



Solution 120.13

Component	Retail and consumer
Index	Sales revenue and other revenue
Short title	Concessions

Attention: This guidance is based on the revised standards and interpretations that are mandatory for accounting periods commencing 1 January 2005. A company may early adopt an individual revised standard, but only in its entirety. Guidance based on the previous version of the standards is included in the “Applying IFRS 2004” guidance.

Issue

Revenue is the gross inflow of economic benefits during the period that is generated in the course of the ordinary activities of an entity. Those inflows should result in increases in equity, other than increases relating to contributions from equity participants [\[IAS18.7\]](#).

How should a department store recognise the income received from concession agreements?

Background

A department store based in London hosts 120 retailers under concession agreements.

The agreements specify that in exchange for the space occupied by the retailers, the department store will receive a commission of 20% of the sales made by the retailers.

How should the department store recognise revenue generated in the stores?

Solution

The department store should recognise only the commission that it receives from the retailers as revenue from concession agreements.

The department store’s activity is to provide space and services to retailers. The commission that the department store receives is its only source of revenue.

The department store should not present gross revenue from the retailers’ sales.

The department store may disclose in the notes to the financial statements the revenue generated by concession-holders which gave rise to the commission received.