Advanced Revenue Management

2022.2

March 22, 2023

Documentation Accessibility

For information about Oracle's commitment to accessibility, visit the Oracle Accessibility Program website at https://www.oracle.com/corporate/accessibility.

Access to Oracle Support

Oracle customers that have purchased support have access to electronic support through My Oracle Support. For information, visit http://www.oracle.com/pls/topic/lookup?ctx=acc&id=info or visit http://www.oracle.com/pls/topic/lookup?ctx=acc&id=trs if you are hearing impaired.

Sample Code

Oracle may provide sample code in SuiteAnswers, the Help Center, User Guides, or elsewhere through help links. All such sample code is provided "as is” and “as available”, for use only with an authorized NetSuite Service account, and is made available as a SuiteCloud Technology subject to the SuiteCloud Terms of Service at www.netsuite.com/tos.

Oracle may modify or remove sample code at any time without notice.

No Excessive Use of the Service

As the Service is a multi-tenant service offering on shared databases, Customer may not use the Service in excess of limits or thresholds that Oracle considers commercially reasonable for the Service. If Oracle reasonably concludes that a Customer’s use is excessive and/or will cause immediate or ongoing performance issues for one or more of Oracle’s other customers, Oracle may slow down or throttle Customer’s excess use until such time that Customer’s use stays within reasonable limits. If Customer’s particular usage pattern requires a higher limit or threshold, then the Customer should procure a subscription to the Service that accommodates a higher limit and/or threshold that more effectively aligns with the Customer’s actual usage pattern.

Beta Features

Send Us Your Feedback

We'd like to hear your feedback on this document.

Answering the following questions will help us improve our help content:

- Did you find the information you needed? If not, what was missing?
- Did you find any errors?
- Is the information clear?
- Are the examples correct?
- Do you need more examples?
- What did you like most about this document?

Click here to send us your comments. If possible, please provide a page number or section title to identify the content you're describing.

To report software issues, contact NetSuite Customer Support.

Table of Contents

Advanced Revenue Management 1
Advanced Revenue Management (Essentials) and (Revenue Allocation) 2
Setup for Advanced Revenue Management (Essentials) 3
Enabling the Advanced Revenue Management (Essentials) Feature 3
Mapping Revenue Recognition Fields 5
Setting Advanced Revenue Management (Essentials) Preferences 7
Creating a Custom Revenue Recognition Event 13
Revenue Arrangement Approval Routing 15
Setup for Advanced Revenue Management (Revenue Allocation) 16
Enabling the Advanced Revenue Management (Revenue Allocation) Feature 16
Adding Item Revenue Categories 17
Setting Advanced Revenue Management (Revenue Allocation) Preferences 17
Fair Value Setup 18
Adding Revenue Allocation Groups 25
Transition to the New Revenue Recognition Standard 26
Migrating Revenue Arrangements and Plans 27
Migrate Revenue Arrangements and Plans Log Reference 31
Examples of Migration Updates to Revenue Plans 32
Revenue Recognition and Advanced Revenue Management (Essentials) 34
Rev Rec Start and End Date Fields with Advanced Revenue Management (Essentials) 35
Search Considerations for Advanced Revenue Management (Essentials) 36
Reports for Classic Revenue Recognition and Advanced Revenue Management (Essentials) 37
Revenue Management Roles and Permissions 38
Revenue Tab in the Accounting Center 39
Change Information for Revenue Recognition Records 40
Revenue Recognition Rules 41
Revenue Recognition Rule Field Reference 42
Defining a Revenue Recognition Rule 51
Item Configuration for Advanced Revenue Management (Essentials) and (Revenue Allocation) 52
Discount and Markup Items in Advanced Revenue Management (Essentials) 57
Auto-Expansion of Kit Items 58
Revenue Arrangement Management 59
Updating Revenue Arrangements 61
Viewing Revenue Arrangements 63
Editing Revenue Arrangements 67
Combination and Modification of Performance Obligations 71
Revenue Element Field Reference 81
Searching for Revenue Elements with Missing Dates 88
Creating Revenue Elements from Journal Entries 89
Deferring Revenue for Billable Costs 90
Advanced Cost Amortization 91
Deleting Revenue Arrangements 95
Deleting Revenue Elements 96
Revenue Recognition Plans 96
Updating Revenue Recognition Plans 97
Viewing Revenue Recognition Plans 99
Editing Revenue Recognition Plans 103
Deleting Revenue Recognition Plans 107
Advanced Revenue Management (Revenue Allocation) 107
Fair Value and Allocation 108
Revenue Allocation for Returns 109
Revenue Reallocation for Revenue Arrangements 112
Allocation Detail Subtab Field Reference 113

Compliant Indicator for Revenue Arrangements ... 114
Contingent Revenue Handling ... 114
Residual Method and Two-Step Allocation ... 116
Advanced Revenue Management (Essentials) for Projects ... 118
Percent-Complete Revenue Recognition Plans ... 118
Generating Forecast Revenue Plans for Projects Without Planned Time Entries ... 119
Advanced Revenue Management and Multi-Book Accounting ... 122
Book Specific Accounting Preferences ... 123
Book Specific Revenue Arrangements, Elements, and Plans ... 123
Book Specific Revenue Allocation ... 125
Chart of Accounts Mapping for Reclassification ... 125
Month-End Revenue Processing ... 125
Revenue Recognition Journal Entries ... 126
Reclassification of Deferred Revenue ... 133
Recalculating Revenue Forecast Plans ... 165
Run and Save the Deferred Revenue Waterfall Report ... 167
Reports for Advanced Revenue Management ... 167
Deferred Revenue by Customer Report ... 168
Deferred Revenue by Item Report ... 168
Revenue by Customer Report ... 169
Revenue by Item Report ... 169
Deferred Revenue Waterfall Summary Report ... 169
Deferred Revenue Waterfall Detail Report ... 170
Revenue Recognition Forecast Summary Report ... 173
Revenue Recognition Forecast Detail Report ... 174
Billing and Revenue Summary Report ... 175
Deferred Revenue Reclassification Activity Report ... 176
Deferred Revenue Reclassification Report ... 177
Deferred Revenue Rollforward Report ... 179
Deferred Expense Waterfall Summary Report ... 183
Deferred Expense Waterfall Detail Report ... 184
Deferred Expense Rollforward Report ... 186
Revenue Recognition Approval Workflow ... 190
Setup Requirements for the Revenue Recognition Approval Workflow ... 191
Setting Up the Revenue Recognition Approval Workflow ... 192
Using the Revenue Recognition Approval Workflow ... 193
Revenue Recognition Approval Workflow States ... 193
Resubmitting Revenue Arrangements for Approval ... 196
Customizing the Revenue Recognition Approval Workflow ... 198
Rule-Based Recognition Treatment ... 202
Setup for Rule-Based Recognition Treatment ... 202
Enabling the Rule-Based Recognition Treatment Feature ... 203
Roles and Permissions for Rule-Based Recognition Treatment ... 203
Recognition Treatment Management ... 204
Recognition Treatment Rule Management ... 206
Operation of Rule-Based Recognition Treatment ... 209
Running the Recognition Treatment Lookup Process Manually ... 210
Excluding Revenue Elements from Treatment Lookup ... 210
Viewing Recognition Treatments ... 211
Viewing Recognition Treatment Rules ... 213

Advanced Revenue Management

NetSuite offers advanced revenue management features to automate revenue deferral and recognition. These features let you recognize revenue independently from billing customers and receiving payments. These revenue management features are as follows:

- **Advanced Revenue Management (Essentials)**

  This feature automates revenue forecasting, recognition, reclassification, and auditing through a rule-based event handling framework.

  The Accounting Periods feature must be enabled as a prerequisite for Advanced Revenue Management (Essentials). Be sure to set up your accounting periods before you start updating revenue arrangements and plans. For more information, see the help topic Accounting Period Setup.

  See Setup for Advanced Revenue Management (Essentials).

- **Advanced Revenue Management (Revenue Allocation)**

  This feature is an add-on feature to Advanced Revenue Management (Essentials). This feature supports the use of fair value pricing, range checking, and fair value formulas to allocate revenue across several performance obligations.

  The Advanced Revenue Management (Revenue Allocation) feature supports fair values based on vendor-specific objective evidence (VSOE), best estimate of selling price (ESP), third party evidence (TPE), and other fair value methods your company uses. These fair values are used to determine the revenue allocation ratios for multi-element transactions.

  The Advanced Revenue Management (Essentials) feature must be enabled as a prerequisite for Advanced Revenue Management (Revenue Allocation).

  See Setup for Advanced Revenue Management (Revenue Allocation).

- **Revenue Recognition Approval Workflow**

  This SuiteApp adds approval workflow to advanced revenue management features. It manages the validation and approval routing of revenue arrangements before they are further processed. You can customize the workflow to add and remove features based on your business requirements.

  See Revenue Recognition Approval Workflow.

- **Rule-Based Recognition Treatment**

  This feature provides the ability to define revenue recognition attributes for revenue elements based on specified criteria. Using this feature, you can set up rules to determine how revenue attributes should be defined for a revenue element.

  See Rule-Based Recognition Treatment

NetSuite offered different revenue recognition features in the past. These features are still supported for customers who have previously enabled them. For information about the previous revenue recognition features, see Legacy Revenue Recognition.

Advanced Revenue Management (Essentials) and (Revenue Allocation)

The Advanced Revenue Management (Essentials) feature automates revenue forecasting, recognition, reclassification, deferral, and auditing through a rule-based event handling framework. With Advanced Revenue management (Essentials) you can defer revenue for recognition across future periods according to the rules you configure.

The following records and transactions are used in Advanced Revenue Management (Essentials):

- **Revenue arrangements** – Non-posting transactions that record the details of customer performance obligations for purposes of revenue allocation and recognition. Advanced Revenue Management automatically creates revenue arrangements from predefined revenue sources, such as approved sales transactions. The arrangements from multiple revenue sources can be consolidated.
- **Revenue elements** – Records that correspond to individual lines in a source. Each revenue element represents a performance obligation. Revenue elements are attached as lines on a revenue arrangement.
- **Revenue recognition rules** – Records that define patterns for revenue recognition. They include, for example, the recognition method, amount source, and start and end date sources.
- **Revenue recognition plans** – Records that indicate the posting periods in which revenue should be recognized and the amount to be recognized in each period. Revenue plans are derived from revenue recognition rules. Each revenue element may have a forecast plan and one or more actual plans. The actual revenue plans control the posting of revenue. You must generate revenue recognition journal entries to post the revenue to the general ledger.

Advanced Revenue Management (Revenue Allocation) is an add-on feature to Advanced Revenue Management (Essentials). This feature supports the use of fair value pricing, range checking, and fair value formulas to allocate revenue across several performance obligations.

The Advanced Revenue Management (Revenue Allocation) feature supports fair values based on the method of your choice. You can use standalone selling price (SSP), vendor-specific objective evidence (VSOE), best estimate of selling price (ESP), third party evidence (TPE), or some other method. These fair values are used to determine the revenue allocation ratios for multi-element transactions.

The fair value price list record is used in Advanced Revenue Management (Revenue Allocation):

- **Fair value price list** – List of the records that define the fair value for items. Fair value price is used to allocate revenue in revenue arrangements.

Information for using Advanced Revenue Management (Essentials) and Advancement Revenue Management (Revenue Allocation) is included in the following topics:

- Setup for Advanced Revenue Management (Essentials)
- Setup for Advanced Revenue Management (Revenue Allocation)
- Revenue Management Roles and Permissions
- Revenue Recognition Rules
- Item Configuration for Advanced Revenue Management (Essentials) and (Revenue Allocation)
- Revenue Arrangement Management
- Revenue Recognition Plans
- Advanced Revenue Management (Revenue Allocation)
- Advanced Revenue Management (Essentials) for Projects
- Revenue Recognition for SuiteBilling

- Advanced Revenue Management and Multi-Book Accounting
- Month-End Revenue Processing – which includes the following major topics:
  - Revenue Recognition Journal Entries
  - Reclassification of Deferred Revenue
  - Recalculating Revenue Forecast Plans
- Reports for Advanced Revenue Management

Unless the Administrator role is required for a task, navigation paths for procedures in this guide are for the Revenue Manager role. For more information, see Revenue Management Roles and Permissions.

> **Important:** If you currently use the classic Revenue Recognition features, contact your sales or account representative to find out how to get Advanced Revenue Management. The assistance of NetSuite Professional Services or a qualified NetSuite partner is required to move from classic Revenue Recognition to Advanced Revenue Management.

Setup for Advanced Revenue Management (Essentials)

The Accounting Periods feature must be enabled as a prerequisite for Advanced Revenue Management (Essentials). Be sure to set up your accounting periods before you start updating revenue arrangements and plans. For more information, see the help topic Accounting Period Management.

> **Important:** If you currently use the classic Revenue Recognition features, contact your sales or account representative to find out how to get Advanced Revenue Management (Essentials). The assistance of NetSuite Professional Services or a qualified NetSuite partner is required to move from classic Revenue Recognition to Advanced Revenue Management (Essentials).

See the following topics to set up the Advanced Revenue Management (Essentials) feature.

- Enabling the Advanced Revenue Management (Essentials) Feature
- Mapping Revenue Recognition Fields
- Setting Advanced Revenue Management (Essentials) Preferences
- Creating a Custom Revenue Recognition Event
- Revenue Arrangement Approval Routing

As part of the setup, you can also create custom revenue recognition events. For more information, see Creating a Custom Revenue Recognition Event.

Enabling the Advanced Revenue Management (Essentials) Feature

When you enable Advanced Revenue Management (Essentials), NetSuite automatically adds the following system accounts:

- Deferred Revenue – for contract liabilities
- Deferred Revenue Clearing
- Unbilled Receivable – for contract assets (This account already exists if you have previously enabled the Revenue Commitments feature.)
- Revenue Arrangement (a non-posting account)

If you use the Automated Intercompany Management feature, NetSuite automatically checks the Eliminate Intercompany Transactions box on the system deferred revenue and unbilled receivable accounts. This enables the automatic generation of elimination journal entries for intercompany sales. For more information, see the help topic Automated Intercompany Management Overview.

When the Advanced Revenue Management (Essentials) feature is enabled, revenue for all items is deferred until revenue recognition journal entries are created. Item records use the system–generated deferred revenue account and the Default Standard revenue recognition rule by default. You must select a value for the Create Revenue Plans On field on the item record to finish item configuration. For more information, see the following topics:

- Revenue Recognition Rules
- Item Configuration for Advanced Revenue Management (Essentials) and (Revenue Allocation)
- Generating Advanced Revenue Recognition Journal Entries

The NetSuite order-to-revenue workflow begins with the sales order or invoice, and specifically includes these transactions:

- Sales order
- Invoice
- Cash sale
- Return authorization
- Credit memo
- Cash refund

If you have been using classic revenue recognition, order-to-revenue workflows begun before you enabled the Advanced Revenue Management (Essentials) feature continue to use classic revenue recognition. Any new order-to-revenue workflows will use Advanced Revenue Management (Essentials). For details, see Revenue Recognition and Advanced Revenue Management (Essentials).

To use Advanced Revenue Management (Essentials), the Accounting Periods feature must be enabled because accounting periods are used for revenue recognition plans.

> **Important:** When you enable the Advanced Revenue Management (Essentials) feature, it cannot be disabled.

Watch the following video to learn how to enable the Advanced Revenue Management (Essentials) feature.

> **Note:** This video also shows you how to enable Advanced Revenue Management (Revenue Allocation). For more information about that feature, see Enabling the Advanced Revenue Management (Revenue Allocation) Feature.

Introducing Advanced Revenue Management (Essentials) and (Revenue Allocation)

To enable Advanced Revenue Management (Essentials):

1. Go to Setup > Company > Setup Tasks > Enable Features.
2. Click the **Accounting** subtab and check **Advanced Revenue Management (Essentials)**.
3. Make sure that **Accounting Periods** is also checked.
4. Click **Save**.

After you have enabled Advanced Revenue Management (Essentials), you can enable the related feature, Rule-Based Recognition Treatment. For information about this feature, see Rule-Based Recognition Treatment.

Mapping Revenue Recognition Fields

With Advanced Revenue Management (Essentials) you can map custom and standard fields from source records to custom, and some standard, transaction column fields in revenue arrangements. Both body and column fields on the source can be mapped, but only column fields are supported for the target revenue arrangement. You can map the same source field to multiple target fields. However, each target field can have only one source field mapped to it.

The values of mapped fields are copied from the source when the revenue arrangement is created. Changes in the source fields after revenue arrangement creation must be updated manually in the revenue arrangement.

The following standard transaction column fields in the revenue arrangement are available as the Target Field. Not all of the target fields are available for mapping from standard fields. The source field type for these target fields is noted as custom in this table.

Target Field	Source Field Type
Start Date	date
End Date	date
Forecast Start Date	date
Forecast End Date	date
Reference ID	free-form text
Create Revenue Plans On	custom list/record
Term in Months	custom integer number
Term in Days	custom integer number
Alternate Unit	custom list that uses Unit of Measure

The following target fields are only available when the Advanced Revenue Management (Revenue Allocation) feature is enabled. For more information, see Enabling the Advanced Revenue Management (Revenue Allocation) Feature.

Target Field	Source Field Type
Revenue Allocation Group	custom list/record
Alternate Quantity	decimal number

When the source and the target revenue arrangement form include the same custom column fields, mapping is not required. If you add a mapping rule that uses a different source field for the target, the mapping rule you add overrides the default mapping.

Note: Be sure to clear the **Revenue Arrangement** box in the **Applies To** subtab for any custom field that should not be included in revenue arrangements. Examples of such fields are custom transaction body fields and custom segments with the Mandatory box checked and no default value.

The following source transaction form types are supported. Select Transaction Line as the Source Record Type to map their fields:

- Sales order
- Invoice

- Cash sale
- Return authorization
- Credit memo
- Cash refund
- Journal
- Intercompany journal
- Advanced intercompany journal

When the Project Management and Charge-Based Billing features are enabled, the Project Revenue Rule is a Source Record Type option. For information about project revenue rules, see the help topic Project Revenue Recognition.

When the SuiteBilling feature is enabled, Subscription Line is a Source Record Type option.

You cannot override the Class, Department, and Location fields on a revenue element using revenue field mapping. Changes in the source cause these fields to be updated. Consequently, any mapping is lost. For other source fields that cause updates in revenue elements, see Updating Revenue Arrangements.

Revenue recognition field mapping can be performed by those with the Administrator, Revenue Manager, or Revenue Accountant role. You can add the list permission Revenue Recognition Field Mapping to custom roles to grant access to the page.

To map revenue recognition fields:

1. Create custom transaction body fields and custom transaction column fields as needed. If you are unfamiliar with customizing NetSuite, see the help topics SuiteBuilder Overview and the other SuiteBuilder help topics.
2. If you created custom source body or column fields, create custom source transaction forms, and add the custom body and column fields as needed.
3. Administrators: Go to Setup > Accounting > Revenue Field Mapping in the Revenue group to open the Revenue Recognition Field Mapping page.

   Revenue Managers: Go to Revenue > Setup > Revenue Field Mapping.

   Use this page to create a list of field mapping by completing the following fields:

   - **Source Record Type** – Select a record type for the source.
   - **Source Field** – Select a field from the list.
   - **Target Field** – Select a field from the list. Custom and standard column fields used on custom revenue arrangement forms are included in the list.
   - **Description** – Add an optional description. For example, you might identify the source form for ease of reference.
4. Click **Add** for each mapping row. You can add as many fields as you like.

   You can map the same source field to multiple target fields.
5. Click **Save** when you finish. To delete your mappings, click **Reset**.
6. Set the accounting preference to use the custom revenue arrangement form that contains your target fields:
   a. Go to Setup > Accounting > Accounting Preferences.
   b. Click the **General** subtab, and scroll to the Advanced Revenue Management Only group of the preferences.
   c. Select your custom form from the **Default Revenue Arrangement Form** list.
   d. Click **Save**.

System notes are not available for Revenue Recognition Field Mapping page.

If you change the mapping for revenue recognition fields, be sure to update any records that may depend on the previous mapping. Examples of such records are fair value dimensions, formulas, and prices.

Setting Advanced Revenue Management (Essentials) Preferences

Advanced Revenue Management (Essentials) includes many preferences that enable you to configure the way revenue is recognized in your account.

To set revenue recognition accounting preferences:

1. Go to Setup > Accounting > Accounting Preferences.
2. Select the accounting preferences you want for Advanced Revenue Management (Essentials). The related preferences are on the **General** and **Items/Transactions** subtabs. For descriptions of the preferences, see the following:
   - Revenue Recognition on General Subtab
   - Advanced Revenue Management Only on General Subtab
   - Subscription Management on General Subtab
   - Amortization on General Subtab
   - Accounts on Items/Transactions Subtab
3. Set preferences as desired, and click **Save**.

Revenue Recognition on General Subtab

These accounting preferences in the Revenue Recognition group of the General subtab of the Accounting Preferences page are available with the Advanced Revenue Management (Essentials) feature. If you are using other revenue and expense recognition features, other accounting preferences may be available. For more information about accounting preferences, see the help topic Accounting Preferences.

Preference	Description
Create Revenue Recognition Journals in GL	Provides a choice for posting revenue recognition and reclassification journal entries: ■ **Detail** – NetSuite creates one detailed journal entry for all plans selected for revenue recognition posting and one to three entries for reclassification journal entry creation. The journal entries include separate lines for each plan, and each line posts separately in the general ledger. ■ **Summary** – Revenue recognition and reclassification are summarized for posting. The summaries are based on matching attributes. For details, see Summarized Revenue Recognition Journal Entries and Summarized Reclassification Journal Entries.
Default Revenue Recognition Journal Date to	Select the default transaction date of revenue recognition journal entries when you open the Create Revenue Recognition Journal Entries page: ■ **Last Day of Period** – The date defaults to the last day of the period you select in the Posting period field. ■ **Current Date** – The date defaults to the current date.
Default Deferred Revenue Reclassification Account	Arrangement level and sub-arrangement group level unbilled receivable adjustments require that you select a default deferred revenue account.
Use System Percentage of Completion for Schedules	This preference is available with the Advanced Revenue Management (Essentials) feature only when one or more of the following features are also enabled:

Preference	Description
	■ Project Management ■ Revenue Recognition ■ Amortization Advanced Revenue Management (Essentials) ignores this preference **except when you use a Project Revenue Rule** on the Financial subtab of the project. Project completion is calculated automatically, based on approved time logged against the project. If you are using Project Revenue Rules, check this box to calculate project completion automatically, based on approved time logged against the project. Clear this box if you always want to enter cumulative percent complete values in the Percent Complete Override subtab on the project record. For more information about Project Revenue Rules, see the help topic Project Revenue Recognition. To bypass automatic calculation, enter values for Period and Cumulative Percent Complete in the **Percent Complete Override** subtab on the Financial subtab of the project. For more information, see Percent-Complete Revenue Recognition Plans.

Advanced Revenue Management Only on General Subtab

These accounting preferences on the General subtab of the Accounting Preferences page are available only when the Advanced Revenue Management (Essentials) feature is enabled.

Preference	Description
Revenue Arrangement Update Frequency	Select how revenue arrangements are synchronized with sales transactions. ■ When you select **Manual** for this preference, to update revenue arrangements, you must go to the Update Revenue Arrangements and Plans page. This page is at Financial > Other Transactions > Update Revenue Arrangements and Revenue Recognition Plans. To start the process, click **Update Revenue Arrangements**. Use this option if you want to use filters to select the revenue elements and arrangements to update. For additional information, see Updating Revenue Arrangements. In OneWorld accounts, the subsidiary access of the logged in user determines which revenue elements and arrangements are updated. ■ When you select **Automatic**, the system updates revenue arrangements every 3 hours. When revenue arrangements are updated automatically, administrator permissions are used and all revenue elements and arrangements are updated regardless of subsidiary restrictions in OneWorld accounts. If you use Multi-Book Accounting, the accounting book status is ignored.
Revenue Plan Update Frequency	Select how revenue recognition plans are synchronized with revenue arrangements. ■ When you select **Manual** for this preference, two locations include a **Update Revenue Plans** button that starts the plan update process. You can click the button on an individual revenue arrangement record to update plans for a single arrangement. On on the Update Revenue Arrangements and Plans page at Financial > Other Transactions > Update Revenue Arrangements and Revenue Recognition Plans to can update plans for multiple revenue arrangements. This page includes filters to select the revenue plans to update. For additional information, see Updating Revenue Recognition Plans. In OneWorld accounts, the subsidiary access of the logged in user determines which revenue elements have their plans updated. ■ When you select **Automatic**, the system updates revenue plans every 3 hours. When revenue recognition plans are updated automatically, administrator permissions are used and all plans are updated regardless of subsidiary restrictions in OneWorld accounts. If you use Multi-Book Accounting, the accounting book status is ignored.

