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Revenue Recognition: Rules and Standards

Revenue Recognition: Rules and Standards

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Course Description

An ever-increasing number of financial restatements were filed during each of the period 2000-2006, reaching a record 1,801 in 2006. Interestingly, however, the number of financial restatements in the United States started to drop in 2007 for the first time since the passage of the SOX. By 2012, the number of restatements had fallen to 768. One of the most frequent causes of financial restatements is revenue recognition. This course covers the accounting, reporting, and disclosures associated with revenue recognition for the sale of products or rendering of services. Revenue involves a gross increase in assets or decrease in liabilities. Revenue may be recognized at the time of sale or service, during production, at the completion of production, and at the time of cash receipt. Long-term construction contracts may be accounted for under the percentage-of-completion method or the completed contract method. When a right of return exists, revenue may or may not be recognized, depending on the circumstances. The accounting treatment of warranty and maintenance contracts, contributions, and computer software is also discussed.

Field of Study	Accounting
Level of Knowledge	Basic to Intermediate
Prerequisite	None
Advanced Preparation	None

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