RevRecAI

Revenue recognition analysis

Carrowkeel - Brackenfield Ledger Cloud order form package

ASC 606 & IFRS 15 - Contract Analysis and Revenue Calculations

Customer number	CUST-1016
Contract ID	BS-OF-26-0201 / BS-OF-26-0202
Contract description	An order form package for a 12-month subscription to Brackenfield Ledger Cloud and associated implementation services.
Revenue stream	Cloud Subscriptions
Accounting standard	ASC 606 / IFRS 15 — dominant standard: ASC 606
Contract date	14 July 2026
Contract period	01 August 2026 – 31 July 2027
Report period ending	30 September 2026

Executive summary

Transaction price	Recognised to date	Deferred revenue
€78,000.00	€21,666.67	€56,333.33

The contract comprises 2 performance obligations with a total transaction price of €78,000.00. As at 30 September 2026, €21,666.67 has been recognised and €56,333.33 remains deferred.

Performance obligations at a glance

Performance obligation	Timing	Recognition method	Allocated	Recognised
Ledger Cloud - Enterprise site subscription (up to 120 users)	Over time	Input method – Straight-line – Ratably over the contract period	€52,000.00	€8,666.67
Implementation services (fixed-fee package)	Over time	Input method - labour hours	€26,000.00	€13,000.00
Total			**€78,000.00**	**€21,666.67**

Key judgements

- This agreement does not modify an existing agreement.
- Collection of the consideration is assessed as probable; revenue recognition is not deferred on collectibility grounds.
- Prepared under a dominant standard; no material ASC 606 vs IFRS 15 differences arise on this contract.

Contract summary

This contract is an Order Form Package between Brackenfield Systems Limited and Carrowkeel Shared Services Group Limited. It includes a 12- month subscription to Brackenfield Ledger Cloud for EUR 48,000.00, starting on 1 August 2026. It also includes fixed- fee implementation services for EUR 30,000.00, to be performed between 1 August 2026 and 30 November 2026. The total package price is EUR 78,000.00.

Scope

This agreement is within the scope of ASC 606 (IFRS 15) as it is with a customer and the scope exceptions of ASC 606-10-15-2 (IFRS 15.5) are not applicable.

Notes on scope:

The contract is in scope of ASC 606 / IFRS 15. It is a legally binding agreement signed by both parties where a customer pays EUR 78,000.00 for a hosted software subscription and implementation services. It does not fall under lease standards (ASC 842/ IFRS 16) because the customer has no right to take possession of the software.

ASC 606 vs IFRS 15 differences

Prepared under ASC 606 as the primary basis; material differences under IFRS 15 are noted below.

No material differences between the two frameworks arise on this contract.

Step 1 - Identify contract

In accordance with ASC 606 (IFRS 15), the contract will be accounted for under ASC 606 (IFRS 15) as it is with a customer and neither party has the unilateral, enforceable right to terminate without compensating the other party. In addition, this agreement meets all the criteria detailed within ASC 606-10-25-1 (IFRS 15.9) as:

- The parties have approved the agreement and are committed to perform their respective obligations;
- The agreement identifies each party's rights regarding goods or services to be transferred;
- The agreement identifies the payment terms for the goods or services to be transferred;
- The agreement has commercial substance (i.e., changes the risk, timing or amount of future cash flows); and
- It is probable that substantially all of the consideration will be collected.

Notes on identify contract:

Order Form Package consisting of Order Form A (SaaS subscription for Brackenfield Ledger Cloud) and Order Form B (Implementation Services)

Combining contracts

In accordance with ASC 606-10-25-9 (IFRS 15.17), this contract will be combined with others as they were entered into at, or near, the same time and they were negotiated as a package for a single commercial objective ASC 606-10-25-9(a) (IFRS 15.17(a)).

Notes on combining contracts:

The contracts were negotiated together as a single package with a single commercial objective, signed on the same date, and have pricing dependencies (the discount on Order Form A is contingent on signing Order Form B).

Contract modifications

This contract does not modify an existing agreement.

Step 2 - Identify performance obligations

The following promised goods and services, as well as performance obligations, have been identified:

Performance obligation	Customer benefits on its own	Separately identifiable	Series of goods or services	Another party involved	Entity controls before transfer	Separate PO?
Ledger Cloud - Enterprise site subscription (up to 120 users)	Yes	Yes	No	No	Not applicable	**Yes**
Implementation services (fixed-fee package)	Yes	Yes	No	No	Not applicable	**Yes**

In accordance with ASC 606-10-25-19 (IFRS 15.27), each of these performance obligations is a separate performance obligation as the customer can benefit from it on its own, or with resources readily available, and it is separately identifiable from other promises in the contract.

Goods and services	Performance obligation	Notes
Warranty	No	The contract does include a "Warranty"; however, it does not provide the customer with assurance beyond specifying that the product will comply with agreed-upon specifications. As a result, the warranty does not represent a separate performance obligation.