Preference	Description
Disable Creation of Forecast Plans	Check the box to suspend creation of revenue recognition forecast plans. When you clear the box, creation of forecast plans resumes. By default the box is clear. If you suspend forecast plan creation and resume it later, the generation of forecast plans may take longer than usual. When you disable forecast plan creation, the Revenue Recognition Forecast reports omit forecasted lines.
Allow Gaps in Revenue Recognition Record Numbers	Check the box to permit gaps in record numbering for revenue elements and revenue recognition plans. Allowing gaps streamlines the process when executing large numbers of records. The box is automatically checked for new NetSuite implementations. If you clear the box, gaps in the record numbers occur only when revenue elements or revenue recognition plans are deleted.
Default Revenue Arrangement Form	Select the system form to use for revenue arrangements. The options are Standard Revenue Arrangement plus any custom forms created during implementation.
Default Revenue Recognition Journal Entry Form	Select the journal entry form to use for revenue recognition journal entries. The options are Standard Journal Entry plus any custom journal entry forms created during implementation. If you use workflows for journal entry approval routing, create a custom form for your system-generated revenue recognition journal entries. Exclude the custom form from your workflows, and select it as the value for this preference.
Default Reclassification Journal Entry Form	Select the journal entry form to use for deferred revenue reclassification journal entries. The options are Standard Journal Entry plus any custom journal entry forms created during implementation. If you use workflows for journal entry approval routing, create a custom form for your system-generated reclassification journal entries and exclude it from your workflows. Then select that custom form as the value for this preference.
Default Deferred Cost Journal Entry Form	Select the journal entry form to use for the deferred cost journal entry. The options are the Standard Journal Entry plus any custom journal entry forms created during implementation. If you use workflows for journal entry approval routing, create a custom form for this system-generated journal entry and exclude it from your workflows. Then select that custom form as the value for this preference.
Default Standard Revenue Recognition Rule	Select the revenue recognition rule to use by default for items.
Default Catch Up Period	Select the catch up period to use by default when an actual revenue plan that has been on hold resumes. When the hold is removed, this is the value that appears in the **Catch Up Period** field. You can change the value by editing the plan. The options for the default are as follows: ▪ **Blank** – You must set the **Catch Up Period** on the revenue plan. ▪ **Current Period** – This is the default for this accounting preference. ▪ **First Open Period** – The accounts payable close determines whether a period is closed.
Default Reforecast Method	Select the Reforecast Method to use by default for revenue forecast rules. You must enter a value for the Recalculation Adjustment Period Offset field on revenue forecast rules that use the Manual for the Reforecast Method. For information about the Recalculation Adjustment Period Offset field, see Reforecast Method.
Use Transaction Date as Revenue Arrangement Date	Check this box to use the source transaction date as the date for the revenue arrangement. When a project is attached to a source line item, the source transaction date is used, not the project date. If the source date is updated after the revenue arrangement is created,

Preference	Description
	the revenue arrangement date **does not** change. The following source transactions are supported for this preference: ■ Sales order ■ Return authorization ■ Sales invoice ■ Credit memo ■ Cash sale ■ Cash refund ■ Journal entry ■ Advanced intercompany journal entry ■ Intercompany journal entry Clear this box to use the system date when the revenue arrangement is created as the revenue arrangement date. This box is clear by default.
Use Subscription Billing Date as Revenue Arrangement Date	Check this box to use the Start Date in the subscription record header as the date for the revenue arrangement. If the subscription date is updated after the revenue arrangement is created, the revenue arrangement date **does not** change. Clear this box to use the system date when the revenue arrangement is created as the revenue arrangement date. This box is clear by default. This preference is available only when the SuiteBilling feature is also enabled.
Use Project Date as Revenue Arrangement Date	Check this box to use the source project date as the date for the revenue arrangement. This date is the Start Date in the Project Dates section of the project record. If the project date is updated after the revenue arrangement is created, the revenue arrangement date **does not** change. This preference applies to project revenue recognition configured for charge-based project billing, not to projects attached to transaction line items. For more information, see the help topic Project Revenue Recognition. Clear this box to use the system date when the revenue arrangement is created as the revenue arrangement date. This box is clear by default. This preference is available only when the Project Management feature is also enabled.
Require Invoice Approval When Revenue Plans Are Created on Billing	This preference applies only to revenue recognition plans that are created when the Create Revenue Plans On field is set to Billing. Check this box if you use invoice approval routing and do not want revenue recognition plans to be created unless the invoice is approved. Clear the box is you want plans to be created when the invoice is created, regardless of the invoice approval status. When you save your accounting preferences after turning this preference on or off, the evaluation and any revenue plan updates occur in the background. If you have a high number of unapproved invoices when you change the preference, the processing could be slow.
Unbilled Receivable Adjustment Journal Grouping	Select the grouping for reclassification of unbilled receivables. This accounting preference is book specific. When Multi-Book Accounting is enabled, it appears on the accounting book record instead of the Accounting Preferences page. The options are as follows: ■ **Element** – The unbilled receivable adjustment is calculated for each revenue element. This is the default. ■ **Arrangement** – The unbilled receivable adjustment is calculated for the revenue arrangement as a whole. ■ **Sub-Arrangement Group** – The unbilled receivable adjustment is calculated for a group of revenue elements in an arrangement. The group is identified by the value of the Unbilled Receivable Group field on the revenue element. Revenue elements within the arrangement that have the same unbilled receivable group value are calculated together.

Preference	Description
	For details, see Groupings for Unbilled Receivable Adjustment Journal Entries.
Unbilled Contract Asset Account	Select the account to use for the unbilled receivable adjustment during reclassification. The default is the system unbilled receivable account. You may select any account with an account type of other asset or other current asset. With Multi-Book Accounting, you cannot use global chart of accounts mapping for the system unbilled receivable account. Mapping of the system account is ignored. If you want to use global chart of accounts mapping, select a different account here.
Exclude Contract Assets from FX Reclassification	If you enabled Advanced Revenue Management (Essentials) after November 11, 2022, this preference is clear by default. If the box is clear, you cannot check it. This accounting preference controls whether foreign currency revaluation for contract assets occurs during deferred revenue reclassification. When the box is clear, NetSuite includes foreign currency revaluation for the contract asset account in the reclassification process. The reclassification process uses the period-end currency exchange rate of the posting period to calculate contract assets. Reclassification creates an adjustment for foreign currency gain or loss on contract assets when a variance occurs. For information about the adjustment, see Foreign Currency Gain or Loss on Contract Asset. If you enabled Advanced Revenue Management (Essentials) before November 11, 2022, this preference is checked by default. When the box is checked, reclassification does not include foreign currency revaluation for the contract asset account. The system records the exchange rate used by the first unbilled receivable adjustment journal entry for each revenue element. This fixed exchange rate is used to calculate all subsequent unbilled receivable adjustment journal entries for the revenue element. Any unrealized gain or loss due to exchange rate fluctuation is included in the period-end foreign currency revaluation for the unbilled receivables account. Deferred revenue balances may remain for foreign currency transactions after all revenue is recognized. If you clear the box for this preference, you cannot check it again.
Create and Maintain Revenue Element upon Closed Order	This preference is checked by default. When you close a sales order or a line on an order after the revenue element has been created, NetSuite maintains the related revenue elements. Closed lines and sales order are skipped during the revenue element update process. You must create journal entries to correct the deferred revenue. For example, create a sales order for 10 units of an item. After you fulfill and bill 5 units, the item is discontinued. You close the item line on the sales order, and the revenue element is not updated if this preference is checked. Clear this preference to enable the system to update the revenue element in the previous example. The quantity on the revenue element is adjusted and all amounts are updated. In multi-element arrangements, the revenue is reallocated.
Number of Short-Term Revenue Periods	Enter the number of short-term revenue periods to include in the Deferred Revenue Waterfall report. Integers from 0 through 52 inclusive are valid values. The default is 12. Adjustment periods are included in the period count.
Enable Advanced Cost Amortization	Check this box to enable the accrual and amortization of eligible sales costs associated with the contract. When the box is checked, you record eligible sales costs on the revenue arrangement and revenue element. Amortization of these costs is tracked on the revenue recognition plan. For more information, see Advanced Cost Amortization.
Contract Acquisition Expense Account	When Enable Advanced Cost Amortization is checked, you can select an account here for the default Contract Acquisition Expense Account in revenue arrangements.

Preference	Description
Contract Acquisition Deferred Expense Account	When Enable Advanced Cost Amortization is checked, you can select an account here for the default Contract Acquisition Deferred Expense Account in revenue arrangements.
Contract Acquisition Expense Source Account	When Enable Advanced Cost Amortization is checked, you can select an account here for the default Contract Acquisition Expense Source Account in revenue arrangements. When a revenue arrangement has a Contract Acquisition Expense Source Account, the deferred cost journal entry credits it instead of the Contract Acquisition Expense Account.

Subscription Management on General Subtab

One accounting preference in the Subscription Management group on the General subtab of the Accounting Preferences page relates to Advanced Revenue Management (Essentials). The Subscription Management group appears only when the Advanced Subscription Billing feature is enabled.

Preference	Description
Create Revenue Elements for Subscription Revisions	Check this box to create separate revenue elements and revenue arrangements for each contract modification. (Contract modifications are called subscription revisions in SuiteBilling.) You should check this box if you want to be able to review modifications before you merge them with your revenue arrangements. You cannot prospectively merge revenue arrangements that have subscription revenue plans unless this box is checked. For more information, see the help topic Setting the Optional Accounting Preference for Advanced Revenue Management in the SuiteBilling documentation. **Note:** You cannot use custom events with subscription revisions. You cannot clear this box after you have checked it. When the box is clear, changes to subscription quantities, amounts, and dates automatically update the original revenue elements, even on approved revenue arrangements. For details about using Advanced Revenue Management (Essentials) with SuiteBilling, see the help topic Revenue Recognition for SuiteBilling.

Amortization on General Subtab

One accounting preference for Advanced Revenue Management (Essentials) is included in the Amortization group on the General subtab of the Accounting Preferences page.

Preference	Description
Number of Short-Term Expense Periods	Enter the number of short-term expense periods to include in the Deferred Expense Waterfall reports. Integers from 0 through 52 inclusive are valid values. The default is 12.

Accounts on Items/Transactions Subtab

Two accounting preferences for Advanced Revenue Management (Essentials) are included in the Accounts group on the Items/Transactions subtab of the Accounting Preferences page.

Preference	Description
Default Deferred Revenue Account	Select the deferred revenue account to use by default for sales transactions. This account appears by default on item records. The default option is the system-generated Deferred Revenue account.
Default Intercompany Deferred Revenue Account	Select the account to use as the default value for the Intercompany Deferred Revenue Account on item records. The intercompany account is used to record transactions between subsidiaries in NetSuite OneWorld accounts. To be available for selection, an account must have the Eliminate Intercompany Transactions box checked. This preference is available only when the Automated Intercompany Management feature is also enabled. For more information, see the help topic Intercompany Accounts.

Creating a Custom Revenue Recognition Event

Revenue recognition events trigger the creation of revenue recognition plans. The standard revenue recognition events are associated with revenue arrangement creation and billing. When other features are enabled, other standard events are included, such as those for projects and subscriptions. To increase flexibility of revenue processing, you can create revenue recognition events in addition to those provided by NetSuite.

Each revenue recognition event must have a custom recognition event type. You must create at least one custom recognition event type before you can create a revenue recognition event. The custom recognition event type links the item record to the revenue recognition event record. On item records, the custom recognition event type is an option in the Create Revenue Plans On list. On revenue recognition event records, it is an option in the required Event Type list.

The Custom Recognition Event Type permission controls access to the custom recognition event type record. The Revenue Plan permission controls access to the revenue recognition event record. The standard Revenue Manager and Administrator roles include full access for these permissions. The Revenue Accountant role includes view access.

> **Note:** You cannot use custom events with subscription revisions. For information about subscription revisions, see the help topic Revenue Recognition for SuiteBilling.

For details about revenue recognition events and event types, see the following:

- Custom Recognition Event Type
- Revenue Recognition Event

Custom Recognition Event Type

To create a custom recognition event type, go to Lists > Accounting > Custom Recognition Event Types > New. The custom recognition event type record has the following fields:

- **Custom Recognition Event Type** – Enter the name for this type of revenue recognition event. This name appears in the list for the Create Revenue Plans On field in the item record on the Revenue Recognition/Amortization subtab. It is also included as an option in the required Event Type list in the revenue recognition event record.
- **Create Recognition Plan per Event** – This box is checked by default. When it is checked, revenue recognition events of this type generate a revenue plan for each event.

  When you clear this box, each event generates recognition plan that is merged into the resulting revenue recognition plan. The plan header does not include start and end dates. This type of merged revenue plan is appropriate for projects and subscriptions.

- **Percent Complete** – When you check this box, revenue recognition event records that use this event type include a Cumulative Percent Complete field.

  When this box is clear, the revenue recognition event records that use this event type include fields for Quantity and Amount (Transaction Currency).
- **Inactive** – When this box is checked, the recognition type is not displayed as an option in any list.

After you have created the revenue recognition event type, you can use scripting to populate revenue recognition event records.

Revenue Recognition Event

The purpose of the revenue recognition event record is to provide enough information to create a revenue recognition plan. The necessary information consists of a sales contract source, a value for the revenue recognition rule amount source, and three additional required fields. The sales contract source usually includes an item which contains the revenue recognition rule reference needed to generate the revenue plan. If the source is a journal entry, the revenue recognition rules is set directly on the transaction. The revenue recognition rule can also be set on the revenue element before revenue recognition plans are created. The other required fields are the event type, purpose, and date.

The following procedure describes the steps to create a revenue recognition event in the NetSuite UI. You must create the appropriate revenue recognition event type has been created.

> **Note:** You should automate this process using SuiteScript. The revenue recognition event has been exposed to SuiteScript.

To create a revenue recognition event:

1. Go to Lists > Accounting > Revenue Recognition Events > New (Administrator).

   The path for revenue managers is Revenue > Non-Transaction Revenue Recognition Records > View Revenue Recognition Events > New.
2. Select a sales contract source from which a revenue element can be generated. Ensure that the source you select includes an item whose Create Revenue Plans On value matches the Event Type you select in the next step. The following options are available for the sales contract source. Select only one:
   - **Transaction Line** – All lines of all sales transactions are available except those with items that have the Direct Revenue Posting box checked. Journal entries with revenue recognition rules are also included.
   - **Subscription Line** – This option is available only when the SuiteBilling feature is enabled.
   - **Project Revenue Rule** – This option is available only when the Project Management feature is enabled.
   - **Custom Record Type** and **Custom Record** – Select a Custom Record Type and then select a Custom Record. Use these fields only in combination with the revenue management plug-in.
3. Complete the following required fields:
   - **Event Type** – Select a previously created revenue recognition event type. This event type must match the Create Revenue Plan On value on the revenue element associated with the sales contract source.
   - **Event Purpose** – Select Actual or Forecast. This list is not available until you select a sales contract source.

- **Event Date** – Enter or select a date for the trigger.

  When the SuiteBilling feature is enabled, Start Date and End Date fields are included to align with subscription start and end dates.

4. Enter a value in one of the following fields. These fields align with the Amount Source field in revenue recognition rules. You must enter a value in the field that matches the revenue recognition rule for your amount source.
   - **Quantity** – Enter a value in this field when the Amount Source for the associated revenue recognition rule is Event-Percent based on quantity. This field is **not** available when the **Event Type** is one that has Percent Complete checked.
   - **Amount (Transaction Currency)** – Enter a value in this field when the Amount Source for the associated revenue recognition rule is Event-Percent based on amount. This field is **not** available when the **Event Type** is one that has Percent Complete checked.
   - **Cumulative Percent Complete** – Enter a value in this field when the Amount Source for the associated revenue recognition rule is Event-Percent Complete. This field is available **only** when the **Event Type** is one that has Percent Complete checked.

Revenue Arrangement Approval Routing

When you use approval routing, revenue recognition and reclassification journal entries cannot be generated until the revenue arrangement is approved. There are three ways to incorporate approval routing into revenue recognition processing:

- **Approval Routing accounting preference** – This option is the most basic. When you use this option, two fields are added to the revenue arrangement:
  - **Approval Status** – The default is Pending Approval. The other options are Approved and Rejected. By default, all users who can edit revenue arrangements can change the approval status.
  - **Next Approver** – By default, this field is blank. Users who can edit revenue arrangements can select any user in the system as the next approver.
- **Revenue Recognition Approval Workflow SuiteApp** – This managed SuiteApp is available to all users of the Advanced Revenue Management (Essentials) feature. It manages the validation and approval routing of revenue arrangements. For information, see Revenue Recognition Approval Workflow.
- **Custom SuiteFlow workflows** – You can create a custom workflow using SuiteFlow to manage approval routing for revenue arrangements in your account. For information, see the help topic SuiteFlow Overview.

All three approval routing options require the following feature and accounting preference:

- **Feature** – Go to Setup > Company > Enable Features.
  - On the **Accounting** subtab, check the **Advanced Revenue Management (Essentials)** box.
- **Accounting preference** – Go to Setup > Accounting > Accounting Preferences. On the **Approval Routing** subtab, check the **Revenue Arrangements** box.

> **Important:** If you use Approval Routing for Journal Entries, do the following:
>
> 1. Create a custom form for your system-generated revenue recognition and reclassification journal entries. See the help topic Creating Custom Entry and Transaction Forms.
> 2. Exclude this custom form from your workflows. See the help topic Using SuiteFlow for Journal Entry Approvals.
> 3. Select the custom form in the accounting preferences Default Revenue Recognition Journal Entry Form and Default Reclassification Journal Entry Form. See Setting Advanced Revenue Management (Essentials) Preferences.

Setup for Advanced Revenue Management (Revenue Allocation)

The Advanced Revenue Management (Essentials) feature must be enabled as a prerequisite for Advanced Revenue Management (Revenue Allocation). For more information, see Enabling the Advanced Revenue Management (Essentials) Feature.

> **Important:** If you currently use the classic Revenue Recognition features, contact your sales or account representative to find out how to get the Advanced Revenue Management (Essentials) and Advanced Revenue Management (Revenue Allocation) features. The assistance of NetSuite Professional Services or a qualified NetSuite partner is required to move from classic Revenue Recognition to Advanced Revenue Management.

See the following topics to set up the Advanced Revenue Management (Revenue Allocation) feature.

- Enabling the Advanced Revenue Management (Revenue Allocation) Feature
- Adding Item Revenue Categories
- Setting Advanced Revenue Management (Revenue Allocation) Preferences
- Fair Value Setup
- Adding Revenue Allocation Groups
- Transition to the New Revenue Recognition Standard

Enabling the Advanced Revenue Management (Revenue Allocation) Feature

The Advanced Revenue Management (Revenue Allocation) feature is an add-on feature to the Advanced Revenue Management (Essentials) feature. This feature supports the use of fair value pricing, range checking, and fair value formulas to allocate revenue across several performance obligations. For more information, see Enabling the Advanced Revenue Management (Essentials) Feature.

> **Important:** When you enable the Advanced Revenue Management (Revenue Allocation) feature, it cannot be disabled.

Watch the following video to learn how to enable the Advanced Revenue Management (Revenue Allocation) feature.

Introducing Advanced Revenue Management (Essentials) and (Revenue Allocation)

To enable Advanced Revenue Management (Revenue Allocation):

1. Go to Setup > Company > Setup Tasks > Enable Features
2. Click the **Accounting** subtab and check **Advanced Revenue Management (Revenue Allocation)**.
3. Click **Save**.

Adding Item Revenue Categories

Item revenue category is a classification for items that have similar characteristics and revenue allocation requirements.

You can select an item revenue category when you are setting up a fair value price list instead of selecting individual items. For information, see Creating the Fair Value Price List.

To create an item revenue category:

1. Go to Revenue > Setup > Item Revenue Categories > New.

   The Item Revenue Category permission controls access to this page. This permission belongs to the Lists permission type.
2. Enter a **Name** for the category.

   This name appears in lists. Use unique, descriptive names, but keep them short so they can be read in the lists. For example, if you want two license categories, use names such as **License-Perpetual** and **License-Term**.
3. Complete the following optional fields. All fields are displayed in the Item Revenue Categories list.
   - **Description** – Use this field to provide a longer description than is practical for the name.
   - **Fair Value Formula** – Select the default formula for fair value price records created for this item revenue category and for items included in this category. To add options to the list, see Adding Fair Value Formulas.
   - **Fair Value Range Checking Policy** – Select a value as the default for fair value price records created for this item revenue category and for items included in this category. This field is visible only when the **Enable Fair Value Range Checking** accounting preference is checked.

     The options are:
     - **Boundary** – If the discounted sales amount is between the high and low values of the range, it is used as the calculated fair value amount. If it is outside the range, either the high or low value is used, whichever is closer to the discounted sales amount.
     - **Fair Value** – If the discounted sales amount is outside the range, the base fair value is used as the calculated fair value amount.
     - **High** – If the discounted sales amount is outside the range, the high value is used.
     - **Low** – If the discounted sales amount is outside the range, the low value is used.
4. Click **Save** or **Save & New**.

Setting Advanced Revenue Management (Revenue Allocation) Preferences

Advanced Revenue Management (Revenue Allocation) includes preferences that enable you to configure the way revenue is recognized in your account. These preferences appear only when the Advanced

Revenue Management (Revenue Allocation) feature is enabled. For more information, see Enabling the Advanced Revenue Management (Revenue Allocation) Feature.

To set revenue recognition accounting preferences:

1. Go to Setup > Accounting > Accounting Preferences.
2. Select the accounting preferences you want for Advanced Revenue Management (Revenue Allocation). The related preferences are on the **General** subtab.
3. Set preferences as desired, and click **Save**.

Advanced Revenue Management (Revenue Allocation) Only on General Subtab

These accounting preferences on the General subtab of the Accounting Preferences page are available only when the Advanced Revenue Management (Revenue Allocation) feature is enabled. For more information about accounting preferences, see the help topic Accounting Preferences.

Preference	Description
Enable Fair Value Range Checking	Check this box to add the Fair Value Range Checking Policy dropdown list and its dependent fields to the fair value price record. The Fair Value Range Checking Policy is also added to the item revenue category record. This preference is checked by default. For more information, see Creating the Fair Value Price List.
Use Sales Price as Fair Value	Check this box to use the sales price as the fair value when a matching record is not found in the fair value price list. When the sales price is used as the fair value, the value of Is VSOE defaults to Yes in the revenue element. Since kit components have no sales price, you must include fair value prices for kit components items even when this box is checked. For more information, see Auto-Expansion of Kit Items. Clear this box to use only the fair value price list. When no matching fair value price is found, you receive an error message. Then you must either define the fair value for the item or check the box for this preference.
Enable Contingent Revenue Handling	Check this box to enable contingent revenue handling. When enabled, fields are added to item records and revenue elements for contingent revenue. This is a book-level preference. When Multi-Book Accounting is enabled, this preference appears on the accounting book record, not on the Accounting Preferences page. For more information, see Contingent Revenue Handling.

Fair Value Setup

To set up a fair value price list, the Advanced Revenue Management (Revenue Allocation) feature must be enabled.

You can assign fair values to items and item revenue categories by setting up a fair value price list. To complete the fair value price list, you must have fair value formulas. You may also add dimensions to the fair value price list.

Complete the following procedures to set up your fair value rules.

- Adding Fair Value Formulas
- Adding Fair Value Dimensions
- Creating the Fair Value Price List

Adding Fair Value Formulas

Fair value formulas are used in the fair value price list and on item revenue category records. The formulas appear in a dropdown list on those records. You set up the formulas that appear as options on the lists on the Fair Value Formula page. The Fair Value Formula permission controls access to this page. This permission belongs to the Lists permission type.

The formulas use field values from the revenue arrangement body and from the revenue element lines. You can select properly formatted fields from the Field dropdown list in the formula assistant or type them directly in the Fair Value Formula field. The proper formats are as follows:

Field	Format
Base Fair Value	{fairvalue}
Calculated Fair Value Amount	{calculatedamount}
Discounted Sales Amount	{discountedamount}
Exchange Rate	{exchangerate}
Quantity	{quantity}
Revenue Amount	{allocationamount}
Sales Amount	{amount}
Total Carve-out	{totalallocationamount}
Total Revenue Amount	{totalrevenueamount}
Transaction Total	{totalsellingamount}

Custom fields for revenue elements are also included in the list if they are of types Currency, Decimal Number, Integer Number, or Percent.

> **Note:** When Alternate Quantity, Alternate Units Type, and Alternate Unit fields in a revenue element are populated, the {quantity} field can use the Alternate Quantity. To use Alternate Quantity, the Fair Value Price record must include values for Units Type and Units.

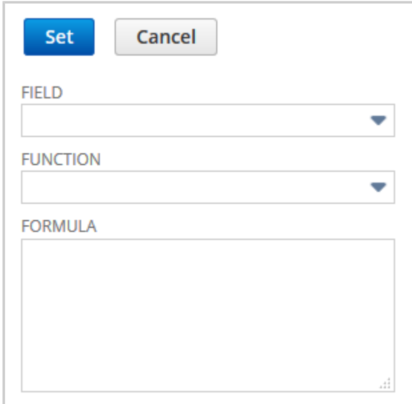
Fair value formulas use symbols for the basic operators multiply (*), divide (/), add (+), and subtract (-). Other supported functions are listed in the Function list in the popup formula assistant. For syntax and descriptions of the supported functions, see Fair Value Functions.

To add a fair value formula:

1. Go to Revenue > Setup > Fair Value Formula > New.

   The New icon + to the right of the Fair Value Formula field in the Fair Value Price record also opens this page.
2. Enter a **Name** for the formula.

   This name appears in lists. Use unique, descriptive names, but keep them short so they can be read in the lists.
3. Enter an optional **Description**.
4. Move the pointer to the right of the **Fair Value Formula** field to display the Set Formula icon. Then, click the icon to open a popup window where you can build the formula.



You can type directly in the **Fair Value Formula** field.

5. Select values from the **Field** and **Function** lists to add them to the **Formula** field using the proper syntax.

   You can type directly in the **Formula** field.
6. Click **Set** to accept the value in the **Formula** field and close the window.
7. Edit the value in the **Fair Value Formula** field as needed.
8. Click **Save** or **Save & New**.

