

[Your Company Letterhead]

[Date]

[Recipient Name]

[Recipient Title]

[Recipient Company]

[Recipient Address]

Dear [Recipient Name],

Subject: IFRS Revenue Recognition Policy

We are writing to inform you about our revenue recognition policy in accordance with the International Financial Reporting Standards (IFRS), specifically IFRS 15: Revenue from Contracts with Customers.

As per our assessment, we recognize revenue when the following criteria are met:

1. **\*\*Identification of the Contract with a Customer:\*\*** We acknowledge a contract exists when all parties have approved the contract, the rights regarding the goods or services are identifiable, the payment terms are clear, and it is probable that we will collect the consideration to which we are entitled.
2. **\*\*Identification of Performance Obligations:\*\*** We determine distinct goods or services that are promised to the customer and treat each as a separate performance obligation.
3. **\*\*Determining the Transaction Price:\*\*** We assess the amount of consideration we expect to receive in exchange for transferring the promised goods or services to the customer.
4. **\*\*Allocating the Transaction Price:\*\*** When a contract has multiple performance obligations, we allocate the transaction price to each obligation based on their standalone selling prices.
5. **\*\*Recognizing Revenue:\*\*** Revenue is recognized when we satisfy a performance obligation by transferring a promised good or service to the customer, which occurs when the customer obtains control of that good or service.

We adhere strictly to these guidelines to ensure accurate financial reporting and transparency for all stakeholders. Should you require any further clarification, please do not hesitate to reach out.

Sincerely,

[Your Name]

[Your Title]

[Your Company]

[Your Contact Information]