

Long-Term Contract Revenue Recognition Guidelines

Date: [Insert Date]

To: [Insert Recipient Name]

From: [Insert Your Name]

Subject: Long-Term Contract Revenue Recognition Guidelines

Dear [Recipient Name],

This letter outlines the guidelines for revenue recognition for long-term contracts, in accordance with relevant accounting standards.

1. Identification of the Contract

Each contract must meet specific criteria to be recognized as a long-term agreement.

2. Performance Obligations

Identify distinct performance obligations within the contract.

3. Transaction Price

Determine the transaction price based on agreed terms and any variable considerations.

4. Allocation of Price

Allocate the transaction price to the performance obligations based on their stand-alone selling prices.

5. Recognition of Revenue

Revenue is recognized when the entity satisfies a performance obligation by transferring control of a good or service.

6. Documentation and Review

Maintain proper documentation to support the revenue recognition process and conduct regular reviews.

For additional details or questions, please do not hesitate to reach out.

Sincerely,

[Your Name]

[Your Position]

[Your Company]