After you save the fair value formula, you can copy it to create similar formulas as needed.

To copy a fair value formula:

1. Go to Revenue > Setup > Fair Value Formulas.
2. Click **View** next to the formula you want to copy.
3. On the Fair Value Formula page, from the **Actions** list, select **Make Copy**.

   A copy of the fair value formula record opens in edit mode.
4. Make the changes you want for the new formula, and click **Save**.

Fair Value Functions

The functions available for fair value formulas are restricted to those that are appropriate for use with fair value calculations.

Supported fair value functions include ABS, which is useful for determining and using the absolute value. For example, to get a negative calculated fair value for a return authorization, you might use {discountedamount}/ABS({discountedamount}).

Use the SIGN function with {quantity} or {amount} instead of ABS if you are creating a fair value formula and using fair value range checking. You can then use same fair value formula for positive and negative lines, such as sales and returns. Range checking evaluates the values based on the expected range of the transaction type and changes the range values accordingly. For example, invoice values are expected to be positive and return authorization values to be negative. The syntax for the SIGN function is SIGN(), so an example using {quantity} would be SIGN({quantity})**formula*, where *formula* is a formula or field value.

The following is a list of fair value functions and their syntax.

Function	Syntax	Description
ABS	ABS(n)	Returns the absolute value of n (see earlier paragraph for an example)

Function	Syntax	Description
CEIL	CEIL(n)	Returns the smallest integer greater than or equal to n
EXP	EXP(n)	Returns the constant e raised to the nth power, where e = 2.71828183
FLOOR	FLOOR(n)	Returns the largest integer less than or equal to n
GROUPSUM	GROUPSUM(revenueallocationgroup,] expr)	For the description, see GroupSum Formulas.
LN	LN(n)	Returns the natural logarithm of n
LOG	LOG(n2, n1)	Returns the logarithm, base n2, of n1
ROUND	ROUND(n [, integer])	Returns n rounded to integer places to the right of the decimal point
SIGN	SIGN(n) (see earlier paragraph for an example)	Returns the sign of n
SQRT	SQRT(n)	Returns the square root of n

GroupSum Formulas

The functions available for fair value formulas include a special GroupSum function to handle complex percentage-based fair value calculations. The format for the function is GroupSum([revenueallocationgroup,] expr).

If you do not specify a revenue allocation group, the group to which the item in the revenue element belongs is used. If you specify a revenue allocation group that no item in the arrangement belongs to, the allocation results in an error. For more information, see Adding Revenue Allocation Groups.

The **expr** is an expression. It may be another formula or a simple field reference.

During calculation of fair value, the reference ID for the revenue element is implicitly included when the group is determined. This reference ID defaults to the internal ID of the source. Items with different reference ID values are not included in the same GroupSum calculation. If you merge revenue arrangements and want to include additional elements in the GroupSum calculation, you must edit the reference ID.

For example, the fair value of a maintenance item is 50% of the discounted sales price of some other items included in the contract. The items on which the percentage is based have the same revenue allocation group.

A sales order is created and approved to represent the contract.

- Maintenance is included at a nominal price in the sales order.
- The revenue allocation group for the hardware and software is appliance.
- The fair value formula for the maintenance item is 0.5*GroupSum(appliance, {discountedamount}).

The revenue arrangement created from the sales order includes the following values.

Item	Revenue Allocation Group	Reference ID	Discounted Sales Amount	Calculated Fair Value Amount	Revenue Amount
Hardware	appliance	1020	2,400	2,400	1,647.06
Software	appliance	1020	1,000	1,000	686.27

Item	Revenue Allocation Group	Reference ID	Discounted Sales Amount	Calculated Fair Value Amount	Revenue Amount
Maintenance		1020	100	1,700	1,166.67

The revenue amounts are the amounts allocated to each revenue element in the revenue arrangement. For more information, see Fair Value and Allocation.

Adding Fair Value Dimensions

Fair value dimensions are fields that you add to the fair value price record. For example, if you add a fair value dimension for subsidiary, a subsidiary field appears on the fair value price record. The dimensions you add appear in the Fair Value Dimension group on the fair value price record. The dimensions do not automatically appear in the fair value price list, but you can create a custom list view to add them. For information, see the help topic Customizing List Views.

The fair value dimensions may be custom segments. The custom fields may be automatically populated in the revenue arrangement columns using revenue recognition field mapping. For more information, see Mapping Revenue Recognition Fields.

The Fair Value Dimension permission controls access to the Fair Value Dimension page. This permission belongs to the Lists permission type.

To add fair value dimensions:

1. Administrators: Go to Setup > Accounting > Fair Value Dimensions in the Revenue group.

   Revenue Managers: Go to Revenue > Setup > Fair Value Dimensions.
2. Select a dimension from the **Field** list, and type a **Description**.
3. Select additional fields and type descriptions as desired.

   You may use each field only one time. The maximum number of dimensions is 10.
4. Click **Save**.

You cannot delete a fair value dimension that is used in a fair value price record. If the fair value price record has not been used, you can delete the fair value price record and then delete the dimension.

To delete a fair value dimension:

1. Administrators: Go to Setup > Accounting > Fair Value Dimensions in the Revenue group.

   Revenue Managers: Go to Revenue > Setup > Fair Value Dimensions.
2. Select the blank option at the top of the **Field** dropdown list, and clear any text in the **Description** field.
3. Click **Save**.

Logic for Fair Value Price Selection with Fair Value Dimensions

When fair value dimensions are used on a fair value price record, the values you can select include Any or Unassigned. These values are in addition to specific values for the dimension. When you select Any, the fair value price applies to all items regardless of their dimension value, unless another fair value price matches exactly. Unassigned equates to null, and when selected, the fair value price applies to items with no value selected for the dimension.

For example, you add a fair value dimension for Location. Your account includes the following values for Location on the fair value price record:

- Any

- Unassigned
- Americas
- Asia
- EMEA

You add Location as a fair value dimension and set up three fair value price records for an item as follows:

Record	Item	Base Fair Value	Currency	Fair Value Formula	Location
1	Service	300	USD	{FAIRVALUE}*0.8	Americas
2	Service	400	USD	{FAIRVALUE}*0.8	- Any -
3	Service	500	USD	{FAIRVALUE}*0.8	- Unassigned -

The service item is included in various transactions with different locations. The fair value price list logic selects fair value prices for the locations as follows:

Location	Fair Value Record
Americas	1
Asia	2
EMEA	2
no value	3

If no fair value price record had been created with a Location value of Unassigned, the results would be different. In that case, the revenue element with no value for its location would also use fair value record 2.

Creating the Fair Value Price List

The fair value price list enables you to create different fair value rules for different items and item revenue categories. To create the list, you add fair value price records. The fair values for items are used to allocate revenue in revenue arrangements.

The Fair Value Price permission controls access to Fair Value Price page. This permission belongs to the Lists permission type.

You can edit fair value prices after you add them. Any changes you make apply to new customer performance obligations only. They do not affect existing revenue elements and arrangements.

Fair Value Price record is available in transaction searches in the Allocation Details fields. The results for Fair Value Price record show the internal ID.

> **Note:** You can import your fair value price list. For more instructions and an example of the file structure, see the help topic Fair Value Price CSV Import.

To add a fair value price record:

1. Go to Revenue > Setup > Fair Value Price Lists > New.
2. Select an **Item** or **Item Revenue Category** from the lists.
   - If you select an **Item** that belongs to a category, the **Item Revenue Category** field is automatically populated.

- If you select an **Item Revenue Category**, you can leave **Item** blank. For more information, see Adding Item Revenue Categories.

3. In **Base Fair Value**, enter the base fair value for the item. This value is used for range checking.
4. Select an option from the **Currency** list. This field is available only when the Multiple Currencies feature is enabled. The fair value for other currencies is derived using the transaction exchange rate.
5. Select an option from the **Default Fair Value Formula** list.

   If the **Item Revenue Category** you select includes a **Fair Value Formula**, that value is selected by default. To add formulas to the list, click the New button + to the right of the field. For more information, see Adding Fair Value Formulas.
6. Enter the following optional values as appropriate:
   - **Subsidiary** – This list is available only on OneWorld accounts.
   - **Accounting Book** – This list is available only when the Multi-Book Accounting feature is enabled.
   - **Source Type** – This list enables you to create fair value prices that are specific to the type of revenue source. By default, the fair value price applies to any source that matches the other criteria.
   - **Customer:Project** – This list enables you to create fair value prices that are specific to a customer or project. By default, the fair value price applies to any customer or project that matches the other criteria.
   - **Fair Value Range Checking Policy** – This list and its related fields appear only when the **Enable Fair Value Range Checking** accounting preference is checked. The policy determines the value to use in the allocation ratio by comparing an item's discounted sales price with its calculated fair value. If the **Item Revenue Category** you select includes a **Fair Value Range Checking Policy**, that value is selected by default.

     When you select a **Fair Value Range Checking Policy**, the following additional fields are required, regardless of the option you select:
     - **Low Value Percent** – Enter a percent of the base fair value to set the low end of the range. A percent sign is not required. The **Low Value** is automatically calculated.
     - **High Value Percent** – Enter a percent of the base fair value to set the high end of the range. A percent sign is not required. The **High Value** is automatically calculated.

     The options for **Fair Value Range Checking Policy** are:
     - **Boundary** – If the discounted sales amount is between the high and low values of the range, it is used as the calculated fair value amount. If it is outside the range, either the high or the low value is used, whichever is closer to the discounted sales amount.
     - **Fair Value** – If the discounted sales amount is outside the range, the calculated fair value is used as fair value.
     - **High** – If the discounted sales amount is outside the range, the high value is used.
     - **Low** – If the discounted sales amount is outside the range, the low value is used.

     > **Note:** The calculated fair value for a return element does not follow the Fair Value Range Checking Policy. For more information, see Revenue Allocation for Returns.
   - **Units Type** – This list is available only when the Multiple Units of Measure feature is enabled.
   - **Is VSOE Price?** – Check this box to indicate that the fair value is VSOE. If this box is not checked, the fair value is considered an estimate. The value of this field, whether checked or not, is passed to the revenue element. This field is not a dimension for purposes of the fair value lookup.

ORACLE NETSUITE

- **Start Date** and **End Date** – These fields enable you to set up fair value prices for future use. When a revenue arrangement is created, its date is checked against these dates.

  Use the following guidelines for these fields:
  - You can leave both dates blank.
  - You can enter a **Start Date** and leave the **End Date** blank.
  - If you enter an **End Date**, you must enter a **Start Date**.
  - The **End Date** must be later than the **Start Date**.
- **Fair Value Dimension** – When you add fair value dimensions, they appear in a Fair Value Dimension group below the Primary Information. Each dimension list includes the following values in addition to the dimension values for the account:
  - **Any** – When you select this value, the fair value price may apply to all items regardless of their dimension value. This is the default. If another fair value price matches the dimension value exactly, that fair value price is used.
  - **Unassigned** – When you select this value, the fair value price applies only to items that do not have a value selected for the dimension.

  For more information, see Logic for Fair Value Price Selection with Fair Value Dimensions.

7. Click **Save** or **Save & New**.

After you save the fair value price record, you can copy it to create similar fair value prices as needed.

To copy a fair value price:

1. Go to Revenue > Setup > Fair Value Price Lists.
2. Click **View** next to the fair value price you want to copy.
3. On the Fair Value Price page, from the **Actions** list, select **Make Copy**.

   A copy of the fair value price record opens in edit mode.
4. Make the changes you want for the new fair value price, and click **Save**.

Adding Revenue Allocation Groups

The revenue allocation group value is used in the GroupSum function in fair value formulas. See GroupSum Formulas.

The item record has a field on the Revenue Recognition/Amortization subtab where you can set the default revenue allocation group. For more information, see Item Configuration for Advanced Revenue Management (Essentials) and (Revenue Allocation). The revenue allocation group you select on the item record can be changed on the revenue element in the revenue arrangement.

The values for the revenue allocation group list are derived from an accounting list that you configure during setup.

To add revenue allocation group values:

1. Go to Revenue > Setup > Revenue Allocation Groups > New to open the Revenue Allocation Group page.

   If you are using the Administrator role:
   - Go to Setup > Accounting > Accounting Lists > New.
   - Click the **Revenue Allocation Group** link to open the page.
2. Enter a value in the **Revenue Allocation Group** field. This field allows letters, numbers, and underscore characters only. Do not include spaces or other special characters.

3. Click **Save** or **Save & New**.

Transition to the New Revenue Recognition Standard

The Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) announced new standards for revenue recognition in May 2014. The new standard is called Revenue from Contracts with Customers. The FASB refers to the standard as ASC 606, and IASB calls it IFRS 15. Advanced Revenue Management (Essentials) and Advanced Revenue Management (Revenue Allocation) supports both existing standards and the new standard.

NetSuite uses a transition period to define when the transition from current standards to the new standard occurs. The transition period affects processing of revenue arrangements as follows:

Revenue Arrangement	Treatment
Completed before the transition period	Processed purely under the existing standards
Generated after the transition period	Processed purely under the new standard
Generated before the transition period but not completed	▪ Processed under the existing standards prior to the transition period ▪ Processed under the new standard after the transition period ▪ Create a one-time adjustment for the transition from the existing standard to the new standard

You should work with your revenue accountant to determine what changes are required for your business to meet the ASC 606/IFRS 15 standard. The following are some of the changes you may make:

Use Case	Reconfiguration
Start using revenue allocation	To add revenue allocation, set up the fair value price list. For more information, see Setup for Advanced Revenue Management (Revenue Allocation).
Stop using the residual method for revenue allocation	Change the Allocation Type on the item record to Normal. If you use Multi-Book Accounting, you can clear the Enable Two Step Revenue Allocation box on the accounting book record.
Use a different fair value definition	Define new fair value records with the Start Date set to the first day of the transition period. Set the End Date for current fair value records to the last day of the period prior to the transition period.
Use different revenue recognition rules	Create new revenue recognition rules. Select different revenue recognition rules on the item records.
Use different triggers to create revenue plans	Select different values for the Create Revenue Plans On field on item records.
Use a different grouping for revenue reclassification	Change the option for the accounting preference Unbilled Receivable Adjustment Journal Grouping from Element to Sub-Arrangement Group or from Sub-Arrangement Group to Arrangement.

The recommended steps to convert to the new standard are as follows:

1	Current Standard	Revenue arrangements are processed according to the current standard.
2	Parallel Processing with New Standard	(Optional – requires Multi-Book Accounting) Set up a secondary accounting book with the new standard and begin processing revenue in parallel with both standards.
3	Pause	1. Before running the NetSuite migration tool, change revenue arrangement and revenue plan processing to manual. 2. Process all revenue contracts, including revenue recognition journal entries and reclassification, up to the cut-off date under the current standard.
Transition		
4	Reconfiguration	1. Close all accounting periods prior to the transition period. 2. Reconfigure items and default revenue allocation rules according to the new standard.
5	Adjustment	Migrate revenue arrangements and plans to the new configuration. This process adds a one-time adjustment to revenue plans for the difference between the current standard and the new standard. All revenue arrangements are now set to process according to the new standard.
6	New Standard	Change revenue arrangement and revenue plan processing back to automatic. All revenue arrangements are now processed according to the new standard including those arrangements that were migrated.

The tools necessary to convert from existing standards to the new standard are included with the Advanced Revenue Management (Essentials) and Advanced Revenue Management (Revenue Allocation) features. However, the assistance of NetSuite Professional Services or a qualified NetSuite partner is required to process the migration. To see how the migration works, see Migrating Revenue Arrangements and Plans.

Migrating Revenue Arrangements and Plans

This topic provides instructions for step 5 in transitioning to the ASC 606/IFRS 15 standard described in Transition to the New Revenue Recognition Standard. When the migration is complete, revenue recognition plans are updated and a one-time adjustment is added to the revenue plans in the current period. The one-time adjustment reflects the difference between the current standard and the new standard. The adjustment posts to the revenue adjustment account you select during migration when you generate revenue recognition journal entries for the period. The adjustment is not posted automatically by the migration process.

> **Note:** The hidden **Enable Migrate Revenue Arrangements and Plans** preference must be checked to access the Migrate Revenue Arrangements and Plans page. The assistance of NetSuite Professional Services or a qualified NetSuite partner is required for the transition process. Professional Services or a partner must contact Technical Support to request that the preference be enabled.

Access to the Migrate Revenue Arrangements and Plans page requires the Full level permission Migrate Revenue Arrangements and Plans. By default, only the Administrator role includes this permission. You can add it to custom roles as needed. The permission is on the Setup subtab of the Permissions subtab.

If you have enabled advanced cost amortization, the values in Cost Amortization Plan subtab are also updated during the migration. The one-time adjustment for the difference between the standards is included in the same journal entry as the one-time revenue adjustment. You can select the expense adjustment account at the time you run the migration.

You can run the migration process multiple times. Each time the process runs, it updates revenue arrangements that have pertinent changes. If you change the transition period for a subsequent migration, the Transition to New Standard value is updated for the affected revenue elements.

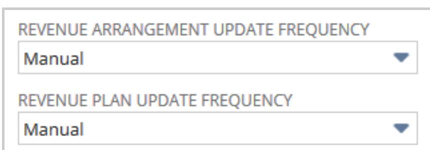
For instructions, see the following:

- Prerequisites
- Migration Saved Search Best Practices
- Performing the Migration

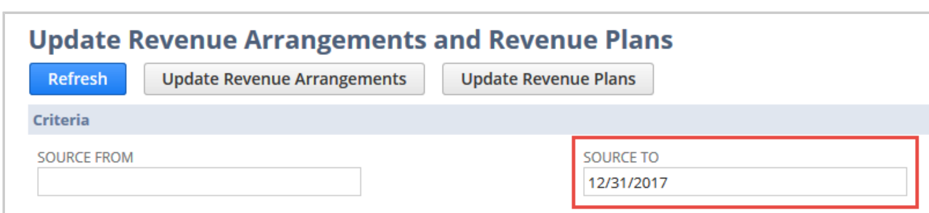
Prerequisites

Before you begin the migration, you must have already completed the following steps:

1. Change revenue arrangement and revenue plan processing to manual in the accounting preferences as shown.



2. Process all revenue contracts, including revenue recognition journal entries and reclassification, up to the cut-off date under the current standard:
   a. Go to Transactions > Financial > Update Revenue Arrangements and Revenue Recognition Plans (Administrator) to open the Update Revenue Arrangements and Revenue Plans page.
   b. Set the **Source To** date to the last day of the period prior to your transition period.



   c. Click **Update Revenue Arrangements**, and when the process is finished, click **Update Revenue Plans**.
   d. Generate revenue recognition journal entries, and then create reclassification journal entries.
3. Close all accounting periods prior to the transition period.
4. Reconfigure items, fair value price list, and revenue recognition rules according to the new standard.
5. Create a revenue arrangement saved search that includes all the arrangements you want to migrate. You may use the same saved searches as you use to schedule reclassification journal entries. You may include revenue arrangements from more than one accounting book if you are using Multi-Book Accounting. Best practices are included in the following section.

> **Note:** If your saved search includes revenue arrangements that are not approved, these revenue arrangements are also migrated.

Migration Saved Search Best Practices

- Make sure the search is a revenue arrangement saved search (Type is Revenue Arrangement). Only revenue arrangements are processed in the migration.
- Include Main Line in the search filters and set the value to true so that the results include only one line per revenue arrangement. All revenue element lines are processed with the arrangement.
- For OneWorld accounts, filter the search by subsidiary if the accounting periods are not all closed through the same period.
- If the Multi-Book Accounting feature is enabled, filter the search by accounting book if the accounting periods are not all closed through the same period.

Performing the Migration

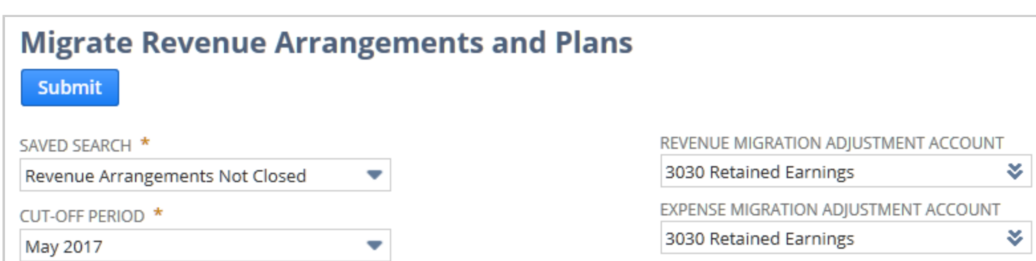
When you have completed the previous steps, you are ready to migrate your revenue arrangements and plans to the new standard. At the end of a successful migration, the following changes occur for revenue arrangements included in the migration and their associated plans:

- The revenue elements for the revenue arrangements are updated to include a date in the Transition to New Standard field. The date is the last day of the Cut-off Period for the migration.
- If the revenue arrangement date is prior to or within the Cut-off Period, NetSuite populates two account fields for the revenue elements. These fields are **Revenue Migration Adjustment Account** and **Expense Migration Adjustment Account**. The Expense Migration Adjustment Account field is displayed only when the Enable Advanced Cost Amortization accounting preference is checked.
- Actual revenue plans are updated and include one-time adjustments for differences resulting from the reconfiguration.
- If revenue has been recognized for a revenue plan, a new revenue plan may also be created. A new plan is created when the revenue recognition rule or value of the Create Revenue Plans On on the item has changed. The amounts of any unrecognized lines in the original plan change to 0.

> **Note:** Revenue arrangements that have participated in the prospective merge process are skipped during migration. If such arrangements are included in the saved search, they are listed in the Failed Records subtab of the Migrate Revenue Arrangements and Plans Log.

To migrate revenue arrangements and plans:

1. Go to Transactions > Financial > Migrate Revenue Arrangements and Plans (Administrator). If this navigation path does not exist in your account, the preference has not been enabled.



2. In the **Saved Search** list, select the revenue arrangement saved search that includes the criteria of the revenue arrangements you want to migrate.

   If you want to migrate revenue arrangements in smaller batches, use the saved search to filter the arrangements that are processed. For example, create separate saved searches for each subsidiary or each accounting book.

3. In the **Cut–off Period** field, select your transition period.

   The cut-off date is the last day of the period prior to the period you select. The default cut-off period is the first open period, but closed periods are also included in the list.

   In OneWorld accounts, the accounting period close process is subsidiary-specific. When Multi-Book Accounting is enabled, the close process may also be accounting-book-specific. All periods up to the **latest** first-open period are included in the Cut-off Period list for these accounts.

   For example, all periods up to Jun 2017 are included in the **Cut-off Period** list:

Subsidiary	First Open Period
1	Mar 2017
2	Jun 2017
3	Feb 2017

   If you select Jun 2017 and your saved search includes revenue arrangements for subsidiary 1 or 3, an error occurs when you submit the migration.

4. By default, the changes resulting from the migration are posted in a one-time adjustment to the system retained earnings account. Posting occurs if revenue recognition has begun prior to or during the Cut-off Period. You can select a different account as follows:

   - **Revenue Migration Adjustment Account** – Select a different account to use for the one-time adjustment to revenue. Select the blank option to post the adjustment to each item's revenue account. If the field displays a popup list rather than a dropdown list, to select the blank option, delete the value. A <Type then tab> prompt appears, but the field is blank.
   - **Expense Migration Adjustment Account** – This field is available only when the accounting preference Enable Advanced Cost Amortization is checked. Select a different account to use for the one-time adjustment to expense. Select the blank option to post the adjustment to each item's expense account. If the field displays a popup list rather than a dropdown list, to select the blank option, delete the value. A <Type then tab> prompt appears, but the field is blank.

   If you resubmit a migration using different adjustment accounts, NetSuite updates the accounts displayed on the revenue element lines to the most recent submission parameters. However, the accounts for the one-time adjustments in the previously updated plans do not change. You must edit the revenue plan accounts manually.

   Changes to revenue recognition plans that begin after the Cut-off Period are posted to the deferral and recognition accounts specified on the item record. The Revenue Migration Adjustment Account and Expense Migration Adjustment Account are ignored for these plans.

5. Click **Submit**.

   The Process Status page opens and displays the status of the Migrate Revenue Arrangements and Plans process. Click **Refresh** as needed to update the results.

6. When the migration process is complete, click **Complete** on the Process Status page to open the Migrate Revenue Arrangements and Plans Log page. No errors are shown on the Process Status page when the log is successfully created.

   Each revenue arrangement processed also shows any errors that occurred during processing with a link to the log. The link and any errors are in the Revenue Arrangement Message subtab of the Revenue Element subtab. The link is in the Migration Log column.

Migrate Revenue Arrangements and Plans Log Reference

To open the Migrate Revenue Arrangements and Plans Log, click the link in the Submission Status column of the Process Status page after you submit the migration. Each revenue arrangement migrated also includes a link to the log in the Revenue Arrangement Message subtab of the Revenue Element subtab. The link is in the Migration Log column.

The log page reports the status of revenue arrangements processed for migration and includes the details of the migration submitted. The log has two subtabs: Successful Records and Failed Records. Each subtab includes a button that enables you to export the results as a CSV file.