Step 3 - Determine transaction price

The transaction price has been concluded to be €78,000.00 which is comprised of the following forms of consideration:

Form of consideration	Amount	Notes
Fixed cash consideration	€78,000.00	In accordance with ASC 606-10-32-2 (IFRS 15.47), the transaction price includes fixed cash consideration anticipated to be received.
Total transaction price	**€78,000.00**	

Notes on determine transaction price:

The total transaction price is EUR 78,000.00, which is entirely fixed consideration. This consists of EUR 48,000.00 for the Brackenfield Ledger Cloud subscription (Order Form A) and EUR 30,000.00 for the Implementation Services (Order Form B). There are no variable consideration, financing components, or non-cash considerations.

Drafted by the AI, not yet reviewed

Step 4 - Allocation of transaction price

Standalone selling price

The standalone selling price, and method for determining it, is shown below for each performance obligation.

Performance obligation	Standalone selling price	Method
Ledger Cloud - Enterprise site subscription (up to 120 users)	€60,000.00	Directly observable
Implementation services (fixed-fee package)	€30,000.00	Directly observable
Total	**€90,000.00**	

Allocation of discount

The total transaction price has been concluded to be €78,000.00 and the total standalone selling price has been determined to be €90,000.00. This results in a discount of €12,000.00. As none of the criteria in ASC 606-10-32-37 (IFRS 15.82) are met, the specific allocation provisions of ASC 606 / IFRS 15 are not applicable. As a result, the discount will be allocated based on each performance obligation's relative standalone selling price (see below).

Notes on discount allocation:
The contract states that the discount on Order Form A is available because the Customer signs Order Form B. Since both services are regularly sold separately at standard prices, the package discount is allocated proportionally to both performance obligations.

Allocate transaction price

Based on the information provided, the transaction price is allocated to each performance obligation as follows:

Performance obligation	Standalone selling price	Allocation %	ATP
Ledger Cloud - Enterprise site subscription (up to 120 users)	€60,000.00	66.67%	€52,000.00
Implementation services (fixed-fee package)	€30,000.00	33.33%	€26,000.00
Total	**€90,000.00**	**100.00%**	**€78,000.00**

Notes on allocate transaction price:
The transaction price of EUR 78,000.00 has been allocated proportionally based on the relative standalone selling prices of the subscription (EUR 60,000.00) and implementation services (EUR 30,000.00).

Step 5 - Recognise revenue

The table below indicates the timing, measurement of progress and revenue to date for each performance obligation:

Performance obligation	Allocated transaction price	Timing	Measure of progress	Revenue to date
Ledger Cloud - Enterprise site subscription (up to 120 users)	€52,000.00	Over time	Input method – Straight-line – Ratably over the contract period	€8,666.67
Implementation services (fixed-fee package)	€26,000.00	Over time	Input method - labour hours	€13,000.00
Totals	**€78,000.00**			**€21,666.67**

Performance obligation - "Ledger Cloud - Enterprise site subscription (up to 120 users)"
In accordance with ASC 606-10-55-5 (IFRS 15.B3), performance obligation "Ledger Cloud - Enterprise site subscription (up to 120 users)" is satisfied over time as the customer receives and consumes the benefit simultaneously.

The straight line is by month: every whole month of the period carries the same revenue, and a part month carries its share by its days.

In accordance with ASC 606-10-55-20 (IFRS 15.B18), for performance obligation "Ledger Cloud - Enterprise site subscription (up to 120 users)" the answers provided indicate that a measurement of progress using the inputs method is the most faithful depiction of progress toward the satisfaction of the performance obligation.

The measure of progress for performance obligation "Ledger Cloud - Enterprise site subscription (up to 120 users)", which will be used for determining the appropriate amount of revenue to be recognised, will be based on a straight line or ratable basis giving revenue to date of €8,666.67.

Performance obligation - "Implementation services (fixed-fee package)"

In accordance with ASC 606-10-55-5 (IFRS 15.B3), performance obligation "Implementation services (fixed- fee package)" is satisfied over time as the reporting entity's efforts create an asset with no alternative use to the reporting entity and it is entitled to compensation, including a profit margin, for performance to date.

In accordance with ASC 606-10-55-20 (IFRS 15.B18), for performance obligation "Implementation services (fixed- fee package)" the answers provided indicate that a measurement of progress using the inputs method is the most faithful depiction of progress toward the satisfaction of the performance obligation.

The measure of progress for performance obligation "Implementation services (fixed- fee package)", which will be used for determining the appropriate amount of revenue to be recognised, will be based on labour hours incurred. The labour hours incurred to date are 100.00 compared to the total estimated to be incurred of 200.00, resulting in revenue to date of €13,000.00.

Costs

There were no incremental costs to acquire the contract. In addition, there were no fulfilment costs incurred that were not already capitalised.

The answers to both Costs questions come from the company's setting: the company does not usually pay sales commissions, or incur set-up costs, to win or fulfil contracts.

Notes on costs:

No incremental costs to obtain the contract (such as sales commissions) or fulfillment costs (such as internal set-up costs) are mentioned in the contract. The implementation services provided under Order Form B represent a distinct performance obligation sold to the customer, and the costs to deliver these services must be expensed as incurred under ASC 340-40-25-8(c) rather than capitalized.

Differences from current accounting:
Under ASC 340-40-25-8(c), costs of satisfying a performance obligation are expensed as incurred. Since the implementation services are a contracted deliverable, their fulfillment costs cannot be capitalized as set-up costs.