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Variable Consideration Estimator

Finance & Accounting

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This guide explains what the tool produces, how to use the output, and what to watch for. The actual output (draft/report) is generated on the tool page.

Background

Estimates variable consideration (expected-value vs most-likely-amount) and applies the constraint under Ind AS 115 / ASC 606 (Step 3), giving the constrained transaction price. Use it to handle rebates, bonuses, penalties and returns in revenue. For price allocation, use the Standalone Selling Price Allocator.

Purpose of this tool & output

Handle discounts, refunds, penalties and bonuses in revenue

How the output is used

Use it to handle discounts, refunds, penalties and bonuses in revenue — the variable-consideration estimate and constraint.

Who should vet it

Your auditor or a revenue specialist, to confirm the estimate and constraint before you recognise revenue.

Important cautions

Requires ongoing reassessment each period; confirm with your auditor.

Companion documents

- ASC 606 / Ind AS 115 Revenue Schedule
- Performance-Obligation Identifier
- Standalone Selling Price Allocator
- Contract-Modification Treatment
- Deferred Revenue Roll-Forward
- Subscription MRR-to-GAAP Bridge

This is AI-assisted guidance. Verify with a qualified professional before any binding decision. Fees, authorities and processes vary by state and change over time — confirm with your state authority.