Header of the Migrate Revenue Arrangements and Plans Log page includes the following fields:

Field	Description
Date	Date the migration process was run
Status	Two values are possible: ■ **Complete** – the process is complete even if some arrangements or plans failed ■ **In Progress** – the process is pending, processing, or deferred Click **Refresh** until the Status changes to Complete.
Cut-off Period	Cut-off Period selected for the migration
Saved Search	Link to the saved search used for the migration
Number of Records	Number of revenue arrangements processed in the migration
Revenue Migration Adjustment Account	Account specified for the revenue adjustment
Expense Migration Adjustment Account	Account specified for the cost adjustment. This field is included only when the accounting preference Enable Advanced Cost Amortization is checked.
Run By	Name of user who submitted the migration

The Successful Records subtab contains a list of the revenue arrangements that were processed successfully. Revenue arrangements are considered successfully processed if all process steps were successful. The Successful Records list includes the following columns:

- Line
- Internal ID
- Arrangement Number – Link to the revenue arrangement
- Customer
- Total Revenue Amount
- Currency
- Subsidiary – OneWorld accounts only
- Accounting Book – When the Multi-Book Accounting feature is enabled only

The Failed Records subtab contains a list of the revenue arrangements that failed at any point in the migration process. The list may have more than one line per revenue arrangement because each failed process is listed. The subtab has the same columns as the Successful Records subtab, plus these additional columns:

Column	Description
Step	Process step that failed, such as updating the revenue arrangement, allocating revenue and expense, or updating the revenue plan
Reason for Step Failure	Reason for the failure, for example, the amount for the revenue recognition plan could not be determined.
Element Number	Link to the revenue element

Examples of Migration Updates to Revenue Plans

When revenue has been recognized for a revenue plan, the current plan is updated and a new revenue plan may also be created. A new plan is created when the revenue recognition rule or value of the Create Revenue Plans On on the item has changed. The amounts of any unrecognized lines in the original plan change to 0.

If an actual revenue plan has no recognized revenue, migration updates the current plan and does not create a new plan. If you updated your revenue arrangements and plans and then created revenue recognition and reclassification journal entries, this is unlikely to happen.

The following examples show both cases. The accounts in the examples are the revenue recognition accounts.

- Plan with Recognized Revenue
- Plan with No Recognized Revenue

Plan with Recognized Revenue

Values prior to migration:

Total Revenue	100
Revenue Recognition Rule	3 month prorate first & last
Create Revenue Plans On	Revenue Arrangement Creation
Term	3 months
Rev Rec Start Date	May 21

Revenue recognition plan before migration:

	May	June	July	August	Total
Amount	posted 11.96	33.15	33.15	21.74	100
Account	Revenue	Revenue	Revenue	Revenue	Revenue

Reconfigured values:

Revenue Recognition Rule	3 month billing prorate first & last **Rev Rec Start Date Source Type is Event Date**
Create Revenue Plans On	**Billing**
Invoice Date	June 1

Cut-off Period	May
Revenue Migration Adjustment Account	Retained Earnings

Because the revenue recognition rule and value for Create Revenue Plans On changed, when the original plan is updated, it is zeroed out and a new plan is created. The updated plan has an amount planned for May to reverse the previously recognized amount. Because May was closed in preparation for the migration, this updated original plan needs to be recognized in June.

		May	June	July	August	Total
Recognized before migration	Amount	11.96				11.96
	Account	Revenue				Revenue
Planned after migration	Amount	−11.96	0	0	0	−11.96
	Account	Retained Earnings	Revenue	Revenue	Revenue	Retained Earnings/Revenue
Total	Amount	0	0	0	0	0

The trigger for creation of the new plan is the billing event. The invoice is dated June 1. The new revenue recognition plan has a Rev Rec Start Date of June 1 and these values:

	June	July	August	Total
Amount	33.33	33.33	33.34	100
Account	Revenue	Revenue	Revenue	

Plan with No Recognized Revenue

Values prior to migration:

Total Revenue	100
Term	4 months
Rev Rec Start Date	May 1

Revenue recognition plan before migration:

	May	June	July	August	Total
Amount	25	25	25	25	100
Account	Revenue	Revenue	Revenue	Revenue	Revenue

Reconfigured values:

Term	**5 months**
Cut-off Period	May
Revenue Migration Adjustment Account	Retained Earnings

Revenue recognition plan updated by migration:

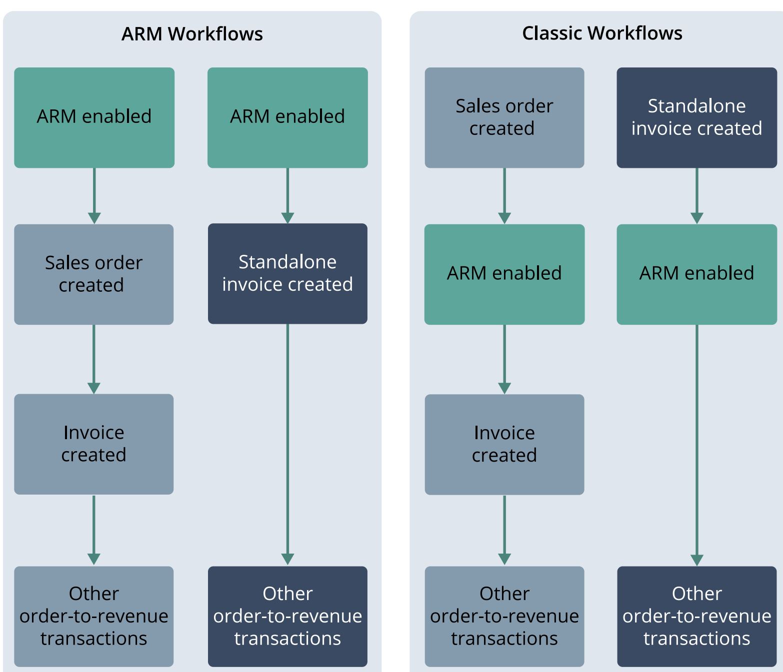
	May	June	July	August	September	Total
Amount	25	20	20	20	20	105
Account	Revenue	Revenue		Revenue	Revenue	
Amount	-5					-5
Account	Retained Earnings					
Total	20	20	20	20	20	100

Revenue Recognition and Advanced Revenue Management (Essentials)

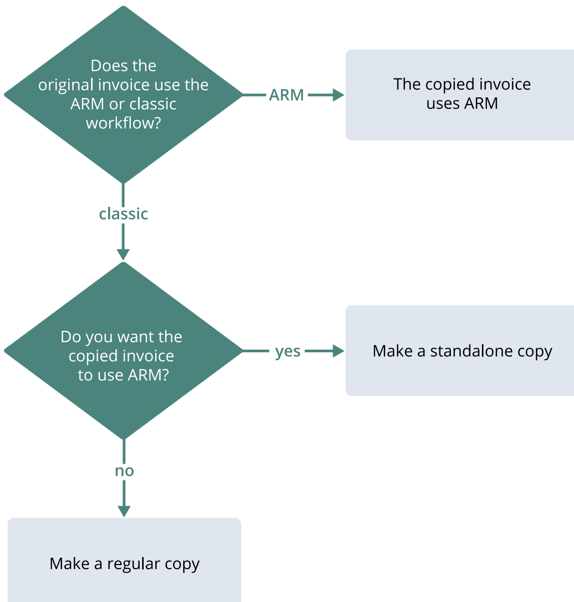
The NetSuite order-to-revenue workflow begins with the sales order or invoice. The workflow specifically includes these transactions: sales order, invoice, cash sale, return authorization, credit memo, and cash refund. If you have been using classic revenue recognition features, order-to-revenue workflows that began before you enabled Advanced Revenue Management (Essentials) continue to use classic revenue recognition.

Any new order-to-revenue workflows created after the feature is enabled will use Advanced Revenue Management (Essentials). New order-to-revenue workflows include all new sales orders, even those generated from quotes that were created before Advanced Revenue Management (Essentials) was enabled.

You should keep track of the date you enabled Advanced Revenue Management (Essentials). You need to know that date to identify whether transactions later in the workflow use classic revenue recognition (classic) or advanced revenue recognition (ARM). Classic and ARM workflows are shown in the following diagram.



After Advanced Revenue Management (Essentials) is enabled, if you copy a sales order that uses the classic workflow, the new sales order uses the ARM workflow. When you copy invoices, the new invoice keeps the same workflow as the original. However, you can make a standalone copy of an invoice in a classic workflow. If Advanced Revenue Management (Essentials) has been enabled, the new invoice uses the ARM workflow. The following diagram shows the choices available when you copy invoices.



The classic revenue recognition features are as follows:

- Revenue Recognition
- Revenue Commitments
- VSOE
- EITF 08-01 Revenue Recognition SuiteApp
- Sales Order Revenue Forecasting

The following topics describe the special behavior that is available only when classic revenue recognition and ARM are both enabled and search and reports considerations.

- Rev Rec Start and End Date Fields with Advanced Revenue Management (Essentials)
- Search Considerations for Advanced Revenue Management (Essentials)
- Reports for Classic Revenue Recognition and Advanced Revenue Management (Essentials)

Rev Rec Start and End Date Fields with Advanced Revenue Management (Essentials)

The familiar Rev. Rec. Start Date and Rev. Rec. End Date fields on sales transaction lines are included when you enable the Advanced Revenue Management (Essentials) feature after using the Revenue Recognition feature. These fields are not required for Advanced Revenue Management (Essentials) and can be hidden on the sales transactions during implementation. Both Revenue Recognition and Advanced Revenue Management (Essentials) must be enabled to display these fields.

The following transaction types include these fields by default:

- Sales order
- Return authorization
- Invoice
- Credit memo
- Cash sale
- Cash refund
- Journal entry (including intercompany, advanced intercompany, and book specific journal entries)

If you enter dates in the Rev. Rec. Start Date and Rev. Rec. End Date fields on the transaction **before revenue elements are created**, the dates are copied to the revenue element in the following fields:

- Start Date
- End Date
- Forecast Start Date
- Forecast End Date

Changes to the start and end dates on the sales transactions **after revenue elements are created** do not affect the revenue elements. Changes to the start and end dates on the revenue elements can be made by editing the revenue arrangements. For information about the revenue element fields that can be edited, see Revenue Element Field Reference.

Revenue plan creation uses dates from the revenue element only when revenue recognition rule uses revenue element dates as the start and end date sources. Consequently, the start and end dates in the revenue element may not be the same as those in the revenue plans.

To ensure the dates on your transaction lines are used in revenue plans, use revenue rules that refer to the revenue element dates. The start date source should be Revenue Element Start Date, and the end date source should be Revenue Element End Date. For more information, see Revenue Recognition Rules and Revenue Recognition Rule Field Reference.

Search Considerations for Advanced Revenue Management (Essentials)

A search type called **Revenue Recognition Plans and Schedules** is available when the features Revenue Recognition and Advanced Revenue Management (Essentials) are both enabled. To access the search, your role must include the permission Revenue Recognition Plans. This search type is in addition to the Revenue Recognition Schedules and Revenue Recognition Plan search types for classic revenue recognition and Advanced Revenue Management (Essentials) respectively.

The Revenue Recognition Plans and Schedules search includes a new field called **Revenue Recognition Type** to identify which revenue recognition type the data belongs to. The field values are **Schedule** for data from classic revenue recognition schedules and **Plan** for data from Advanced Revenue Management (Essentials) revenue recognition plans.

A field in the Transaction type advanced search criteria filters identifies which transactions have generated a revenue arrangement. The field is **Generates Revenue Arrangement**. The field is hidden in the UI and included only in search. When a transaction generates a revenue arrangement, the value is true.

If you want to include fields from revenue elements in your sales transaction searches, use fields from the **Generated Revenue Element Fields** joined record. Fields from the Revenue Element Fields joined records return values only for revenue arrangement searches.

Reports for Classic Revenue Recognition and Advanced Revenue Management (Essentials)

The reports for Advanced Revenue Management (Essentials) also include transactions for classic revenue recognition. Many of these reports have the same names in both features, but they may be different reports. Consequently, a report that you customized for classic revenue recognition may not show the customizations in Advanced Revenue Management (Essentials).

You can identify reports by number as well as name. The report number appears in the URL. The report number in the URL shown, for example, is -291.

The Revenue Recognition Forecast Summary report number is 67 for classic revenue recognition and -291 for Advanced Revenue Management (Essentials). When you enable Advanced Revenue Management (Essentials), report 67 is replaced by report -291. The new Revenue Recognition Forecast Summary report number -291 shows data from both classic revenue recognition and Advanced Revenue Management (Essentials).

The following table lists all the reports for classic revenue recognition and Advanced Revenue Management (Essentials) with their report numbers. Reports that are not available are indicated by N/A. Reports customized for classic revenue recognition include the customization for Advanced Revenue Management only if their report numbers are the same.

<table>
<tr><th>Report Name</th><th>Classic
Revenue Recognition</th><th>Advanced
Revenue Management (Essentials)</th></tr>
<tr><td>Billing and Revenue Summary</td><td>-188</td><td>-305</td></tr>
<tr><td>Deferred Revenue by Customer</td><td colspan="2">-179</td></tr>
<tr><td>Deferred Revenue by Item</td><td colspan="2">-180</td></tr>
<tr><td>Deferred Revenue by State</td><td>-181</td><td>N/A</td></tr>
<tr><td>Deferred Revenue Reclassification</td><td>-260</td><td>-289</td></tr>
<tr><td>Deferred Revenue Reclassification Activity</td><td colspan="2">-259</td></tr>
<tr><td>Deferred Revenue Rollforward</td><td>-277</td><td>-292</td></tr>
<tr><td>Deferred Revenue Rollforward Customer Summary</td><td>-279</td><td>-294</td></tr>
<tr><td>Deferred Revenue Rollforward Detail</td><td>-278</td><td>-293</td></tr>
<tr><td>Deferred Revenue Waterfall Summary</td><td>N/A</td><td>-295</td></tr>
<tr><td>Deferred Revenue Waterfall Detail</td><td>N/A</td><td>-218</td></tr>
<tr><td>Revenue by Customer</td><td colspan="2">-182</td></tr>
<tr><td>Revenue by Item</td><td colspan="2">-183</td></tr>
<tr><td>Revenue by State</td><td>-184</td><td>N/A</td></tr>
<tr><td>Revenue Reclassification Summary</td><td>-236</td><td>N/A</td></tr>
<tr><td>Revenue Reclassification Detail</td><td>-235</td><td>N/A</td></tr>
</table>

Report Name	Classic Revenue Recognition	Advanced Revenue Management (Essentials)
Revenue Recognition Forecast Summary	67	-291
Revenue Recognition Forecast Detail	66	-290
Sales Order Revenue Forecast Summary	-148	N/A
Sales Order Revenue Forecast Detail	-149	N/A
Scheduled Deferred Revenue	65	N/A

For more information, see Reports for Advanced Revenue Management.

Revenue Management Roles and Permissions

When you enable the Advanced Revenue Management (Essentials), two roles are added to your account: revenue manager and revenue accountant.

- **Revenue manager** – Defines key revenue recognition configurations and rules, and monitors and analyzes revenue result through various revenue reports
- **Revenue accountant** – Processes daily revenue transactions, revenue recognition plans, and journal entries

The specific permissions are configurable, but by default both roles include full permission for revenue recognition processing. Neither includes the Journal Approval permission that is required to approve journal entries when the accounting preference Require Approvals on Journal Entries is selected. For information about customizing roles and setting role permissions, see the help topic Customizing or Creating NetSuite Roles.

The revenue manager role includes some permissions for setup and customization that the revenue accountant does not have. The following permissions are specific to Advanced Revenue Management (Essentials).

Category	Permission	Revenue Manager Level	Revenue Accountant Level
Lists	Custom Recognition Event Type	Full	Full
Lists	Project Revenue Rules	Full	Full
Lists	Revenue Element	Full	Full
Lists	Revenue Recognition Field Mapping	Full	Edit
Lists	Revenue Recognition Plan	Full	Full
Lists	Revenue Recognition Rule	Full	Full
Lists	Revenue Recognition Schedules	Full	Full
Reports	Deferred Expense Reports	Full	Full
Reports	Revenue Recognition Reports	Full	Full
Transactions	Revenue Arrangement	Full	Full
Transactions	Revenue Arrangement Approval	Full	Full

When you enable Advanced Revenue Management (Revenue Allocation), additional permissions are added to your account. The following permissions are specific to Advanced Revenue Management (Revenue Allocation).

Category	Permission	Revenue Manager Level	Revenue Accountant Level
Lists	Fair Value Dimension	Full	Edit
Lists	Fair Value Formula	Full	Edit
Lists	Fair Value Price	Full	Edit
Lists	Item Revenue Category	Full	Edit

The revenue manager and revenue accountant roles use the Accounting Center. When Advanced Revenue Management (Essentials) is enabled, a Revenue tab is added to the Accounting Center to facilitate navigation. For more information, see Revenue Tab in the Accounting Center.

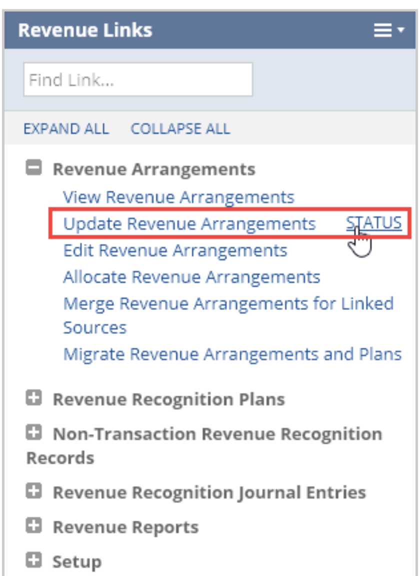
Changes to revenue recognition records are tracked and the user who made the change is recorded. For more information, see Change Information for Revenue Recognition Records.

Revenue Tab in the Accounting Center

Advanced Revenue Management (Essentials) adds a Revenue tab to the Accounting Center. This tab includes navigational links to functions specific to revenue management. This tab is designed for revenue managers and revenue accountants, but it is available to all roles that use the Accounting Center.

Hover over the Revenue tab to reveal the menu links, or click the tab to open the Revenue dashboard. The Revenue dashboard includes these portlets:

- **Revenue Links** – All of the menu links for the Revenue tab are also included in this link portlet.



The **Update Revenue Arrangements** and **Update Revenue Plans** links in the dashboard and menu behave differently than the **Update Revenue Arrangements and Plans** menu option. When you click Update Revenue Arrangements or Update Revenue Plans, the update process begins automatically for all eligible revenue arrangements or revenue plans. To filter the revenue arrangements or revenue plans to update, use the **Status** link. The Status link opens the Update Revenue Arrangements and Plans page and does not begin processing until you click the appropriate button.

- **Reminders** – Reminders for Revenue Arrangements Pending Approval, Revenue Arrangements Not Compliant, and Revenue Recognition Plans On Hold are set up by default.
- **Key Performance Indicators** – Key performance indicators for Deferred Revenue and Revenue are set up by default. For information, see the help topic Standard Key Performance Indicators Table.
- **Revenue Arrangements Pending Approval** – This is a custom search portlet. When you use the Revenue Recognition Approval Workflow SuiteApp, it lists revenue arrangements whose status is Pending Approval.
- **Revenue Recognition Errors** – This is a custom search portlet. It lists errors for various revenue management processes such as allocation, journal entry creation, deferred revenue reclassification, and revenue arrangement, element, and plan creation. This is only a partial list.

To make the Revenue page your landing page:

1. Go to Home > Set Preferences to open the Set Preferences page.
2. Click the **Appearance** subtab and locate the Centers & Dashboards group.
3. From the **Landing Page** list, select **Revenue**.
4. Click **Save**.

For information about dashboards and portlets and how you can use them, see the help topics Dashboards Overview and Dashboard Personalization.

Change Information for Revenue Recognition Records

Changes in Advanced Revenue Management (Essentials) and Advanced Revenue Management (Revenue Allocation) records are captured for reference. Users who can view the records can also view the change information. The location of the change information varies for the different record types.

Revenue Arrangements

Revenue arrangements have the standard System Information subtab with a System Notes subtab for changes that the revenue arrangement as a whole. Changes that appear in the system notes include record creation, updates to values in the transaction form, and processes such as allocation. Revenue arrangements have no general ledger impact. For more information about system notes, see the help topic Viewing Transaction System Notes.

The Revenue Element subtab of the revenue arrangement includes a Revenue Arrangement Version subtab. For information about this subtab, see Revenue Arrangement Version.

Revenue Elements and Revenue Recognition Rules

Revenue element and revenue recognition rule records include a System Notes subtab. This subtab contains a list of changes similar to the transaction system notes. The columns displayed in the list can be customized, but by default, they include the following:

- Date
- Set By
- Context
- Type
- Field

- Old Value
- New Value

The System Notes subtab for revenue elements is on the Custom subtab.

Revenue Recognition Plans

The System Notes subtab for revenue plans records changes in the plan as a whole, including processes and edits to fields in the plan form. The default view includes the same columns as the revenue element system notes.

The Planned Revenue subtab of the revenue plan includes a Previous Revenue Plans subtab. This subtab displays a list of previous versions of planned revenue lines with the date and user name of the change. The version number is a link to a page that lists the planned revenue lines of the previous version. The list includes the following information for each plan line:

- Planned period
- Amount
- Journal
- Posting Period
- Deferral account
- Recognition account

Setup Records

Item revenue category, fair value formula, and fair value price records also have system notes like the other non-transaction records. For fair value prices, the system notes are on the Custom subtab. The default view includes the same columns as the revenue element system notes. The Advanced Revenue Management (Revenue Allocation) feature must be enabled to view these setup records. For more information, see Enabling the Advanced Revenue Management (Revenue Allocation) Feature.

Revenue Recognition Rules

Revenue recognition rules define how revenue recognition plans are generated after a revenue element is created.

You can create multiple rules to define the terms under which revenue is deferred. These revenue recognition rules are used to generate revenue recognition plans that determine when and how revenue from associated items should be recognized.

For each rule, you can:

- Select from standard revenue recognition methods
- Set the time period over which revenue is recognized
- Define an offset to delay the start of recognition
- Set up an initial amount to be recognized
- Select the source of the revenue recognition plan amount
- Select the trigger for plan start and end dates
- Determine how the plan is modified if the end date changes

Revenue recognition rules cannot be edited after they have been used to generate a revenue recognition plan. The exception is that the rule name can be changed. You cannot delete revenue recognition rules after they have been used.

For details of the options available for rules, see Revenue Recognition Rule Field Reference.

For steps for creating a new rule, see Defining a Revenue Recognition Rule.

When you enable Advanced Revenue Management (Essentials), system-generated default revenue recognition rules are created. These revenue recognition rules cannot be edited except to change their names. System-generated rules cannot be deleted. The following are the system-generated rules:

System-Generated Revenue Recognition Rule	Description
Default Standard	This rule defines revenue recognition plans that begin and end on the same date. The result is that revenue is recognized as soon as the revenue recognition journal entries are created.
Default One-Time Direct Posting	All elements in a revenue arrangement use this rule when the source transaction includes a posting discount. For more information, see Discount and Markup Items in Advanced Revenue Management (Essentials).
Default Percent Complete	This rule is for projects that are attached to a sales transaction. It appears only when the Projects feature is also enabled. For information about recognizing revenue directly from charge-based projects, see the help topic Project Revenue Recognition.

The following system-generated review recognition rules appear only when the SuiteBilling feature is also enabled. For more information, see the help topic Revenue Recognition for SuiteBilling.

System-Generated Revenue Recognition Rule	Description
Default Adjustable Recurring Fee	This rule is for recurring-adjustable subscription rate plans **only** when the accounting preference **Create Revenue Elements for Subscription Revisions** box is **clear**. For more information about this accounting preference, see the help topic Setting the Optional Accounting Preference for Advanced Revenue Management in the SuiteBilling documentation.
Default Fixed Recurring Fee	This rule is for all subscription rate plans except usage when the accounting preference **Create Revenue Elements for Subscription Revisions** box is **checked**. For more information about this accounting preference, see the help topic Setting the Optional Accounting Preference for Advanced Revenue Management in the SuiteBilling documentation.
Default Usage	This rule is for usage subscription rate plans.

After revenue recognition rules have been created, you associate them with items. The Default Standard rule is set for all existing eligible items when you enable Advanced Revenue Management (Essentials). You should change it as appropriate on the item records. The revenue recognition rule you select on the item record becomes the default rule when the item is sold. See Item Configuration for Advanced Revenue Management (Essentials) and (Revenue Allocation).

Revenue Recognition Rule Field Reference

Revenue recognition rules define how revenue recognition plans are generated when an item is sold. Review the following descriptions of the fields that you use in revenue recognition rules before you begin to define them:

- Recognition Methods
- Amount Sources
- Rev Rec Start Date Sources
- Rev Rec End Date Sources and End Date Change Impact
- Term in Months
- Term in Days
- Recognition Period
- Period Offset and Start Offset
- Initial Amount
- Reforecast Method

These fields are on the Revenue Recognition Rule page at Revenue > Non-Transaction Revenue Recognition Records > View Revenue Recognition Rules > New.

For the steps to create each revenue recognition rule, see Defining a Revenue Recognition Rule.

Recognition Methods

The following straight-line revenue recognition methods are available:

- **Straight-line, by even periods** – Recognizes revenue evenly for each period. Amounts are not prorated based on the number of days in any period. All periods recognize equal amounts.
- **Straight-line, prorate first & last period** – Recognizes equal amounts for periods other than the first and the final period. The number of days in each period is irrelevant. Amounts are prorated for the first period and the final period based on the number of days in each period.
- **Straight-line, using exact days** – Recognizes revenue amounts individually for each period based on the number of days in each period. Because each day in the term recognizes an equal amount, each period may recognize a different amount.
- **Straight-line, prorate first & last period (period-rate)** – Determines the total number of periods in the revenue plan. Partial first and last periods count as one period with the amounts prorated based on the number of days. An even amount is allocated to all other periods.
- **Custom** – Enables you to define revenue recognition terms that include uneven periods and amounts.

