**EX3-Contract modifications**

**-On 1 November,2022** Company A agreed with Z Stores that the Company will sell gas-powered greenhouses as follows:

**Quantity 200**  Greenhouses**.**

**Price :**90 Dinars per Greenhouse**.**

**Supply period:** 6 months from the date of the contract, and the quantity will be delivered gradually over several months**.**

**- On 1 december, 2022.**Company A had delivered 130 stoves out of the agreed-upon quantity to Z stores, and on this date it was agreed between the two parties to increase the agreed-upon quantity by an additional 100 stoves.

At a price of 100 dinars per unit, the quantity will range from 200 to 300 units, while maintaining the previously agreed upon supply period.

Note that the increase in the price of the additional quantity reflects the increase in the selling prices of greenhouses in the market.On 15 december 2022,

Z stores were delivered 85 units.

**Required:** A statement of the accounting treatment for the above in the books of company A .

**EX4-Variable Consideration**

Peabody Construction Company enters into a contract with a customer to

build a warehouse for $100,000, with a performance bonus of $50,000 that will

be paid based on the timing of completion. The amount of the performance

bonus decreases by 10% per week for every week beyond the agreed-upon

completion date. The contract requirements are similar to contracts that Peabody has performed previously, and management believes that such

experience is predictive for this contract. Management estimates that there is a

60% probability that the contract will be completed by the agreed-upon

completion date, a 30% probability that it will be completed 1 week late, and only a 10% probability that it will be completed 2 weeks late.

***Question:* How should Peabody account for this revenue arrangement?**

**EX5-Time value of money**

**provides an example of a financing transaction**.

**Facts:** On July 1, 2022, SEK Industries sold goods to Grant Company for

R$900,000 in exchange for a 4-year, zero-interest-bearing note with a face

amount of R$1,416,163. The goods have an inventory cost on SEK’s books of

R$590,000.

**Question:**

**(a) How much revenue should SEK record on July 1, 2022?**

**(b) How much revenue should it report related to this transaction on**

**December 31, 2022?**

**EX6- Consideration Paid or Payable to Customers**

Sansung Group offers its customers a 3% volume discount if they

purchase at least ¥2 million of its product during the calendar year. On March

31, 2022, Sansung has made sales of ¥700,000 to Artic Co. In the previous 2

years, Sansung sold over ¥3,000,000 to Artic in the period April 1 to December

31. Assume that Sansung prepares financial statements quarterly.

***Question:* How much revenue should Sansung recognize for the first 3**

**months of 2022?**