754; 31,072.51; 5,846.42	FIXED
9	W2 PBL solution	Wages credit 184,400; clothing control "January 7"	184,800 (60% × 70% × 440,000); 8 January per the facts	FIXED
10	MT 2024 solution	"910,400 − 910,000 = 10,400"	910,400 − 900,000 = 10,400	FIXED
11	MT 2025 solution	"standard $60 rate" for installation	140 an hour per the question; 140 × 7 = 980	FIXED
12	Accounting Temps, Fall Step 5 deck, slide 19	Prints 1/3 and 20,000	Facts give 3 of 12 months: 15,000. Confirmed against the Step 5 deck itself, slide 19	FIXED
13	Barnett straight-line slide	Years labelled 2023–2026	Payments run 2025–2028	FIXED
14	W4 PBL solution	Contract step says payment on 31 Dec 2024; the case bills on 1 Dec 2024	1 December used	NOTED
15	Barnett, Fall W2 deck, slide 28	Journal entry prints the note as 129,588.00 and revenue as 149,588.00	129,588.80 and 149,588.80, as on slides 26 and 27 (Topic 5)	FIXED
A	GreenField (W5 PBL)	Price agreed after year end treated as an adjusting event; IFRS 15 could treat it as a contract modification or price change	Course reasoning used; flagged in Topic 15 and P8(f)	OPEN
B	Onerous entries	Course credits a provision; IAS 37.69 would first impair assets used in fulfilling the contract	Course entry used; flagged in Topic 13	OPEN
C	CTL solution	Debits AR for training while payment still depends on delivering the clothing; ¶105–108 suggests a contract asset	Course account used; flagged in Journey 2	OPEN
D	IFRS 18	Where interest from a customer financing component is classified	Not asserted; flagged in link 17	OPEN
E	ECL simplified approach	Treatment of receivables that have a significant financing component	Not asserted; flagged in Journey 1	OPEN

#	WHERE	ISSUE	RESOLUTION IN THIS ATLAS	STATUS
F	Paragraph citations	Weeks 2 and 3 are now checked against the Fall decks: 15.9(a) to (e), 22, 35, 38, 48 and B80 to B81 match, apart from item 5. Weeks 4 and 5 rest on the Spring 2026 guidance appendix and published IFRS 15 summaries	Confirm Weeks 4 and 5 against the Fall decks when released	OPEN
G	ASPE cells in Topic 14	Canless and patent-claim ASPE answers apply the 3290 matrix; no course solution shows them	Labelled as applications	NOTED
H	Weeks 9–11 links	Built from AI summaries of Spring videos and your notes	Verify when the Fall Weeks 9–11 decks are released	OPEN

What this atlas is built from, and what is missing

SOURCE	TERM	USED FOR	STATUS
Fall 2026 weekly schedule	FALL 2026	Week and chapter map, midterm date	Read directly
Fall 2026 Week 2 deck, the five steps (36 slides)	FALL 2026	Topics 1 to 6: land developer, TAI and OSI, the Step 1 failures, TELUS, Equipment Ltd, the hospital, the software licence, Greenborough, Canadian Tire, Barnett, Loblaw	Read directly in this revision; slide numbers cited in the badges
Fall 2026 Step 5 and special situations deck (34 slides)	FALL 2026	Topics 7 to 10: control, the three criteria, the ¶38 indicators, Keep It Cool, Accounting Temps, Eco Consulting, Clothing Technology, Bright Furnishings, Precision Parts, both Vevox polls	Read directly in this revision
Fall 2026 Week 1 deck, the accounting cycle	FALL 2026	The Bright Bakery connection in Start here	Read directly in this revision
Your Weeks 1–3 Case Reference (22 Sept, built from the Fall decks)	FALL 2026	The first build's current-term examples	Read directly. The decks above now confirm it for Weeks 2 and 3, apart from items 12 and 15
Your study pack: Notebook Map, Case Playbook, Recognition Map, Compendium	derived	Cross-check only	Four Case Playbook errors reconciled above
Spring 2026 lecture decks W1–W5, PBL cases and solutions W2–W5, Kennedy workbooks	SPRING 2026	Depth and worked numbers: Clothing Technology, Momentum Fitness, Sun Technology, GreenField, KTI, Blue Sky, Kennedy	Read directly; every figure recomputed
Midterm 1 papers and solutions, 2024, 2025, 2026 (with marker comments)	SPRING TERMS	Exam patterns, marking evidence, practice	Read directly
Pre-lecture video transcripts W1–W8 (AI transcriptions of Spring videos)	SPRING 2026	Wording of rules; MicroArm, tablets, contingencies	Secondary. Read again in this revision: the figures hold, apart from the three transcription errors in item 8
Weeks 9–11 video summaries (AI summary PDF) and Week 9 PP&E notes	SPRING 2026	Later-chapter connections only: IFRS 18, exchanges, grants, components	Secondary; used only for links 6–8, 12, 16, 17. Read again in this revision: the furniture sale, the IFRS 18 categories, exchanges, grants and restoration costs all hold
Fall 2026 decks for Weeks 4–12, Fall PBL cases, Fall midterm guidance appendix, textbook chapters, Week 12 impairment material	—	—	GAP Not supplied or not yet released. The Spring 2026 guidance appendix stands in for the exam appendix

AFM 291 Revenue Atlas · built 24 September 2026 from your Fall 2026 schedule and Weeks 1–3 Case Reference, the Spring 2026 AFM 291 folder (lectures, PBL cases and solutions, Kennedy workbooks, Midterm 1 papers 2024–2026), the Weeks 1–8 and 9–11 video transcripts, and your earlier study pack. Revised the same day against the Fall Week 1, Week 2 and Step 5 decks. Every figure was recomputed; worked numbers match the course workbooks and sample solutions except where Part VIII says otherwise. Practice problems P1–P10 use invented facts.