  When you select Custom for the Method, you define revenue recognition terms by entering information in the columns in the lower portion of the page. A rule using the custom method must have at least one line.

  - **Period Offset** – Represents the number of periods from the start date of the revenue recognition plan to postpone revenue recognition for this line. Only integers are valid, but you may leave the field empty. When the field is blank, NetSuite assumes the offset is zero offset. No offset means revenue for the line is recognized in the revenue recognition start date period.

    For example, enter a 2 in this field to wait 2 periods from the revenue recognition start date before you recognize revenue for this line.
  - **Amount Percentage** – The revenue amount to recognize as a percentage. The percent sign is added automatically when you add the row. The total of the lines must equal 100%.

  The read-only # column numbers the lines as you add them. These numbers are not displayed in view mode.

  The Name, Recognition Method, Amount Source, and Rev Rec Start Date Source Fields in the upper portion of the page are required. Other fields are unavailable except the optional fields Reforecast Method and Inactive.

Amount Sources

The amount for a revenue recognition plan can be derived from a fixed amount or a percentage. All revenue recognition rule amount source options are event based, and the event is the creation of the revenue recognition plan. The Create Revenue Plans On field on the Revenue Recognition/Amortization subtab of the item record determines when the plan is created.

> **Note:** Forecast revenue recognition plans always use the Revenue Amount for the revenue element as the plan amount.

Some combinations of Amount Source and Create Revenue Plans On values are invalid, and plans are not created for those combinations. When the combinations are invalid, an error message is logged in the Revenue Arrangement Message subtab for the revenue element. A link to the error message is included in the Revenue Recognition Errors portlet on the Revenue page. Valid combinations are shown in the following table:

Amount Source	Create Revenue Plans On	Amount in Plan
Event-Percent based on amount	Billing Revenue Arrangement Creation Subscription Events	Percentage of the revenue element line revenue amount that the invoice amount represents in relationship to the discounted sales price. That is: invoice amount ÷ discounted sales amount × revenue amount = amount in plan
Event-Percent based on quantity	Fulfillment	Percentage of the revenue element line quantity that is fulfilled multiplied by the revenue amount
Event-Percent Complete	Project Progress	Percent complete from the project record multiplied by the revenue amount. When you select this option, other fields on the rule become read-only. For more information, see Advanced Revenue Management (Essentials) for Projects.

Rev Rec Start Date Sources

This field on the revenue recognition rule determines the source of the initial revenue recognition start date on the revenue recognition plan. The actual start date can be changed in the plan if revenue has not yet been recognized. The options are:

- **Arrangement Transaction Date** – The date of the revenue arrangement. This is the default. This start date source is appropriate only when the item Create Revenue Plans On value is Revenue Arrangement Creation.
- **Event Date** – The date of the event that triggers the creation of the revenue recognition plan. The event is determined by the option selected on the item record for the Create Revenue Plans On field. Use this start date source when the item Create Revenue Plan On value is Billing, Fulfillment, or Subscription Events.
- **Source Date** – The date of the source customer performance obligation that generates the revenue element, for example, the date of a sales order. Forecast revenue recognition plans use the source date as the event date.
- **Revenue Element Start Date** – The start date on the revenue element record. This date is not generated automatically. When you use this option, a revenue recognition plan cannot be generated until a date is provided. If you use this option, best practice is to use a saved search to identify revenue elements with missing dates. For information, see Searching for Revenue Elements with Missing Dates.

To add the start date:

1. Edit the revenue arrangement that the element belongs to.
2. In the **Revenue Elements** subtab, scroll to the **Start Date** field and select a date for an actual revenue recognition rule.
3. For forecast revenue recognition rules, scroll to the **Forecast Start Date** field and select a date.
4. Save the revenue arrangement.

- **Subscription Event Start Date** – This option is available only when the SuiteBilling feature is enabled. The date the subscription starts becomes the start date for the revenue recognition plan. Do **not** use this start date with items whose Create Revenue Plans On value is Revenue Arrangement Creation. For more information, see the help topics Revenue Recognition Rules for SuiteBilling and Configuring Subscription Items for Revenue Recognition.

Rev Rec End Date Sources and End Date Change Impact

The Rev Rec End Date Source field on the revenue recognition rule determines the source of the default end date on the revenue recognition plan. The actual end date can be changed in the plan. The options are:

- **Rev Term in Months** – The end date is derived from the revenue recognition plan start date and the value in the Term in Months field. Term in Months is a required field when you select this option. Exact months are used. If the start date is in the middle of the month, the end date is also mid-month. This is the default Rev Rec End Date Source.

  For example, your revenue plan has a start date of July 7, 2015. The Rev Rec End Date Source is Rev Term in Months, and the Term in Months is 12. Then, the end date of the plan is July 6, 2016.

- **Rev Term in Days** – The end date is derived from the revenue recognition plan start date plus the value of the Term in Days field. Term in Days is a required field when you selection this option.
- **Arrangement Transaction Date**, **Event Date**, and **Source Date** – These options recognize revenue immediately when matching Rev Rec Start Date Source values are selected.
- **Recognition Period** – The end date is derived from the revenue recognition plan start date and the value in the Recognition Period field. When this option is selected, Recognition Period is a required field. The end date in the revenue recognition plan is the last day of the period, and partial periods are included in the count.

  For example, your revenue plan has start date of July 7, 2015. The Rev Rec End Date Source is Recognition Period, and the Recognition Period is 12. Then, the end date of the plan is June 30, 2016. The partial initial period is included in the period count.

- **Revenue Element End Date** – The end date on the revenue element record. This date is not generated automatically. When you use this option, a revenue recognition plan cannot be generated until a date is provided. If you use this option, best practice is to use a saved search to identify revenue elements with missing dates. For information, see Searching for Revenue Elements with Missing Dates.

  To add the end date:

  1. Edit the revenue arrangement that the element belongs to.
  2. In the **Revenue Elements** subtab, scroll to the **End Date** field and select a date for an actual revenue recognition rule.
  3. For forecast revenue recognition rules, scroll to the **Forecast End Date** field and select a date.
  4. Save the revenue arrangement.

- **Subscription Event End Date** – This option is available only when the SuiteBilling feature is enabled. The date the subscription ends becomes the end date for the revenue recognition plan. Use this option when the Rev Rec Start Date Source is Subscription Event Start Date. For more information, see the help topic Revenue Recognition Rules for SuiteBilling.

The End Date Change Impact field determines how revenue recognition plans are updated when only the end date changes. If you make other changes simultaneously, the End Date Change Impact rule is ignored. The options are:

- **Update Remaining Periods Only** – This is the default. The remaining unrecognized revenue is divided by the total number of months or periods remaining.
- **Update All Periods** – The total revenue is divided by the total number of months or periods. Adjustments to catch up or claw back revenue are made in the current period for previously recognized revenue.

Term in Months

Specify the number of months to include in revenue recognition plans generated from this rule. If the start date is in the middle of the month, the end date is also mid-month. Consequently, a revenue recognition plan may span more periods than the month count. This field is available only when the Rev Rec End Date Source is Rev Term in Months.

For example, your revenue plan has a start date of July 7, 2015. The Rev Rec End Date Source is Rev Term in Months, and the Term in Months is 12. Then, the end date of the plan is July 6, 2016. Revenue is recognized over 13 periods because the partial periods at the beginning and end are both included in a count of the periods.

To override the end date derived from the revenue rule, you can change the value of Term in Months in a revenue element. Both current and future revenue plans are affected by the change when revenue plans are updated. The Rev Rec End Date and Planned Revenues subtab are updated on the revenue plans, but the Term in Months field stays the same.

Term in Days

Specify the number of days to include in revenue recognition plans generated from this rule. The end date of the plan is the Rev Rec Start Date plus the number of days. This field is available only when the Rev Rec End Date Source is Rev Term in Days.

For example, your revenue plan has a start date of June 23. The Rev Rec End Date Source is Rev Term in Days, and the Term in Days is 60. Then, the end date of the plan is August 21. Revenue is recognized in 3 periods due to the partial periods at the beginning and end of the plan.

To override the end date derived from the revenue rule, you can change the value of Term in Days in a revenue element. Both current and future revenue plans are affected by the change when revenue plans are updated. The Rev Rec End Date and Planned Revenues subtab are updated on the revenue plans, but the Term in Days field stays the same.

Recognition Period

Specify the number of periods to include in revenue recognition plans generated from this rule. For example, if you enter 12, then the revenue plan runs for 12 periods from the start date. An initial partial period is included in the period count if applicable. This field is available only when the Rev Rec End Date Source is Recognition Period.

For example, your revenue plan has a start date of July 7, 2015. The Rev Rec End Date Source is Recognition Period, and the Recognition Period is 12. Then, the end date of the plan is June 30, 2016. The partial period initial period is included in the period count.

Period Offset and Start Offset

You can define an offset value for a revenue recognition rule to delay the start of a revenue recognition plan. Two types of offset are available:

- **Period Offset** – This moves the entire recognition period into the future by the number of periods specified. The total number of periods remains the same.

  For example, enter a 2 in this field to wait two periods before you begin recognizing revenue. This can be useful for services you sell that have a probationary or trial period.

- **Start Offset** – This delays the beginning of revenue recognition, changes the number of periods in the plan, and keeps the same plan end date.

  To use a start offset, specify the number of periods to postpone the start of the revenue recognition plan. The number of periods is reduced by the same number because the start is postponed but the end remains the same. You must have at least one more period in the schedule than the number of periods in the start offset.

Initial Amount

The initial amount is a percentage or fixed currency amount to be recognized in the first recognition period. After the initial amount, the plan for recognition of the remainder follows the rules of the selected Recognition Method.

For example, you have contract with a customer to recognize 25% of a $1,200 item immediately. The rule includes the following terms:

- Initial Amount = 25% or $300
- Method = Straight-line, by even periods
- Recognition Period = 12

In the first period, $300 is recognized. The remaining $900 is divided evenly over the remaining 11 periods.

Reforecast Method

The reforecast method determines how future periods are adjusted when revenue forecast plans are recalculated. The option you select for the revenue recognition rule determines the default value on revenue forecast plans that use the rule. If you do not select a reforecast method, revenue forecast plans cannot be recalculated.

You can avoid problems with forecast plan recalculation by selecting a default reforecast method in the accounting preferences. Best practice is to select a default reforecast method even if you have also chosen to disable creation of forecast plans. For information about the accounting preferences Disable Creation of Forecast Plans and Default Reforecast Method, see Setting Advanced Revenue Management (Essentials) Preferences.

The options for Reforecast Method are as follows:

- **Next Period** – The period following the Recalculate as of Period. The total adjustment is included in this period. The system-generated default revenue recognition rules use this option.
- **Remaining Periods** – All of the periods from the period after the Recalculate as of Period through the last period of the revenue forecast plan. The total adjustment is distributed evenly across these periods.
- **Last Period** – Always the last period of the revenue forecast plan, even when the Recalculate as of Period is the last period. The total adjustment is included in this period.
- **Manual** – When you select this option, you must enter a default value in the **Recalculation Adjustment Period Offset** field. The total adjustment is included in the period determined by the value of this field. The calculation for the adjustment period is start period plus the recalculation adjustment period offset. The first period of the recalculated revenue forecast plan is 0. You can edit the offset in forecast plans that use this reforecast method. The value may not be a negative number. If offset period causes the forecast plan to extend beyond the available accounting periods, you receive an error when you recalculate the revenue forecast plans.

For example, consider a revenue element with a revenue amount of $300. It has an actual revenue recognition plan with a start date of January 1 and an end date of April 30 in the same year. The revenue forecast plan starts January 1 and ends March 31. Both plans use the straight-line, by even periods recognition method. The plans are created on revenue arrangement creation as follows:

Revenue Plan Type	Jan	Feb	Mar	Apr	Total
Actual	75	75	75	75	300
Forecast	100	100	100		300

The following table shows the recalculated revenue forecast plans using the manual option for the reforecast method with different recalculation adjustment period offset values:

Recalculation Adjustment Period Offset	Jan	Feb	Mar	Apr	May	Total
0	75 + 25 = 100	100	100			300
1	75	100 + 25 = 125	100			300
2	75	100	100 + 25 = 125			300
3	75	100	100	25		300
4	75	100	100		25	300

Accounting preferences include a Default Reforecast Method, which you can use to set a default value for all revenue rules. For more information, see Setting Advanced Revenue Management (Essentials) Preferences.

For more information, see Recalculating Revenue Forecast Plans.

Straight-Line Revenue Recognition Examples in Advanced Revenue Management (Essentials)

Straight-line methods recognize the revenue from a sale in increments spread over the revenue recognition term. The term is based on the start and end dates and recognition method chosen. The start date and end date are included in the revenue recognition term. The revenue amount is the sales amount after discounts and allocation.

The examples that follow use the same start date, end date, and revenue amount:

- Revenue recognition start date: August 20
- Revenue recognition end date: December 19
- Revenue amount: $400

Straight-line, by even periods

This method divides the revenue amount evenly across all periods. Currency amounts are not prorated based on the number of days in any period.

Period	Revenue
August	$80.00
September	$80.00
October	$80.00
November	$80.00
December	$80.00
Total	$400.00

Straight-line, prorate first & last period

This method recognizes revenue in equal amounts for periods other than the first and final periods, regardless of the number of days in those periods.

Amounts are prorated for the first period and the final period. Proration is based on the number of days in those periods divided by the number of days between the revenue recognition start and end dates.

- The first period is prorated for August 20 through August 31, inclusive. This is 12 days.
- The final period is prorated for December 1 through December 19, inclusive. This is 19 days.
- The periods between the first and last recognize the balance equally ($400 – $39.34 – $62.31 = $298.35 ÷ 3 = $99.45).

Period	Revenue	Calculation
August	$39.34	12 ÷ 122 × $400 = $39.34
September	$99.45	$298.35 ÷ 3 = $99.45
October	$99.45	$298.35 ÷ 3 = $99.45
November	$99.45	$298.35 ÷ 3 = $99.45
December	$62.31	19 ÷ 122 × $400 = $62.31
Total	$400.00	

Straight-line, using exact days

This method recognizes revenue amounts individually for each period based on the number of days in each period. Because each day in the term recognizes an equal amount, each period may recognize a different amount.

- The first period is prorated for August 20 through August 31, inclusive – 12 days.
- The second period is prorated for the entire month of September – 30 days.
- The third period is prorate for the entire month of October – 31 days.
- The fourth period is prorated for the entire month of November – 30 days.
- The last period is prorated for December 1 through December 19, inclusive – 19 days.

Period	Revenue
August	$39.34
September	$98.36
October	$101.64
November	$98.36
December	$62.30
Total	$400.00

Straight-line, prorate first & last period (period-rate)

This method first determines the total number of periods in the revenue recognition plan. Then it prorates the period amount allocated to the first and final periods based on the number of days in each of those periods. An even amount is allocated to all other periods.

For example, when recognizing $400 of revenue across the year from August 20 through December 19, the revenue allocation is calculated as follows:

1. Calculate the total number of periods. If the start date is in mid-period and end day equals start day minus one, the first and final periods constitute one full period. This is the case with August 20 and December 19. This example has four periods.
2. Calculate the amount for each period by taking the total amount ($400) and dividing by the number of periods (4).

   $400 ÷ 4 = $100 per period
3. Calculate the number of days in the first period, August 20 through August 31, inclusive. Divide the result (12) by the total number of days in the first and last periods (12 + 19 = 31). Then, multiply by the per period amount ($100).

   12 ÷ 31 × $100 = $38.71
4. Calculate the number of days in the final period, December 1 through December 19, inclusive. Divide the result (19) by the total number of days in the first and last periods. Then, multiply by the per period amount ($100).

   19 ÷ 31 × $100 = $61.29
5. The periods between the first and last each recognize $100.

Period	Revenue	Calculation
August	$38.71	12 ÷ 31 × $100 = $38.71
September	$100.00	
October	$100.00	
November	$100.00	

Period	Revenue	Calculation
December	$61.29	19 ÷ 31 × $100 = $61.29
Total	$400.00	

Straight-line, prorate first & last period vs. Straight-line, prorate first & last period (period-rate)

To show the differences between these two revenue recognition methods, the previous examples are shown side by side.

Period	Straight-line, prorate first & last period	Straight-line, prorate first & last period (period-rate)
August	$39.34	$38.71
September	$99.45	$100.00
October	$99.45	$100.00
November	$99.45	$100.00
December	$62.31	$61.29
Total	$400.00	$400.00

Defining a Revenue Recognition Rule

The revenue recognition rule defines the terms of the revenue recognition plan that is created from the revenue element when an item is sold. The default revenue recognition rule for a revenue element is set on the Revenue Recognition/Amortization subtab of the item record.

To define a revenue recognition rule:

1. Go to Revenue > Non-Transaction Revenue Recognition Records > View Revenue Recognition Rules > New to open the Revenue Recognition Rule page.
2. In the **Name** field, enter a name for the rule. Revenue recognition rules must have unique names.

   To help identify rules when they appear in list fields, you can include short forms of key terms of the rule in the name.
3. In the **Recognition Method** field, select a method to specify the terms for posting revenue.
   - For descriptions of the available methods, see Recognition Methods.
   - For examples of how straight-line methods work, see Straight-Line Revenue Recognition Examples in Advanced Revenue Management (Essentials).
   - If you select **Custom**, you must manually specify period offsets and amount percentages in the columns in the lower portion of the page. The columns are available only when you select **Custom** as the method.
     - **Period Offset** – Specify the number of periods to postpone the start of the recognition plan for this line. The first period to recognize has an offset of zero.
     - **Amount Percentage** – Enter the percentage of revenue amount to recognize.
     - Click **Add**.

     Repeat the steps above until the total in the Amount Percentage column equals 100.

4. Select an **Amount Source** to determine how the amount for the revenue recognition plan is derived. For a description of the options and their results when combined with other revenue recognition options, see Amount Sources.
5. Select a **Rev Rec Start Date Source** to determine the source of the initial start date on the revenue recognition plan. The actual start date can be changed in the plan if revenue has not yet been recognized. For a description of the options, see Rev Rec Start Date Sources.
6. Select a **Rev Rec End Date Source** to determine the source of the default end date on the revenue recognition plan. The actual end date can be changed in the plan. For a description of the options, see Rev Rec End Date Sources and End Date Change Impact.
   - When you select **Rev Term in Months**, you must enter a number in the **Term in Months** field.
   - When you select **Rev Term in Days**, you must enter a number in the **Term in Days** field.
   - When you select **Recognition Period**, you must enter a number in the **Recognition Period** field.
7. Optionally, edit the **End Date Change Impact** field, and enter values in the **Period Offset** or **Start Offset** fields and the **Initial Amount** field. For complete descriptions of these fields, see Revenue Recognition Rule Field Reference.
8. Optionally, check the **Inactive** box. You can save the rule, but it will not appear as an option in lists.
9. Select a **Reforecast Method** to use for forecast plans. For a description of this field and its options, see Reforecast Method.

   The accounting preference **Default Reforecast Method** determines the default for this field.
   - If you select **Manual** as the **Reforecast Method**, enter a positive integer in the **Recalculation Adjustment Period Offset** field. This field is read-only when you select any other method.
10. Click **Save**.

To use the revenue recognition rule, select it in the Revenue Recognition/Amortization subtab of an item record. For more information, see Item Configuration for Advanced Revenue Management (Essentials) and (Revenue Allocation).

To view a list of revenue recognition rules, go to Revenue > Non-Transaction Revenue Recognition Records > View Revenue Recognition Rules.

Item Configuration for Advanced Revenue Management (Essentials) and (Revenue Allocation)

When you use Advanced Revenue Management (Essentials) and Advanced Revenue Management (Revenue Allocation), by default, revenue arrangements are created based on the configuration you specify on the item record. If you use the Rule-Based Recognition Treatment feature, other values may supersede some of your item configuration values under specified conditions. For details, see Rule-Based Recognition Treatment.

You can configure Advanced Revenue Management for the following item types:

- Assembly including serialized and lot numbered
- Download item
- Kit/package
- Inventory including serialized and lot numbered
- Non-Inventory for sale or resale

- Other charge for sale or resale
- Service for sale or resale

Any item configuration changes you make do not affect revenue elements that were created before the change.

Two subtabs on the item record include fields used to configure Advanced Revenue Management (Essentials) and Advance Revenue Management (Revenue Allocation). Some fields appear only when the Advanced Revenue Management (Revenue Allocation) feature is enabled. The revenue management related fields on each subtab are described in these subsections:

- Accounting Subtab
- Revenue Recognition/Amortization Subtab

Accounting Subtab

The Accounting subtab of the item record includes the following fields that are specific to Advanced Revenue Management (Essentials).

Field	Description
Deferred Revenue Account	Select the deferred revenue account to associate with this item. The default value for this field is determined by the accounting preference Default Deferred Revenue Account. This accounting preference is on the Items/Transactions subtab of the Account Preferences page at Setup > Accounting > Accounting Preferences. The Deferred Revenue Account must be of the account type Deferred Revenue. When no account is set, the system-generated deferred revenue account is used. Changing the account on the item record does not affect existing transactions.
Intercompany Deferred Revenue Account	Select the account to use for intercompany deferred revenue for this item. This account is used to record transactions between subsidiaries in NetSuite OneWorld accounts. To be available for selection, an account must have the Eliminate Intercompany Transactions box checked. If the Eliminate Intercompany Transactions box is later cleared on the account, intercompany transactions cannot be eliminated. For more information, see the help topic Intercompany Accounts. This field is available only when the Automated Intercompany Management feature is enabled. The field is included on inventory type items and the following resale item types: - Non-Inventory - Other Charge - Service
Income Account	This field is not specific to Advanced Revenue Management, but a value is required so revenue can be recognized for the item. The default value is determined by the accounting preference Default Income Account. Check the **Eliminate Intercompany Transactions** box for income accounts with items used in intercompany transactions. For more information, see the help topics Equity, Income Statement, and Inventory Accounts and Creating Intercompany Accounts.

Revenue Recognition/Amortization Subtab

The fields in the Advanced Revenue Recognition section of the Revenue Recognition/Amortization subtab are used for revenue management. The required fields are listed first in the following table, followed by Create Revenue Plans On. The remaining fields are in alphabetical order.

Some fields appears only when the Advanced Revenue Management (Revenue Allocation) feature is enabled. For information, see Enabling the Advanced Revenue Management (Revenue Allocation) Feature.

Field	Description
Revenue Recognition Rule	Select the revenue rule to use by default for this item for actual revenue recognition plans. For information, see Revenue Recognition Rules. The accounting preference Default Standard Revenue Recognition Rule determines the default value for this field in the item record. If you use Rule-Based Recognition Treatments, a recognition treatment may supersede the value you select here. For information, see Rule-Based Recognition Treatment.
Rev Rec Forecast Rule	Select a revenue rule to use for forecast revenue recognition plans. This enables you to create revenue recognition plans for forecasting purposes when actual revenue recognition plans have not yet been created. The accounting preference Default Standard Revenue Recognition Rule also determines the default value for this field in the item record. If you use Rule-Based Recognition Treatments, a recognition treatment may supersede the value you select here. For information, see Rule-Based Recognition Treatment. You may select the same or different rules for actual and forecast rules. Percent complete rules are not available as forecast rules. For more information about percent complete rules, see Advanced Revenue Management (Essentials) for Projects.
Create Revenue Plans On	This field determines the event that triggers creation of revenue recognition plans. Match the event with the amount source of the item's revenue recognition rule. The revenue plans may be created automatically or manually according to the Revenue Plan Update Frequency setting in your accounting preferences. For instructions to create revenue plans manually, see Updating Revenue Recognition Plans. This field is not required on the item record, but a value must be selected to create revenue recognition plans. If you leave the field blank, you can select the value in the revenue element when the item is used in a contract. For more information, see Viewing Revenue Arrangements and Revenue Element Field Reference. This field has the following options: ■ **Revenue Arrangement Creation** (default) – Revenue plans can be created manually as soon as the revenue arrangement has been created. This option requires a revenue rule with Amount Source set to Event-Percent based on amount. ■ **Billing** – Revenue plans can be created after the sales order is billed. Plans are also generated from stand-alone cash sales, invoices, credit memos, and cash refunds. This option requires a revenue rule with Amount Source set to Event-Percent based on amount and Rev Rec Start Date Source set to Event Date. ■ **Fulfillment** – This option is available only when the Advanced Shipping feature is enabled. This option requires a revenue rule with Amount Source set to Event-Percent based on quantity and Rev Rec Start Date Source set to Event Date. ■ **Project Progress** – This option is available only when the Projects feature is enabled. This option requires a revenue rule with Amount Source set to Event-Percent Complete. For more information, see Advanced Revenue Management (Essentials) for Projects. ■ **Project Revenue Event** – This option is used for project revenue recognition. For information, see the help topic Project Revenue Recognition. ■ **Subscription Events** – This option is available only when the SuiteBilling feature is enabled. Actual revenue recognition plans that are created on subscription events do not include start and end dates. On these revenue plans only the Reforecast Method can be changed. For more information, see the help topic Configuring Subscription Items for Revenue Recognition. You may see additional options if custom recognition events have been added to your account.

<table>
<tr><th>Field</th><th>Description</th></tr>
<tr><td></td><td>If you use Rule-Based Recognition Treatments, a recognition treatment may supersede the value you select here. For information, see Rule-Based Recognition Treatment.

Warning: If changing the Create Revenue Plans On value changes the source transaction of the revenue arrangement, then a duplicate revenue arrangement will be created upon updating the revenue arrangement. This only applies if you have already created a revenue arrangement and then change the Create Revenue Plans On value afterward.</td></tr>
<tr><td>Allocation Type</td><td>Select an allocation type to associate with this item on sales transactions. The default value is Normal.
Normal – Revenue allocation for the item follows the fair value price list.
Exclude – The item is excluded from revenue allocation. The item discounted sales amount is the revenue amount.
Software – The item is software. Revenue allocation follows the fair value price list. If the fair value prices for any of items in the allocation are estimates rather than VSOE, revenue allocation is recalculated using the residual method. For more information, see Residual Method and Two-Step Allocation.
If you use Rule-Based Recognition Treatments, a recognition treatment may supersede the value you select here. For information, see Rule-Based Recognition Treatment.

This field appears only when the Advanced Revenue Management (Revenue Allocation) feature is enabled. For information, see Enabling the Advanced Revenue Management (Revenue Allocation) Feature.</td></tr>
<tr><td>Auto-Expansion for Revenue Management</td><td>This box appears only on kit items. When this box is checked, the parent kit item and its child product items become revenue elements. The child items include the fair value and accounting rules for Advanced Revenue Management (Revenue Allocation). By default, it is checked.

This box appears only when the Advanced Revenue Management (Revenue Allocation) feature is enabled.

For a full description of this item-level preference, see Auto-Expansion of Kit Items.</td></tr>
<tr><td>Default as Delivered</td><td>Check this box to set this item to a delivered status automatically when it is added to a transaction. Clear this box to leave the delivery status clear by default.

The fulfillment status of an item is separate from its delivery status. An item may be marked Delivered although fulfillment has not yet occurred.

The delivery status is one of the factors that determines whether the residual method can be used. For more information, see Residual Method and Two-Step Allocation.

This field appears only when the Advanced Revenue Management (Revenue Allocation) feature is enabled.</td></tr>
<tr><td>Direct Revenue Posting</td><td>Check this box to disable Advanced Revenue Management for this item. When checked, posting transactions that include this item post directly to the item revenue account. No revenue element or revenue arrangement is created. When you check this box, the Deferred Revenue Account on the Accounting subtab is disabled.

When you create sales transactions that include items that have this box checked, all the items in the transaction must have the box checked. You cannot mix items that post directly to revenue with items that post to deferred revenue in the same transaction. This restriction also applies to kit items. All items in a kit must post either to revenue or to deferred revenue.

By default, this box is not checked. You cannot check or clear the box after the item has been used in a transaction with Advanced Revenue Management.</td></tr>
</table>

Field	Description
Eligible for Contingent Revenue Handling	Check this box to indicate that this item is subject to contingent revenue handling. When checked, revenue allocation is affected. For details, see Contingent Revenue Handling. This box appears only when the Advanced Revenue Management (Revenue Allocation) feature is enabled and the accounting preference Enable Contingent Revenue Handling is checked. For information, see Enabling the Advanced Revenue Management (Revenue Allocation) Feature and Setting Advanced Revenue Management (Revenue Allocation) Preferences.
Foreign Currency Adjustment Account	This field is displayed only when the Multiple Currencies feature is enabled. Select the account to use for the foreign currency adjustment during reclassification. The default is the Income Account set on the Accounting subtab. You can select any other account with an account type of income, other income, expense, or other expense. These account options include the gain and loss accounts generated by the system after qualifying revaluation transactions. You can change the Foreign Currency Adjustment Account on the revenue element before revenue recognition plans are created. Check the **Eliminate Intercompany Transactions** box for all foreign currency adjustment accounts with items used in intercompany transactions. For more information, see the help topics Equity, Income Statement, and Inventory Accounts and Creating Intercompany Accounts. Use item chart of account mapping in Multi-Book Accounting if you want to use a different account for foreign currency adjustments in secondary books.
Hold Revenue Recognition	Check this box to delay posting from a revenue recognition plan by putting it on hold. When a revenue plan is on hold, the total balance of the delayed item remains in the Deferred Revenue account until you cancel the hold.
Item Revenue Category	Item revenue category is a classification for items that have similar characteristics and revenue allocation requirements. The options in this list are configured during setup to meet the specific needs of your company. For instructions, see Adding Item Revenue Categories. This field appears only when the Advanced Revenue Management (Revenue Allocation) feature is enabled.
Permit Discount	Choose from the following to determine how discounts are handled for this item. ▪ **As Allowed** – Allows a portion of an applicable discount to be applied against this item when revenue allocation is performed. ▪ **Never** – Prevents a discount from being applied against this item when revenue allocation is performed. This field appears only when the Advanced Revenue Management (Revenue Allocation) feature is enabled.
Revenue Allocation Group	The revenue allocation group value is used in GroupSum functions in fair value formulas. The option you select here is the default, but you can change it on the revenue element. The available options are configured during setup to meet the specific needs of your company. For instructions, see Adding Revenue Allocation Groups. If you use Rule-Based Recognition Treatments, a recognition treatment may supersede the value you select here. For information, see Rule-Based Recognition Treatment. This field appears only when the Advanced Revenue Management (Revenue Allocation) feature is enabled.

When the Multi-Book Accounting and Revenue and Expense Management features are enabled, an Accounting Book subtab is added to the Revenue Recognition/Amortization subtab. For more information, see Book Specific Revenue Arrangements, Elements, and Plans.

Discount and Markup Items in Advanced Revenue Management (Essentials)

This topic describes behavior for the Advanced Revenue Management (Essentials) feature. For the classic revenue recognition behavior, see the help topic Deferring Revenue for Discount and Markup Items. The classic revenue recognition behavior is different.

Advanced Revenue Management (Essentials) supports both non-posting and posting discount and markup items. As best practice to record discounts, use non-posting discount items rather than negative quantities or amounts. For information, see the help topic Discount Items.

Non-Posting Discount and Markup Items

Non-posting discount and markup items do not post to a general ledger account. When a discount or markup item without an account specified is added to a transaction, it does not post as an individual transaction line. Instead, the item to which it is applied posts the net amount of the discount or markup. For example, when you create a sales transaction and add a non-posting discount after a line-item, the discount is applied to the previous line-item only. The net amount of the transaction is then correct and the appropriate revenue posts.

For example, you create a sales transaction that sells a service item for $1,200 to be recognized over 12 periods. You want to apply a $200 discount to the service item, making the total invoiced amount $1,000.

A non-posting discount item in the amount of $200 does not post to the general ledger when the transaction is saved. Instead, the discount is applied to the line-item amount and adjusts the net amount of the invoice. Then, the total amount scheduled for revenue recognition is $1,000.

Posting Discount and Markup Items

Revenue arrangements generated from transactions with a posting discount have the **Create Revenue Plans On** value set to **Billing** for all elements. You cannot save changes to the Create Revenue Plans On and Revenue Recognition Rule columns for revenue arrangements generated from transactions with a posting discount.

NetSuite uses the **Default One-Time Direct Posting** revenue rule for all elements in these revenue arrangements. This revenue rule creates a one-time revenue recognition plan with the same start and end date. Posting discount and markup items, like other special items such as shipping and taxes, do not generate revenue elements. They are included in the general ledger impact when they are billed.

Revenue arrangements whose sources include posting discount or markup items do not support revenue allocation. Revenue arrangements associated with these transactions cannot be merged with other arrangements. The Permit Discount field on the item record is ignored when the source includes a posting discount.

For example, a sales associate creates a sales order as follows:

Item	Amount	Posting Account	Deferred Revenue Account
Hardware	$120	Sales Hardware	Def Rev Hardware
Software	$100	Sales Software	Def Rev Software

Item	Amount	Posting Account	Deferred Revenue Account
Posting discount	–$10	Sales Discount	not applicable

When the revenue arrangement is created, it has two elements with the following values:

Item	Sales Amount	Discounted Sales Amount	Revenue Recognition Rule	Deferral Account	Recognition Account
Hardware	120.00	120.00	Default One-Time Direct Posting	Def Rev Hardware	Sales Hardware
Software	100.00	100.00	Default One-Time Direct Posting	Def Rev Software	Sales Software

The posting discount appears in the sales order and in the invoice when the order is billed. The general ledger impact for the invoice is:

Account	Debit	Credit
Accounts Receivable	210.00	
Def Rev Hardware		120.00
Def Rev Software		100.00
Sales Discount	10.00	

Auto-Expansion of Kit Items

Kit/Package item types include an **Auto-Expansion for Revenue Management** option. The Auto-Expansion for Revenue Management box appears only when the Advanced Revenue Management (Revenue Allocation) feature is enabled. When the box is checked, the kit component items control fair value, revenue allocation, and revenue plan creation. The box for the option is checked by default. When the box is cleared, the parent kit item controls the revenue. For general information about the kit item type, see the help topic Kit/Package Items.

When you sell a kit item with auto-expansion, revenue elements are created for the parent kit item and each kit component item.

- The revenue element for the parent kit item includes the sales amount, but it has no fair value amount.
- The revenue elements for the kit component items have only fair value amounts and no sales amounts.
- The element for the parent kit item is always grouped with the elements for the kit component items in the same revenue arrangement. An error occurs if you attempt a merge that splits the revenue elements of a kit into separate revenue arrangements.

The elements of a kit item participate in revenue allocation using the fair values of the kit component elements. Since the parent kit element has zero fair value, its carve out is 100%. Because kit component elements have no sales amount, the accounting preference Use Sales Price as Fair Value returns no fair value for kit components. Kit component items must have their own fair value price records.

The parent kit item must have the Allocation Type set to Normal or Software when auto-expansion is on. At least one kit component item must also have the Allocation Type set to Normal or Software. For purposes of fair value formulas, kit component items inherit their parent kit item's revenue allocation group.

If the parent kit item has the Allocation Type set to Exclude, you cannot check the Auto-Expansion for Revenue Management box.

Revenue recognition plans are created based on the revenue recognition rules and Create Revenue Plans On values of the kit component elements. **No revenue plans are created for the parent kit element.** When Auto-Expansion for Revenue Management is checked, the revenue element for the parent kit item has no value for the Create Revenue Plans On field. The Create Revenue Plans On field is read-only for the parent kit item on the revenue element.

A nested kit occurs when one of the kit component items is also a kit. When a revenue arrangement includes a nested kit, only the top-level parent includes a sales amount. None of the elements for the kit type items, whether the top parent or an intermediate parent, have fair value. Thus, no revenue is allocated to them.

Two fields in the revenue element are specific to kits. The **Is Kit Item Type** field is set to Yes for the parent kit element when auto-expansion is on. This field is empty for all other elements. The **Parent Kit Element** field for kit component elements contains a link to the parent kit revenue element.

The following screenshot shows selected columns from the Revenue Elements window of a revenue arrangement that includes kit items. The Parent Kit item record, whose elements are outlined in red, has the Auto-Expansion for Revenue Management box checked. On the item record for the next element, Kit of invt items, the Auto-Expansion for Revenue Management box is clear.

REVENUE ELEMENT	ITEM	DISCOUNTED SALES AMOUNT	BASE FAIR VALUE	IS KIT ITEM TYPE	PARENT KIT ELEMENT	CALCULATED FAIR VALUE AMOUNT	ALLOCATION TYPE	REVENUE AMOUNT	REVENUE ALLOCATION RATIO	CREATE REVENUE PLANS ON	REVENUE RECOGNITION RULE	REV REC FORECAST RULE
13	Item A	100.00	45.05			45.05	Normal	78.01	12.68%	Revenue Arrangement Creation	1 year exact days	1 year exact days
14	Item B	200.00	90.09			90.09	Normal	156.01	25.35%	Billing	6 periods exact days, event start	6 periods exact days, event start
15	Parent Kit	225.23		Yes			Normal				Default Standard	Default Standard
16	Component A	0.00	72.07		15	72.07	Normal	124.81	20.28%	Revenue Arrangement Creation	6 periods exact days, event start	6 periods exact days, event start
17	Component B	0.00	108.11		15	108.11	Normal	187.22	30.43%	Billing	1 year exact days	1 year exact days
18	Kit of invt items	90.09	40.00			40.00	Normal	69.27	11.26%	Revenue Arrangement Creation	Default Standard	Default Standard

Revenue Arrangement Management

A revenue arrangement is a non-posting transaction that records the details of a sale for purposes of revenue allocation and recognition. The revenue arrangement is initially created 3 hours after the source document if the Revenue Arrangement Update Frequency preference is set to Automatic. See Setting Advanced Revenue Management (Essentials) Preferences.

NetSuite creates revenue arrangements for the following types of transactions. If the transaction is subject to approval, the revenue arrangement is created only after the transaction is approved.

- Sales orders
- Invoices not created from sales orders
- Cash sales
- Cash refunds

- Return authorizations
- Credit memos

When you add new line items to the following transaction workflows, new revenue arrangements are created only for those added line items:

- Invoices created from sales orders
- Cash sales created from sales orders
- Credit memos created from return authorizations
- Cash refunds created from return authorizations

When the above transactions are the source for a revenue arrangement, the revenue arrangement is listed on the transaction's Related Records subtab. The revenue arrangement amount in the Related Record is in the base currency, which may be different from the transaction currency. When Multi-Book Accounting is enabled, the revenue arrangement listing includes a column for the accounting book.

Encourage those users who enter sales transactions for revenue recognition to use non-posting discount items to record discounts, rather than negative quantities or amounts. For information, see the help topic Discount Items. To record returns, use return authorizations. Then merge the positive and negative revenue arrangements. For information, see Combination and Modification of Performance Obligations.

Revenue arrangements may be created directly from projects and subscriptions. If you selected a Project and Charge Type on any of the following transactions, then a corresponding revenue arrangement is not created for that transaction. Instead, the transaction's performance obligations appear on the project's revenue arrangement.

- Sales orders
- Invoices
- Cash sales
- Credit memos

Do not select a charge type on the transaction if you do not want the transaction's performance obligations to appear on the project's revenue arrangement. For more information and instructions, see the help topics Project Revenue Recognition and Revenue Recognition for SuiteBilling.

You can also create revenue elements and arrangements from approved journal entries by selecting a revenue recognition rule for the journal entry. For more information, see Creating Revenue Elements from Journal Entries.

Revenue elements and arrangements are not created for memorized transactions until the transactions are posted or processed if the transaction is non-posting.

Each revenue arrangement initially consists of a transaction header and at least one revenue element line in the Revenue Elements subtab. The revenue element corresponds to a performance obligation, such as a line in a sales transaction. It is a separate record that includes links to the revenue recognition information necessary to account for the revenue from the original contract. When a revenue arrangement is updated, the update incorporates changes to sources that affect revenue management.

A warning message displays on revenue arrangements that have one or more elements that require a revenue recognition plan update. If this warning displays, you should update your revenue recognition plans. For information about updating revenue recognition plans, see Updating Revenue Recognition Plans.

All revenue arrangement and revenue element fields are available for search.

When revenue is deferred for billable costs, the billable items are included in revenue arrangements as revenue elements. The defaults for billable items are derived from the item record as usual. Billable expenses are included only if the expense account has an income account selected in the **Track Billable Expenses in** field. The income account must have a deferred revenue type deferral account. The default Allocation Type for all billable costs is Exclude. For more information, see Deferring Revenue for Billable Costs.

See the following topics for information about managing revenue arrangements:

- Updating Revenue Arrangements
- Viewing Revenue Arrangements
- Editing Revenue Arrangements
- Combination and Modification of Performance Obligations
- Deleting Revenue Arrangements
- Revenue Element Field Reference
- Advanced Cost Amortization

For information specific to revenue allocation, see Advanced Revenue Management (Revenue Allocation).

Updating Revenue Arrangements

Revenue arrangements and revenue elements can be updated automatically or manually depending on the setting of the accounting preference Revenue Arrangement Update Frequency. When you select the automatic option, the system updates revenue arrangements every 3 hours. The update incorporates changes to sources that affect revenue management.

Administrator permissions are used for automatic updates, and all revenue arrangements and elements are updated regardless of subsidiary restrictions. If you use Multi-Book Accounting, the accounting book status is ignored.

The following table lists fields for which changes from the source cause updates in the revenue element. Sources include transactions, projects, and subscriptions. Items records are not sources for revenue element updates.

Source Field	Revenue Element Field
Date	Source Date
Item – Add or remove only. Change in the source is not permitted.	Item
Quantity	Original Quantity
Exchange Rate	Exchange Rate
Amount	Sales Amount Original Discounted Sales Amount
Class, Department, Location, Custom Segment with G/L impact	Class, Department, Location, Custom Segment
Customer	Customer

You can update revenue arrangements manually between automatic updates or use the Revenue Arrangement Update Frequency accounting preference to turn off automatic updates. When you update revenue arrangements manually, your subsidiary restrictions automatically determine which revenue elements and arrangements are updated. Your role must include the Revenue Arrangement permission.

You can use filters for date range, record type, and accounting book (Multi-Book Accounting) to reduce the number of revenue arrangements that are updated. However, you cannot select a single revenue arrangement to update.

The Status subtab list on the Update Revenue Arrangements and Revenue Plans page displays all update processes run for its selected date range. Processes are run only when eligible sources are identified for the update. If no eligible sources are identified, no processes are run or listed.

If the accounting preference **Create and Maintain Revenue Element Upon Closed Order** is checked, NetSuite discontinues updates for closed sales orders or sales order lines.

When revenue arrangements and elements are updated, a line is added in the Revenue Arrangement Message subtab for each updated revenue element. The value in the Process column is Auto Update.

To update revenue arrangements manually:

1. Go to Financial > Other Transactions > Update Revenue Arrangements and Revenue Recognition Plans to open the Update Revenue Arrangements and Revenue Plans page.

   Revenue managers and revenue accountants can also use the **Update Revenue Arrangement** link on the Revenue dashboard or access the page through the Revenue menu. The **Update Revenue Arrangements** link begins the update process immediately, bypassing steps 2 and 3. If you want to use the filters in step 2 before you begin the update process, use the **Status** link to access the page.
2. Set the filters on the top of the page if desired.
   - Use the **Source From** and **Source To** date filters to select a date range for the source records from which the revenue arrangements are created. By default, these fields are blank. With the default settings, NetSuite creates and updates all revenue elements and arrangements as needed, including those for sources with future dates.
   - **Accounting Book** – This filter appears only when the Multi-Book Accounting feature is enabled. When the filter is blank, revenue elements and arrangements are created and updated as needed for all accounting books. When you select an accounting book in this filter, revenue elements and revenue arrangements are generated only for that accounting book.
   - **Source Record Type** – This filter appears only when at least one of the additional features that the source records depend on is enabled. When the filter is blank, revenue elements and arrangements are created and updated as needed for all source record types. When you select a record type in this list, revenue elements and revenue arrangements are generated only for that source record type.

     The source record options and feature dependencies are as follows:
     - **All** – No filter is applied. This option is the default.
     - **Project Revenue Rule** – Available only when Charge-Based Billing is enabled.
     - **Subscription Line** – Available only when SuiteBilling is enabled.
     - **Third Party** – This option is available only when the limited release Revenue Management Plug-In is enabled.
     - **Transaction Line** – This option is always available when the filter is displayed.
3. Click **Update Revenue Arrangements**.

   The initial process, Revenue Arrangement Management, identifies the revenue elements and arrangements that the system needs to update. This process starts additional processes to update revenue elements and revenue arrangements as needed.

> **Note:** If you click **Update Revenue Arrangements** again with overlapping filter settings before the first process finishes, you may receive an error message. NetSuite checks for overlapping date ranges and matching filter values within the previous seven days to determine whether the update process can proceed.

4. Click **Refresh** until any revenue element and revenue arrangement processes display **Complete** in the **Submission Status** column.
5. Click the **Complete** link to open a page with a link to the revenue arrangement or elements.

   For the Revenue Arrangement Management process, Complete is text only, not a link.

Viewing Revenue Arrangements

The values of most of the fields in the revenue arrangement header are derived from the sources and revenue elements. These values update automatically when the revenue arrangement is updated.

Many of the details of a revenue arrangement and some important commands are available only in view mode. However, the only way to edit revenue elements is in edit mode for the individual revenue arrangements. For details about edit mode, see Editing Revenue Arrangements.

A warning message displays on revenue arrangements that have one or more elements that require a revenue recognition plan update. If this warning displays, you should update your revenue recognition plans. For information about updating revenue recognition plans, see Updating Revenue Recognition Plans.

To view revenue arrangements, your role must include the Revenue Arrangement permission at the View level or higher. In view mode, buttons at the top of the revenue arrangement enable the following actions:

- **Update Revenue Plans** – This button is available as soon as the revenue arrangement is created. Click it to create or update revenue plans immediately without waiting for the automatic revenue plan update process.
- **View Revenue Plans** – After revenue plans have been created, this button is added to the Revenue Arrangement page. Click it to open a popup window with a list of all of the revenue plans for the revenue elements in the arrangement.
- **Apply Treatments** – If you use the Rule-Based Recognition Treatment feature, you may see this button on the Revenue Arrangement page. For information, see Rule-Based Recognition Treatment and Running the Recognition Treatment Lookup Process Manually.
- **Allocate** – This button appears when the Compliant box is not checked. The Compliant box may be clear because you have edited a revenue arrangement and cleared the box or because allocation has failed. Click this button as the last step in manually updating allocation for the revenue arrangement. For more information, see Revenue Reallocation for Revenue Arrangements. The Allocate button appears only when the Advanced Revenue Management (Revenue Allocation) feature is enabled. For information, see Enabling the Advanced Revenue Management (Revenue Allocation) Feature.
- **Reallocate Cost** – This button appears when the Enable Advanced Cost Amortization accounting preference is checked. When you click this button, all Contract Acquisition Cost Allocation Ratio Override values are cleared. The Contract Acquisition Cost Amount (Base Currency) is reallocated based on the revenue allocation ratio. To include the reallocated amounts in the cost amortization plans, you must click Update Revenue Plans.
- **Revert Change Order** – This button appears when the revenue arrangement is the result of a prospective merge. When you click this button, the revenue arrangement and its revenue elements and any revenue plans are deleted. The revenue arrangements, revenue elements, and revenue plans

that existed prior to the prospective merge are reverted to their previous condition. You cannot revert a prospective merge if you have recognized revenue or reclassified deferred revenue for it.

- **Revenue Summary** – This button opens a Revenue Summary popup window. This window combines key information from the Revenue Element subtab with recognized revenue from the general ledger and amounts actually invoiced. For information, see Revenue Summary Details.

To view a revenue arrangement:

1. Go to Revenue > Revenue Arrangements > View Revenue Arrangements to open the Revenue Arrangements list page.
2. Click **View** next to the revenue arrangement you want to view.

The following fields in the revenue arrangement header cannot be directly edited. Some appear only in view mode. For a listing of the header fields that can be edited, see Editing Revenue Arrangements.

For information about the subtabs on a revenue arrangement, see Revenue Arrangement Subtabs.

Field	Description
Customer	Derived from the source documents. The value has a quick view of the customer record and a link to open the record.
Created from Merged Arrangements	Checked when the revenue arrangement is the result of a merge. Individual revenue element records include a Last Merged from Arrangement field with a link to the previous revenue arrangement that included them.
Merged into New Arrangements	Checked when some or all of the revenue elements from the revenue arrangement have been merged into another revenue arrangement. The Revenue Arrangement Version subtab of the Revenue Elements subtab includes links to Revenue Arrangement Version pages. For more information, see Change Information for Revenue Recognition Records.
Revenue Plan Status	This field derives its value from the revenue plan status of the revenue elements that belong to the arrangement as follows: ▪ **Not Started** – All revenue elements have a status of **Not Started**. ▪ **In Progress** – At least one revenue element has a status of **In Progress**, and no elements are **On Hold** or **Plan Failed**. ▪ **On Hold** – At least one revenue element has a status of **On Hold**. ▪ **Complete** – All revenue elements have a status of **Complete**. ▪ **Plan Failed** – At least one revenue element has a status of **Plan Failed**. For information about the Revenue Plan Status for individual revenue elements, see Revenue Element Field Reference.
Deferred Cost Journal Entries	Included only when the accounting preference Enable Advanced Cost Amortization is checked. The link is to the current journal entry created to defer all the costs related the contract for amortization and recognition with the related revenue. The journal entry includes lines for element-specific costs. The journal entry is reversed and a new one created when you change the accrual date or the values for any costs or accounts. Links to the deferred cost journal entries are included in the Related Records subtab of the revenue arrangement. For details information, see Deferred Cost Journal Entry.
Transaction Total	Sum of the Discounted Sales Amount fields of the revenue elements.
Total Carve Out	The total revenue that has been moved between elements from the discounted sales amount to the revenue amount. This is always a positive number.

Field	Description
	This field appears only when the Advanced Revenue Management (Revenue Allocation) feature is enabled.
Total Revenue Amount	Sum of the Revenue Amount fields of the revenue elements. The **Transaction Total** and **Total Revenue Amount** are always equal.
Accounting Book	Included only when the Multi-Book Accounting feature is enabled. Revenue arrangements are book-specific.
Subsidiary	Included only in NetSuite OneWorld accounts. The value is derived from the source documents.
Currency	Included only when the Multiple Currencies feature is enabled. The value is derived from the source documents.
Department	These values are derived from the source documents. These fields are populated in the header only when all revenue elements in the arrangement share the same value.
Class	
Location	

Revenue Arrangement Subtabs

The revenue arrangement record includes the following subtabs:

- **Revenue Elements** – This subtab contains detailed information about the revenue elements included in the revenue arrangement. For details, see Revenue Elements Subtab on Revenue Arrangements.
- **Communication** – This subtab includes subtabs where you can track information specific to the revenue arrangement while in view mode: Activities, User Notes, and Files.

  Activities you can track include events, phone calls and tasks. For information about these activities, see the help topics Working with Events, Working with Phone Calls, and Working with CRM Tasks.

  Access to the User Notes subtab is controlled by the Notes Tab permission. You need at least Create level access to see the New Note button and add a note. To add a user note to the revenue arrangement, click the User Notes subtab. Then click New Note.

  Use the Files subtab to attach supporting documents to the revenue arrangement. For instructions, see the help topic Attaching Files to Records.
- **Related Records** – This subtab lists related transactions and journal entries for deferred cost, revenue recognition, and reclassification with links to view the records. The source record or transaction is not included on this subtab, but you can find it on the Revenue Elements subtab.
- **System Information** – This subtab includes a System Notes subtab that enables you to view details about changes to the review arrangement. For more information, see the help topic Viewing Transaction System Notes.

Revenue Elements Subtab on Revenue Arrangements

The Revenue Elements subtab contains detailed information for the revenue arrangement in the following subtabs:

- Revenue Element
- Allocation Detail
- Revenue Arrangement Version
- Revenue Arrangement Message

Revenue Element

This subtab is the only one that is available when the revenue arrangement is in either edit and view mode. Most of the fields on the revenue element record are included as columns in this subtab. The columns you see and their order is determined during implementation. When you view a revenue arrangement, this subtab is automatically displayed.

For field-level details, see Revenue Element Field Reference.

Allocation Detail

The Allocation Detail subtab shows you how revenue allocation is calculated for each revenue element. This subtab appears only when the Advanced Revenue Management (Revenue Allocation) feature is enabled. This subtab is visible only in view mode.

For field-level details, see Allocation Detail Subtab Field Reference.

Revenue Arrangement Version

This subtab displays a list of previous versions with the date of the change and the user who made the change. The subtab contains version information when the arrangement was merged into a new arrangement.

The version number is a link to the Revenue Arrangement Version page, which lists the revenue elements of the previous version. The list includes the following information for each element:

- Revenue element
- Sales amount
- Discounted sales amount
- Revenue amount
- Base fair value
- Calculated fair value amount

> **Note:** The **Base Fair Value** and **Calculated Fair Value Amount** fields appear only when the Advanced Revenue Management (Revenue Allocation) feature is enabled.

To find the new revenue arrangement for an arrangement that has versions:

1. On the **Revenue Arrangement Version** subtab, click the **Version** link.
2. On the Revenue Arrangement Version page, click a **Revenue Element** link.

   The Revenue Element page includes a **Merge Arrangement History** subtab with a link to the new arrangement in the Merge To Arrangement column.

For change information about other revenue recognition records, see Change Information for Revenue Recognition Records.

Revenue Arrangement Message

This subtab records the dates and times that system processes ran for the revenue arrangement and their outcome. When revenue recognition plans are created during the planning process, links are included. Errors and warnings from revenue arrangement and revenue plan updates appear on this subtab.

Revenue Summary Details

The Revenue Summary button at the top of the revenue arrangement page opens a popup window. The window displays key information from the Revenue Element subtab combined with recognized revenue from the general ledger and amounts actually invoiced. In addition, when revenue arrangements are created from merged arrangements, linked elements are consolidated on the Revenue Summary window. You can view the summary with consolidated linked elements collapsed or expanded to show each linked element.

In the popup window, use the Expand All and Collapse All buttons, or click the plus and minus signs to expand and collapse individual lines.

The columns in the revenue summary are as follows:

Column	Description
Element	Link to the revenue element in both consolidated and expanded views.
Linked Element	Visible in expanded view only. This is a link to the revenue element for a related source, such as transaction line or subscription line.
Source	Link to the source for the line in both consolidated and expanded views. When the source is a subscription change order, the link is to the subscription change order. The text for the link indicates the type of change order. For more information about subscription change orders, see the help topic SuiteBilling Change Orders.
Item	Link to the item record in both consolidated and expanded views.
Quantity	Quantity associated with the element. In consolidated view, the quantity equals the total of the quantities in the detail lines.
Discounted Sales Amount	Discounted sales amount for the element. In consolidated view, the amount equals the total of the discounted sales amounts in the detail lines.
Revenue Amount	Total revenue amount associated with the element. In consolidated view, the amount equals the total of the revenue amounts in the detail lines.
Recognized (Base Currency)	The revenue recognized from revenue recognition journal entries in the base currency.
Projected Carve	The projected carve-in or carve-out amount for the element, calculated by NetSuite during Deferred Revenue Reclassification. The formula is Projected Carve = Revenue Amount – Discounted Sales Amount. A positive result indicates a carve in, and a negative amount is a carve out. For more information, see Fair Value and Allocation. This column appears only when the Advanced Revenue Management (Revenue Allocation) feature is enabled.
Billed	The amount invoiced.

Editing Revenue Arrangements

You can edit the fields on a revenue arrangement header either individually or in bulk. The same header fields are available for edit using either method. The following procedure is for editing individual revenue arrangements. You can edit revenue elements only by editing the individual revenue arrangement. For instructions for bulk edits, see Bulk Editing Revenue Arrangements.

Your role must include the Revenue Arrangement permission at the Edit level or higher to edit arrangements.

When an individual revenue arrangement is in edit mode, the Actions list includes a Delete option. You can delete revenue arrangements before revenue recognition begins and journal entries are created. For more information, see Deleting Revenue Arrangements.

After editing a revenue arrangement, a warning message may appear indicating that you have one or more revenue elements that require a revenue recognition plan update. The revenue arrangement record includes an Update Revenue Plans button. Click this button to update revenue plans immediately after you edit the revenue arrangement. For more information about updating revenue recognition plans, see Updating Revenue Recognition Plans.

To edit a revenue arrangement:

1. Go to Revenue > Revenue Arrangements > View Revenue Arrangements to open the Revenue Arrangements list page.
2. Click **Edit** next to the revenue arrangement you want to edit.

You can edit the following fields on the revenue arrangement header. Some fields appear only when the Advanced Revenue Management (Revenue Allocation) feature is enabled. To enable Advanced Revenue Management (Revenue Allocation), see Enabling the Advanced Revenue Management (Revenue Allocation) Feature. For information about the revenue element fields you can edit, see Revenue Element Field Reference.

Field	Description
Revenue Arrangement #	This number is generated automatically. Whether you can change the number is controlled by the Allow Override setting for Revenue Arrangement. This setting is in the Document Number subtab of the Set Up Auto-Generated Numbers page. For more information, see the help topic Set Auto-Generated Numbers.
Date	By default, this is either the system date when the revenue arrangement was created or a source date, depending on your accounting preferences. For merged revenue arrangements, the date is the value of the Revenue Arrangement Date field on the Merge Revenue Arrangements from Linked Sources page. You can type or select a new date. Associated revenue recognition plan dates are also updated if they were created based on revenue arrangement date, and if recognition has not yet begun.
Compliant	You can clear the check in this box to enable reallocation. The **Transaction Is Allocation Bundle** box must also be checked. For more information, see Compliant Indicator for Revenue Arrangements. This field appears only when the Advanced Revenue Management (Revenue Allocation) feature is enabled.
Transaction Is Allocation Bundle	Check this box to indicate that revenue is allocated between the revenue elements. This field appears only when the Advanced Revenue Management (Revenue Allocation) feature is enabled.
Contract Acquisition Cost Amount (Base Currency)	Included only when the accounting preference Enable Advanced Cost Amortization is checked. Enter the total direct contract acquisition cost for the revenue arrangement, exclusive of item-specific costs. This cost is allocated among the revenue elements. Item-specific costs for item resale and item labor are included in the revenue elements. For details, see Advanced Cost Amortization.

Field	Description
Contract Acquisition Expense Account	Included only when the accounting preference Enable Advanced Cost Amortization is checked. The default is the value set in the accounting preference Contract Acquisition Expense Account. If you edit this field after deferred cost journal entry creation, the current journal entry is reversed and a new one is created. You cannot edit this field after revenue plans are created.
Contract Acquisition Deferred Expense Account	Included only when the accounting preference Enable Advanced Cost Amortization is checked. The default is the value set in the accounting preference Contract Acquisition Deferred Expense Account. If you edit this field after deferred cost journal entry creation, the current journal entry is reversed and a new one is created. You cannot edit this field after revenue plans are created.
Expense Source Account	Included only when the accounting preference Enable Advanced Cost Amortization is checked. The default is the value set in the accounting preference Contract Acquisition Expense Source Account. When you select a value for this account, the deferred cost journal entry credits this account instead of the Contract Acquisition Expense Account. If you edit this field after deferred cost journal entry creation, the current journal entry is reversed and a new one is created. You cannot edit this field after revenue plans are created.
Contract Cost Accrual Date	Included only when the accounting preference Enable Advanced Cost Amortization is checked. The default date is the revenue arrangement date. For merged revenue arrangements, the date is the value of the Contract Cost Accrual Date on the Merge Revenue Arrangements from Linked Sources page. If you edit this field after deferred cost journal entry creation, the current journal entry is reversed and a new one is created.
Memo	Enter notes for this arrangement. This field is included in the default list view for revenue arrangements.

Addition and Removal of Revenue Elements

You should use the Merge Revenue Arrangements for Linked Sources page to move revenue elements from one revenue arrangement to another. For more information, see Combination and Modification of Performance Obligations

The sublist row buttons are available on the Revenue Elements subtab in edit mode. If you add or remove a revenue element, you may be required to reallocate the revenue to save the revenue arrangement. Only revenue elements that do not belong to a revenue arrangement are available to add. The subsidiary and currency values of the revenue elements must be the same as the revenue arrangement. Merging handles reallocation automatically.

If you add a revenue element for a different customer to a revenue arrangement, the arrangement becomes a multiple customer arrangement. Multiple customer arrangements cannot be merged.

Bulk Editing Revenue Arrangements

The Edit Revenue Arrangements page enables you to edit multiple revenue arrangements with the click of a single Submit button. You can edit the same revenue arrangement header fields on this page as on individual revenue arrangements. For information about the fields you can edit, see Editing Revenue Arrangements.

Your role must include the Revenue Arrangement permission at the Edit level or higher.

To edit revenue arrangements in bulk:

1. Go to Revenue > Revenue Arrangements > Edit Revenue Arrangements.
2. Use the filters at the top of the page to find the revenue arrangements you want to edit.

   The following filters are available:

   - **Customer** – This filter has no default until you select a value. The value you select becomes the default.
   - **Subsidiary** – (OneWorld accounts only) This filter defaults to the subsidiary to which you are assigned, unless you have previously selected a different subsidiary.
   - **Accounting Book** – This filter is available only when the Multi-Book Accounting feature is enabled. The first accounting book in the list is the default, unless you have previously selected a different accounting book.
   - **Currency** – This filter is available on when the Multiple Currencies feature is enabled. The filter has no default until you select a value. The value you select becomes the default.
   - **Revenue Plan Status** – This filter has no default until you select a value. The value you select becomes the default.
   - **Revenue Arrangement Date From** – By default, this filter is set to the first day of the previous month.
   - **Revenue Arrangement Date To** – By default, this filter is set to today's date.
   - **Saved Search** – This filter is a list of user-defined, transaction-type saved searches in your account. The filter has no default until you select a value. The value you select becomes the default.

   When the **Enable Advanced Cost Amortization** accounting preference is checked, the following additional filters are available:

   - Contract Acquisition Expense Account
   - Contract Acquisition Deferred Expense Account
   - Contract Acquisition Expense Source Account
3. To add more filters or display more columns in the list, click **Customize**.
4. Check the **Select** box for the revenue arrangements you want to edit, or click **Mark All**.
5. Make the changes you want to the individual fields of the revenue arrangements you selected.
6. To process the changes, click **Submit**.

   To revert your changes and clear the **Select** boxes, click **Reset**.

   When you submit your changes, the Process Status page opens. If this page does not open, your changes have not been submitted.
7. Click **Refresh** to update the status on the Process Status page.
8. When the **Submission Status** is **Complete**:
   - Click the link in the **Message** column to view any errors.
   - Click **Complete** in the **Submission Status** column to open the Processed Records page. The links in the **Revenue Arrangement** column of the Processed Records page open the updated revenue arrangements in view mode.

Combination and Modification of Performance Obligations

On the Merge Revenue Arrangements for Linked Sources page, you can combine or modify the revenue arrangements and elements that represent performance obligations. The options you select on this page determine whether the result of the merge represents a combined revenue arrangement or a prospective merge. To access this page, your role must include the Revenue Arrangement.

Both types of merges share the following characteristics:

- Custom fields on the original arrangements are automatically included in the resulting merged arrangement. If custom field values are the same for all elements in the merged arrangement, the value shows in the custom field in the arrangement header. The header custom field is blank if the values of the revenue elements are mixed.
- The foreign currency exchange rate for return authorizations participating in the merge must be the same as that for the linked sales order.
- The Created from Merged Arrangements box on the new revenue arrangement is checked.
- The Merged into New Arrangements boxes on the original arrangements are checked.
- When you merge revenue arrangements from linked sources, the revenue elements for the linked source lines are automatically linked in the new arrangement. For example, you merge the arrangement for a sales order with the arrangement for a return authorization created from that sales order. In the new merge arrangement, the negative element is automatically linked to the corresponding positive element.
- The sources for the original arrangements must be valid at the time of the merge. For example, if you try to merge a revenue arrangement whose source sales order includes an item that has become inactive, the merge fails. In this example, the result is an invalid item error.
- When the Enable Advanced Cost Amortization accounting preference is checked, the behavior is as follows:
    - NetSuite reverses any contract cost deferral journal entries. Those contract cost deferrals and their reversals remain linked to the old revenue arrangements as related records. The new revenue arrangement gets a new contract cost deferral with links in the Deferred Cost Journal Entry field and on the Related Records subtab.
    - The Allocated Contract Acquisition Cost Amount (Base Currency) value is not reallocated during merge. To reallocate costs after the merge, use the Reallocate Cost button on the new revenue arrangement. For more information, see Contract Acquisition Cost Allocation.

The Revenue Summary popup window provides a consolidated view of revenue elements in the arrangement that have been linked by the merge process or manually. For information, see Revenue Summary Details.

The following table shows a summary of the differences between the types of merges.

Combined Revenue Arrangements	Prospective Merges
The new revenue arrangement includes the revenue elements from the original revenue arrangements.	The new revenue arrangement includes new revenue elements with the residual values from the original revenue arrangements.
The original revenue arrangements and sources can be edited.	The original revenue arrangements and sources are locked.
You can select individual revenue elements to merge into a new revenue arrangement.	You must select entire revenue arrangements to create a prospective merge.

Combined Revenue Arrangements	Prospective Merges
The revenue elements and their revenue recognition plans move to the new revenue arrangement.	The revenue elements and their revenue recognition plans are truncated and locked and remain with the locked revenue arrangements. New revenue elements and revenue recognition plans are generated for the residual amounts and included in the prospective merge revenue arrangement.

For details of characteristics that are unique to the different merge types and for merge instructions, see the following topics:

- Combined Revenue Arrangements
- Merging to Combine Revenue Arrangements
- Prospective Merges
- Creating a Prospective Merge

Combined Revenue Arrangements

You can combine the revenue elements and arrangements from multiple sources that are part of the same performance obligation. When you merge revenue elements from multiple sources, you create a single arrangement to manage revenue allocation and recognition. This type of merge is sometimes called a retrospective merge, or simply a merge, to contrast with the prospective merge type of merge. See Prospective Merges.

Original revenue arrangements are preserved after merge, but they no longer include revenue elements and revenue plans that were merged into the new arrangement. These original arrangements preserve the original history and audit trail. The Merged into New Arrangements boxes on the original arrangements are checked. The individual revenue element records include a Merge Arrangement History subtab. This subtab includes links to the arrangements the element has been merged to and from with the dates of the merges. It also includes a link to a snapshot of the pre-merge revenue arrangement.

The new revenue arrangement created from a merge includes the selected revenue elements from the original revenue arrangements. The Created from Merged Arrangements box in the new revenue arrangement is checked. Accounting preferences that indicate to use the source date for the revenue arrangement do not apply to merging. The date of the new revenue arrangement is the date you set in the Revenue Arrangement Date field when you create the merge.

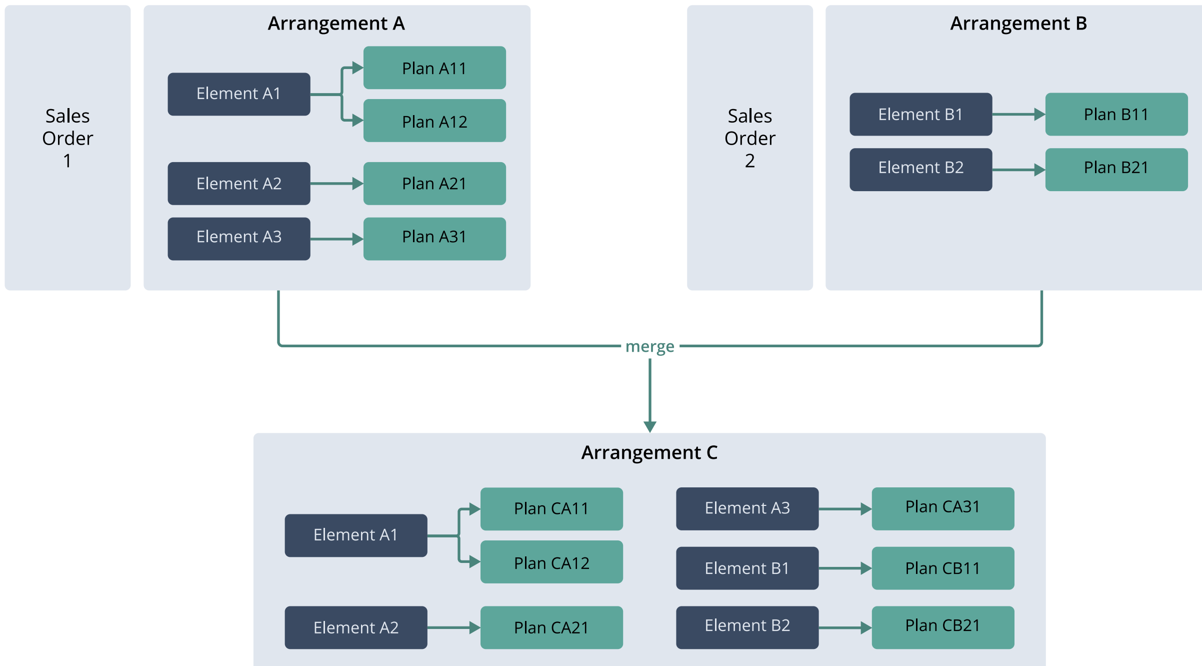
Revenue is automatically reallocated when you merge. You can preview the results of merging revenue arrangements to see what the result will be if you proceed. Revenue recognition plans are automatically updated when the merge is complete unless automatic updates are turned off. If your Revenue Plan Update Frequency accounting preference is set to Manual, you must update revenue plans manually after the merge.

The Allocated Contract Acquisition Cost Amount (Base Currency) value, which is included when the Enable Advanced Cost Amortization accounting preference is checked, is not reallocated. This value remains the same for individual revenue elements when the elements are merged into a new arrangement. To reallocate costs after the merge, use the Reallocate Cost button on the new revenue arrangement. For detailed information, see Contract Acquisition Cost Allocation.

> **Important:** Do not retrospectively merge revenue arrangements that were created from a prospective merge. This use case is not supported.

For instructions to combine revenue arrangements, see Merging to Combine Revenue Arrangements.

The following diagram shows the records involved in a retrospective merge.



Multiple Currencies and Retrospective Merges

If the Multiple Currencies feature is enabled, you may include revenue elements with different exchange rates in a combined revenue arrangement. When you merge revenue elements with different exchange rates, the Plan Exchange Rate on the updated revenue plans is recalculated. All resulting revenue plans in the revenue arrangement have the same plan exchange rate. The plan exchange rate equals the Amount on the revenue plan divided by the Revenue Amount on the linked revenue element. The revenue element displays the exchange rate from the source transaction, which is different from the plan exchange rate after the merge.

The following table shows an example of the calculation of plan amounts and plan exchange rates for a merge. The revenue amount in base currency is the plan amount.

				Before Merge		After Merge		
	Discounted Sales Amount (FX)	Fair Value	Exchange Rate	Discounted Sales Amount (Base)	Revenue Amount (Base)	Revenue Amount (FX)	Plan Amount (Base)	Plan Exchange Rate
Sales Order 1 Element A	£100	100	2	$200 (£100 × 2)	$400	£100	$400 ($1,200 × £100 ÷ £300)	4 ($400 ÷ £100)
Sales Order 2 Element B	£200	200	5	$1,000 (£200 × 5)	$800	£200	$800 ($1,200 × £200 ÷ £300)	4 ($800 ÷ £200)
Total	**£300**			**$1,200**	**$1,200**	**£300**	**$1,200**	

Merging to Combine Revenue Arrangements

You can combine revenue arrangements from multiple sources to represent a single contract obligation for revenue allocation and recognition. This combination is sometimes called a retrospective merge.

You can merge revenue arrangements when they share the same customer. You can combine selected revenue elements or entire revenue arrangements. For more information, see Combined Revenue Arrangements.

Original revenue arrangements are preserved after merge, but they no longer include revenue elements that were merged into the new arrangement. The new revenue merged arrangement includes these revenue elements. Revenue is automatically reallocated when you merge. The Allocated Contract Acquisition Cost Amount (Base Currency) value is not reallocated, which is included when the Enable Advanced Cost Amortization accounting preference is checked.

To merge revenue arrangements:

1. Go to Revenue > Revenue Arrangements > Merge Revenue Arrangements for Linked Sources to open the Merge Revenue Arrangements for Linked Sources page.
2. In the Primary Options and Criteria area, do the following:
    a. Select a **Customer** from the list.

       When you select the **Customer**, the other fields are populated as follows:
       - **Subsidiary** – The customer's subsidiary is automatically selected. Unless the customer is associated with multiple subsidiaries, you cannot change the **Subsidiary** without first changing the **Customer**.

         If the customer is associated with multiple subsidiaries, the primary subsidiary is the default. The **Customer** and **Subsidiary** must be the same for all revenue elements and revenue arrangements included in the merge.
       - **Currency** – By default, this is the primary currency for the **Customer**. You can select a different currency for multi-currency customers.
       - **Accounting Book** – This field is available only when Multi-Book Accounting is enabled. The default value is **Primary Accounting Book**.

    b. If you use approval routing for revenue arrangements, check or clear the **Approved** filter.

       When the **Approved** box is checked, only approved revenue arrangements appear in the list of available arrangements. When the box is cleared, approved revenue arrangement are not listed. For information about approvals, see Revenue Arrangement Approval Routing.
    c. Select values for the **Date From** and **Date To** fields in accordance with your company's policies for linking orders.

       When these fields are blank, all revenue arrangements that match the other four criteria are listed.
    d. When the Enable Advanced Cost Amortization accounting preference is checked, you can also filter by **Contract Acquisition Expense Account** and **Contract Acquisition Deferred Expense Account**.

       When these fields are blank, all revenue arrangements that match the other criteria are listed. Matching constraints apply to the merge if the revenue arrangements you select include a Contract Acquisition Cost Amount and revenue plans have been created. The Contract Acquisition Cost Account and Contract Acquisition Deferred Expense Account must match for all revenue arrangements and elements in the merge. For more information, see Contract Acquisition Cost Allocation.
3. In the Settings for New Revenue Arrangement area, select the following:
    - **Revenue Arrangement Date** – Enter or select a date for the **Date** on the new revenue arrangement. The default is the current date.
    - **Contract Cost Accrual Date** – Enter or select a date for the **Contract Cost Accrual Date** on the new revenue arrangement. The default is the current date. This field appears only when the Enable Advanced Cost Amortization accounting preference is checked.

4. If desired, click **Mark All** at the top of the page to select all the revenue arrangements listed.

> **Note:** If your company permits posting discounts on sales transactions, identify revenue arrangements associated with such transactions and do not select them for merge.
> For information, see Discount and Markup Items in Advanced Revenue Management (Essentials).

   Alternatively, check the **Select** box for individual revenue arrangements and revenue elements. If you select an arrangement, all its elements are selected by default.

5. Click **Preview** to open the Preview Revenue Arrangement page.

   This page is read-only. It displays the updated **Transaction Total**, **Total Carve-Out**, and **Total Revenue Amount** for the proposed new revenue arrangement. For each revenue element, the preview includes the calculated fair value and revenue amounts before and after the merge plus the change. The **Total Carve Out**, **Calculated Fair Value Amount Before**, and the **Calculated Fair Value Amount After** fields appear only when the Advanced Revenue Management (Revenue Allocation) feature is enabled. Other key fields for the revenue elements are also displayed with links for **Revenue Element**, **Source**, and **Item**.

   When the Enable Advanced Cost Amortization accounting preference is checked, the preview includes before, after, and change columns for the three types of amortized costs.

6. Click **Merge** to proceed or **Cancel** to return to the Merge Revenue Arrangements for Linked Sources page.

   You can click **Merge** on the Merge Revenue Arrangements for Linked Sources page without first viewing the preview, but it is not recommended.

   After you click **Merge**, the new merged revenue arrangement is displayed when the process is complete.

   If there is a delay in processing, the Process Status page opens. If that happens, click **Refresh** until the **Submission Status** displays **Complete**.

7. If your **Revenue Plan Update Frequency** accounting preference is set to **Manual**, update revenue plans on the new revenue arrangement.

Prospective Merges

Prospective merge management uses the residual values of the merged revenue arrangements to represent the modified contract obligation. The process terminates and locks the original revenue arrangements and creates a new arrangement with the residual values as of the effective date. The prospective merge effective date is the first day of the first available open period.

Retrospective merges, in contrast, combine revenue elements and arrangements from multiple sources to represent a single performance obligation without expressly terminating the original arrangements. For information, see Combined Revenue Arrangements.

The prospective merge process relies on a calculated **residual ratio**. The residual ratio is the amount recognized prior to the prospective merge divided by the original revenue amount in the base currency. Residual amounts are calculated using 1 minus the residual ratio times the original amount. If you have foreign currency transactions, note that the amount recognized for purposes of calculating the residual ratio **excludes** any foreign currency revaluation adjustments.

To support prospective merge management, the following columns are included in the Revenue Element subtab on the revenue arrangement:

- **Requires Revenue Plan Update** – This field defaults to Yes when any of the revenue elements in a revenue arrangement require revenue recognition plan updates. This field is empty when the revenue recognition plans are up to date.

- **Effective Start Date** – The same as the prospective merge effective date. The field is populated only in a prospective merge revenue arrangement.
- **Effective End Date** – One day earlier than the prospective merge effective date. The field is populated only in the locked revenue arrangements that ended due to the prospective merge process.
- **Original Quantity** – The original quantity from the source. The amount in the Quantity column is calculated using the residual ratio.
- **Original Discounted Sales Amount** – The original sales amount for the original quantity, net of discounts from the source. In the prospective merge arrangement, the Discounted Sales Amount becomes the original discounted sales amount minus the amount recognized prior to the merge. In the locked revenue arrangement, the Discounted Sales Amount is the amount recognized prior to the merge.
- **Residual Discounted Sales Amount** – In a prospective merge arrangement, this column equals the Original Discounted Sales Amount multiplied by (1 minus the residual ratio). In the locked revenue arrangement, this column is the Original Discounted Sales Amount multiplied by the residual ratio.

For instructions to create a prospective merge, see Creating a Prospective Merge.

Details for the prospective merge process are included in the following sections:

- Conditions for Prospective Merge Creation
- Prospective Merge Impact on Original Revenue Arrangements and Plans
- Prospective Merge Revenue Arrangements and Plans
- Impact to Reclassification
- Not Supported

Conditions for Prospective Merge Creation

- The effective date of a prospective merge is the first day of the first open period that is not an adjustment period. You cannot create a prospective merge if revenue recognition or reclassification journal entries have already been posted after the effective date. If you have prior changes that have not posted, reopen the prior period and post the updates before you create the prospective merge.
- You cannot create a prospective merge if any of the revenue elements in the revenue arrangements that you are merging requires revenue recognition plan updates.

> **Note:** This condition is not applicable if the revenue elements in a revenue arrangement do not have existing revenue plans. This may happen when there is a newly created revenue arrangement, and the revenue plan still needs to be created.

Prospective Merge Impact on Original Revenue Arrangements and Plans

The revenue arrangements selected to participate in the prospective merge process and their sources are locked when the process is complete. Editing is disabled for the locked revenue arrangements and their revenue elements and revenue plans, which are truncated and remain with the revenue arrangements. Changes to the sources are not completely blocked but should be avoided. Those who attempt to change the sources receive a warning message.

The revenue elements have an **effective end date** that is one day prior to the prospective merge effective date.

The revenue element’s revenue plan status **after the prospective merge** can be one of the following:

- **Not Started** – The original revenue element’s revenue plan has not been created, or the original revenue element’s plan has been created, but no revenue has been recognized.

- **In Progress** – The original revenue element's revenue plan has been created, and some revenue has been recognized but not all.
- **On Hold** – The original revenue element's plan has been created, and the Hold Revenue Recognition box is checked. For more information about holding revenue recognition, see Editing Revenue Recognition Plans.
- **Completed** – The original revenue element's plan is created, and all the revenue has been recognized.

Revenue element values are multiplied by the residual ratio to determine their truncated values:

- Quantity
- Sales Amount
- Residual Discounted Sales Amount
- Alternate Quantity (if non-zero)
- Calculated Fair Value Amount

The revenue amount for the revenue element is the amount actually recognized through revenue recognition and reclassification journal entries as of the effective end date.

When the Multiple Currencies feature is enabled, the Exchange Rate on each revenue element is updated. The exchange rate equals the sum of the amounts on all actual revenue plans for the element divided by the Revenue Amount on the element.

The revenue plan end date for both actual and forecast revenue plans matches the Effective End Date on the revenue element. All plan periods with revenue recognized prior to the end date remain with the original revenue plans. The plan amount is equal to the total revenue recognized on the plan. You can view the revenue plans that belong to the original revenue arrangement, but you cannot edit them. If revenue plans were created but no revenue was recognized prior to the prospective merge, the revenue plans are deleted.

Prospective Merge Revenue Arrangements and Plans

The prospective merge revenue arrangement contains the residual values from the original revenue arrangements as of the prospective merge effective date. The prospective merge process generates new revenue elements and revenue recognition plans with the residual values.

Amounts in the Discounted Sales Amount column are equal to the Original Discounted Sales Amount minus the amount recognized prior to the prospective merge. Amounts in the Residual Discounted Sales Amount column are calculated using (1 minus the residual ratio) multiplied by the Original Discounted Sales Amount. Prospective merge revenue arrangements may include revenue elements with a Residual Discounted Sales Amount of zero. These revenue elements are required to support reclassification.

Revenue elements cannot be added to or removed from prospective merge revenue arrangements by editing the revenue arrangement. You can create subsequent prospective merges that include a prospective merge revenue arrangement.

Prospective merge revenue arrangements include a **Revert Change Order** button. When you click this button, you receive a warning. If you proceed, the revenue arrangement and its revenue elements and any revenue plans are deleted. The revenue arrangements, revenue elements, and revenue plans that existed prior to the prospective merge are reverted to their previous condition. You **cannot** revert a prospective merge if it meets either of these conditions:

- The prospective merge arrangement has recognized revenue or reclassified deferred revenue.
- The prospective merge arrangement has contract acquisition costs.

NetSuite creates new revenue plans for the residual values as part of the prospective merge process. All periods with recognized revenue prior to the merge effective date remain on the revenue plans for the original locked revenue arrangement. All periods on and after the effective date are included in the new prospective merge revenue plans. Any revenue amounts planned for periods prior to the effective date but not recognized before merge are added to the new revenue plans.

The Rev Rec Start Date for the new revenue plans is the prospective merge effective date. The Rev Rec End Date for actual revenue plans is the same as the original revenue plan. Revenue plans with zero amounts may be created when revenue elements with a Residual Discounted Sales Amount of zero are included in the revenue arrangement.

The following is an example of an original actual revenue recognition plan and the impact of the prospective merge process.

The original revenue element has the following characteristics:

- Create Revenue Plans On is set to Revenue Arrangement Creation.
- The revenue recognition rule is the same for actual and forecast plans.
- The revenue recognition rule has a six-month term, and the method is straight-line, even periods.
- The revenue amount is $1,200.

The actual and forecast revenue plans have lines that look like this:

Planned Period	**Amount**
July	200
August	200
September	200
October	200
November	200
December	200

The revenue arrangement that includes this revenue element is part of a prospective merge with an effective date of September 1.

On the original locked revenue element, actual and forecast revenue plans are complete and revenue was recognized as a condition of the prospective merge process. The amount on the plans is $400. After the prospective merge, the revenue plans have the following lines:

Period	**Amount**
July	200
August	200

The new revenue element that is included in the prospective merge revenue arrangement has revenue recognition plans with the amount of $800. The plan lines look like this:

Actual Plan		**Forecast Plan**	
Planned Period	**Amount**	**Planned Period**	**Amount**
September	200	September	133.33
October	200	October	133.33
November	200	November	133.33

Actual Plan		Forecast Plan	
Planned Period	**Amount**	**Planned Period**	**Amount**
December	200	December	133.33
		January	133.33
		February	133.34

Impact to Reclassification

The original revenue arrangement is locked after the prospective merge process, and billed amounts must equal recognized amounts. The outstanding deferred revenue balances (contract liability) or unbilled receivable balances (contract asset) are carried over to the new prospective merge revenue arrangement. To complete the process for the locked revenue arrangement, the following occurs:

- Carve in/carve out postings are reversed. This reversal is referred to as unwinding.
- The latest unbilled receivable posting is reversed. (The deferred revenue or unbilled receivable balances were carried over to the prospective merge as a negative or positive gross billing amount.)
- No changes are made to foreign currency gain or loss.

The deferred revenue balances that are carried over to the prospective merge revenue arrangement are reallocated based on the new carve-in/carve-out ratio. The element's gross cumulative billing amount becomes the sum of the deferred revenue balance after unwinding and any new billing amounts for the revenue element.

Note: To run reclassification in a reopened period, you must revert any prospective merges to unlock the locked revenue arrangements.

For an example of reclassification for a prospective merge, see Carve In/Carve Out Adjustment Example Prospective Merge After Billing.

Not Supported

Prospective merge management does not support revenue arrangements with the following types of revenue recognition plans:

- Project revenue plans
- Subscription revenue plans when the box is clear for the accounting preference Create Revenue Elements for Subscription Revisions.

  For more information about this accounting preference, see the help topic Setting the Optional Accounting Preference for Advanced Revenue Management in the SuiteBilling documentation.
- Any plan created from a custom revenue event for which Create Revenue Plan per Event and Percent Complete are both false.

Creating a Prospective Merge

Prospective merge management uses the residual values of the merged revenue arrangements to represent the modified performance obligation. The process terminates the original revenue arrangements and creates a new arrangement with the residual values as of the effective date.

The effective date of a prospective merge is the first day of the first open period that is not an adjustment period. You cannot create a prospective merge if revenue recognition or reclassification journal entries have already been posted after the effective date. If you have prior changes that have not posted, reopen the prior period and post the updates before you create the prospective merge.

To create a prospective merge:

1. Go to Revenue > Revenue Arrangements > Merge Revenue Arrangements for Linked Sources to open the Merge Revenue Arrangements for Linked Sources page.
2. In the Primary Options and Criteria area, do the following:
   a. Select a **Customer** from the list.

      When you select the **Customer**, the other fields are populated as follows:

      - **Subsidiary** – The customer's subsidiary is automatically selected. Unless the customer is associated with multiple subsidiaries, you cannot change the **Subsidiary** without first changing the **Customer**.

        If the customer is associated with multiple subsidiaries, the primary subsidiary is the default. The **Customer** and **Subsidiary** must be the same for all revenue elements and revenue arrangements included in the prospective merge.
      - **Currency** – By default, this is the primary currency for the **Customer**. You can select a different currency for multi-currency customers.
      - **Accounting Book** – This field is available only when Multi-Book Accounting is enabled. The default value is **Primary Accounting Book**.

   b. If you use approval routing for revenue arrangements, check or clear the **Approved** filter.

      When the **Approved** box is checked, only approved revenue arrangements appear in the list of available arrangements. When the box is cleared, approved revenue arrangement are not listed. For information about approvals, see Revenue Arrangement Approval Routing.
   c. Select values for the **Date From** and **Date To** fields in accordance with your company's policies for linking orders.

      When the Enable Advanced Cost Amortization accounting preference is checked, you can also filter by **Contract Acquisition Expense Account** and **Contract Acquisition Deferred Expense Account**.

      When these fields are blank, all revenue arrangements that match the other criteria are listed. Matching constraints apply to the merge if the revenue arrangements you select include a Contract Acquisition Cost Amount and revenue plans have been created. The Contract Acquisition Cost Account and Contract Acquisition Deferred Expense Account must match for all revenue arrangements and elements in the merge. For more information, see Contract Acquisition Cost Allocation.
   d. Check **Only Merge Residual Revenue Amounts**.

      The read-only **Change Order Effective Date** field is populated with the first day of the first open period that is not an adjustment period.
   e. Check or clear the **Recalculate Residual Fair Value** box as needed:

      - If you want the fair value for revenue elements to be recalculated for the new revenue arrangement, check the this box. Before you check this box, you should ensure that all the fair values to be calculated include the quantity field. For more information, see Fair Value Setup.
      - To keep the fair value of the revenue elements equal to the original calculated fair value amount × (1 – residual ratio), clear this box.

   > **Note:** The **Recalculate Residual Fair Value** box appears only when the Advanced Revenue Management (Revenue Allocation) feature is enabled. For information about enabling this feature, see Enabling the Advanced Revenue Management (Revenue Allocation) Feature.
3. In the Settings for New Revenue Arrangement area, select the following:

- **Revenue Arrangement Date** – Enter or select a date for the **Date** on the new revenue arrangement. The default is the current date.
- **Contract Cost Accrual Date** – Enter or select a date for the **Contract Cost Accrual Date** on the new revenue arrangement. The default is the current date. This field appears only when the Enable Advanced Cost Amortization accounting preference is checked.

4. If desired, click **Mark All** at the top of the page to select all the revenue arrangements listed.

   > **Note:** If your company permits posting discounts on sales transactions, identify revenue arrangements associated with such transactions and do not select them for merge. For information, see Discount and Markup Items in Advanced Revenue Management (Essentials).

   Alternatively, check the **Select** box for individual revenue arrangements. When you select an arrangement, all its elements are automatically selected.

   You cannot create a prospective merge if any of the revenue elements in the revenue arrangements that you are merging requires revenue recognition plan updates. Suppose the Requires Revenue Plan Update column value is Yes for any of the revenue elements in a revenue arrangement. In that case, the revenue element boxes are disabled because the revenue recognition plans are not up to date. For information about updating revenue recognition plans, see Updating Revenue Recognition Plans.

5. Click **Preview** to open the Preview Revenue Arrangement page.

   This page is read-only. It displays the updated **Transaction Total**, **Total Carve-Out**, and **Total Revenue Amount** for the proposed new revenue arrangement. For each revenue element, the preview includes the calculated fair value and revenue amounts before and after the merge plus the change. The **Total Carve Out**, **Calculated Fair Value Amount Before**, and the **Calculated Fair Value Amount After** fields appear only when the Advanced Revenue Management (Revenue Allocation) feature is enabled. Other key fields for the revenue elements are also displayed with links for **Revenue Element**, **Source**, and **Item**.

   When the Enable Advanced Cost Amortization accounting preference is checked, the preview includes before, after, and change columns for the three types of amortized costs.

6. Click **Merge** to proceed or **Cancel** to return to the Merge Revenue Arrangements for Linked Sources page.

   You can click **Merge** on the Merge Revenue Arrangements for Linked Sources page without first viewing the preview, but it is not recommended.

   After you click **Merge**, the new prospective merge is displayed when the process is complete.

   If there is a delay in processing, the Process Status page opens. If that happens, click **Refresh** until the **Submission Status** displays **Complete**.

Revenue Element Field Reference

You can view revenue elements as independent records or on the Revenue Elements subtab of a revenue arrangement. You can only edit the revenue element fields on the subtab of the revenue arrangement.

To view individual revenue element records, go to Revenue > Non-Transaction Revenue Recognition Records > View Revenue Elements. Then click View for the revenue element record you want.

The individual revenue element records include a Merge Arrangement History subtab. This subtab includes links to the arrangements the element has been merged to and from with the dates of the merges. It also includes a link to a snapshot of the pre-merge revenue arrangement.

> **Tip:** If you want to include fields from revenue elements in your sales transaction searches, use fields from the **Generated Revenue Element Fields** joined record. Fields from the Revenue Element Fields joined records return values only for revenue arrangement searches.

The following tables lists the fields on the Revenue Element page. The fields that you can edit on the Revenue Elements subtab of a revenue arrangement are indicated in **bold**. Unless otherwise noted in the field name, all currency values are in the revenue arrangement currency.

Field	Description
Revenue Element	Link to revenue element record. The revenue element ID is configured on the Other subtab of the Set Up Auto-Generated Numbers page. For more information, see the help topic Set Auto-Generated Numbers. This field appears only as a column in the Revenue Element sublist of the revenue arrangement, not as a field on the Revenue Element page.
Source	Identifies the source record (read-only)
Source Date	Date of source record (read-only)
Effective Start Date	This field is blank except when the revenue element is part of a prospective merge (read-only). In that case, the Effective Start Date is equal to the Change Order Effective Date. For details, see Prospective Merges.
Effective End Date	This field is blank unless the revenue element was ended by a prospective merge (read-only). In that case, the Effective End Date is one day earlier than the Change Order Effective Date. For details, see Prospective Merges.
Revenue Arrangement	Link to the Revenue Arrangement that includes this revenue element. This field appears only on the Revenue Element page, not as a column on the Revenue Element sublist of the revenue arrangement.
Number	Revenue element number (read only) This field appears only on the Revenue Element page, not as a column on the Revenue Element sublist of the revenue arrangement. In the sublist, the Revenue Element column displays this number as a link to the page.
Last Merged from Arrangement	Link to the previous revenue arrangement This field appears on the Revenue Element page, but by default not as a column on the Revenue Element sublist of the revenue arrangement. It is included in Sublist Fields for custom revenue arrangement forms.
Item	Link to item record (read-only)
Original Quantity	Quantity of item in the source (read-only) This field is blank except when the revenue element is part of a prospective merge.
Quantity	This read-only field is the same as the Original Quantity, unless the revenue arrangement has participated in the prospective merge process. In a prospective merge, the Quantity is the residual quantity calculated using the residual ratio. In the locked revenue arrangement after the prospective merge, the Quantity is the Original Quantity minus the residual quantity. For details, see Prospective Merges.
Units	Unit of measure (read-only). This field is included only when the Multiple Units of Measure feature is enabled.
Currency	Included only when the Multiple Currencies feature is enabled. The value is derived from the source documents (read-only) and is the transaction currency, not base currency.

Field	Description
	This field appears on the Revenue Element page, not as a column on the Revenue Element sublist of the revenue arrangement. The Currency field is included in the Classification section of the revenue arrangement.
Exchange Rate	Foreign currency exchange rate (read-only). This field is the exchange rate from the source, except in a prospective merge. In a prospective merge, the exchange rate is Residual Sales Amount (base currency) divided by Residual Sales Amount (revenue arrangement currency). The Residual Sales Amount (base) is shown on the GL Impact page of the revenue arrangement.
Sales Amount	Gross sales amount for quantity sold (read-only)
Original Discounted Sales Amount	Sales amount for quantity sold net of discounts from the source (read-only). This field is blank except when the revenue element is part of a prospective merge.
Discounted Sales Amount	This read-only field is the same as the Original Discounted Sales Amount, unless the revenue arrangement has participated in a prospective merge. In a prospective merge, the Discounted Sales Amount equals the Original Discounted Sales Amount minus the amount recognized prior to the prospective merge. In the locked revenue arrangement, the Discounted Sales Amount equals the amount recognized prior to the prospective merge. For details, see Prospective Merges.
Residual Discounted Sales Amount	This read-only field is blank unless the revenue arrangement has participated in a prospective merge. In a prospective merge, the Residual Discounted Sales Amount equals the Original Discounted Sales Amount times (1 minus the residual ratio). In the locked revenue arrangement, the Residual Discounted Sales Amount equals the Original Discounted Sales Amount multiplied by the residual ratio. For details, see Prospective Merges.
Base Fair Value	Base fair value from fair value price list. This field appears only when the Advanced Revenue Management (Revenue Allocation) feature is enabled. For more information, see Enabling the Advanced Revenue Management (Revenue Allocation) Feature.
Alternate Quantity	For use in fair value formulas when the quantity to derive the fair value differs from the quantity in the source. The value must be a positive number. When you include a value in this field and the other alternate fields, the fair value lookup searches for a match for the alternate units. The fair value price record must include values for Units Type and Units to return a match. If the revenue element has a non-zero value and has been included in the prospective merge process, this value is prorated. In the prospective merge revenue arrangement, the prorated value is (1 minus the residual ratio) multiplied by the original alternate quantity. In the locked revenue arrangement, the prorated value is the residual ratio multiplied by the original alternate quantity.
Alternate Units Type	For use in fair value prices. This field is included only when the Multiple Units of Measure feature is enabled. When you include a value in this field and the other alternate fields, the fair value lookup searches for a match for the alternate units. The fair value price record must include values for Units Type and Units to return a match.
Alternate Unit	For use in fair value prices. This field is included only when the Multiple Units of Measure feature is enabled.

Field	Description
	If this field does not have a value, the other alternate fields are not used for fair value lookup.
Is Kit Item Type	When the item is a kit with the Auto-Expansion for Revenue Management box checked, the value in this field is Yes. Otherwise, this field is blank. The field is read-only. For details, see Auto-Expansion of Kit Items.
Parent Kit Element	Link to the revenue element for the parent kit of a kit component (read-only). The Auto-Expansion for Revenue Management box must be checked for the parent kit item, or else this field is blank. For details, see Auto-Expansion of Kit Items.
Calculated Fair Value Amount	Fair value price for the item from the Fair Value Price List. This amount is used to calculate the final allocation amounts. If the element was part of prospective merge and the Recalculate Residual Fair Value box was not checked, this value is prorated. In the prospective merge revenue arrangement, the prorated value is (1 minus the residual ratio) multiplied by the original calculated fair value. In the locked revenue arrangement, the prorated value is the residual ratio multiplied by the original calculated fair value. This field appears only when the Advanced Revenue Management (Revenue Allocation) feature is enabled. For more information, see Enabling the Advanced Revenue Management (Revenue Allocation) Feature.
Allocation Type	Allocation type from item record (or recognition treatment if you use Rule-Based Recognition Treatments). When you merge a revenue element for a return transaction with a revenue arrangement without a linked positive element, this value changes to Exclude. For more information, see Revenue Allocation for Returns. This field appears only when the Advanced Revenue Management (Revenue Allocation) feature is enabled. For more information, see Enabling the Advanced Revenue Management (Revenue Allocation) Feature.
Is VSOE	Derived from the fair value price list. When the sales price is used as the fair value, this defaults to Yes. This field appears only when the Advanced Revenue Management (Revenue Allocation) feature is enabled. For more information, see Enabling the Advanced Revenue Management (Revenue Allocation) Feature.
Delivered	This is the initial delivery status for the item (read-only). Its value is derived from the item record. This field appears only when the Advanced Revenue Management (Revenue Allocation) feature is enabled. For more information, see Enabling the Advanced Revenue Management (Revenue Allocation) Feature.
Eligible for Contingent Revenue Handling	Derived from the item record when the accounting preference Enable Contingent Revenue Handling is checked (read-only). For more information, see Contingent Revenue Handling. This field appears only when the Advanced Revenue Management (Revenue Allocation) feature is enabled. For more information, see Enabling the Advanced Revenue Management (Revenue Allocation) Feature.
Fair Value Override	When checked, fair values are not derived from the fair value price list. You must populate the Base Fair Value and Calculated Fair Value Amount manually or by script to enable allocation. This field appears only when the Advanced Revenue Management (Revenue Allocation) feature is enabled. For more information, see Enabling the Advanced Revenue Management (Revenue Allocation) Feature.

Field	Description
Revenue Allocation Group	Used in GroupSum fair value calculations with or without the Reference ID The value comes from the item record (or recognition treatment if you use Rule-Based Recognition Treatments). This field appears only when the Advanced Revenue Management (Revenue Allocation) feature is enabled. For more information, see Enabling the Advanced Revenue Management (Revenue Allocation) Feature.
Reference ID	Used in GroupSum fair value calculations in conjunction with Revenue Allocation Group. For more information, see GroupSum Formulas. The default value is the source internal ID. If you edit this field, use only letters or numbers. The only special character supported is underscore.
Permit Discount	Derived from the item record. This field appears only when the Advanced Revenue Management (Revenue Allocation) feature is enabled. For more information, see Enabling the Advanced Revenue Management (Revenue Allocation) Feature.
Posting Discount Applied	When checked, indicates that a posting discount has been applied (read-only). Revenue arrangements whose sources include a posting discount cannot be merged. They do not support revenue allocation. For more information, see Discount and Markup Items in Advanced Revenue Management (Essentials).
Revenue Amount	You can adjust this amount for individual revenue elements, but the Total Revenue Amount for the revenue arrangement must equal its Transaction Total. When the Multiple Currency feature is enabled, this amount is in the currency displayed in the revenue arrangement header.
Revenue Allocation Ratio	The percent of the revenue arrangement's total revenue amount that is allocated to this revenue element (read-only). This field appears only when the Advanced Revenue Management (Revenue Allocation) feature is enabled. For more information, see Enabling the Advanced Revenue Management (Revenue Allocation) Feature.
Unbilled Receivable Group	This field is added when the accounting preference Unbilled Receivable Adjustment Journal Grouping is set to Sub-Arrangement Group. Enter an alphanumeric group ID in this field. Revenue elements within the arrangement that have the same unbilled receivable group value are calculated together. When this field is blank, the null value is treated as a group ID. For details, see Groupings for Unbilled Receivable Adjustment Journal Entries.
Linked Element	This is a link to the revenue element for an associated source. For example, if you merge arrangements for a sale and its return, the return element is linked to the sales transaction line element. It is best practice not to set the Linked Element field on the sale revenue element. Setting the Linked Element field on the sale revenue element may cause a recursive relationship between two revenue elements. This causes the deferred revenue reclassification process to ignore those revenue elements.
Subscription Line	Link to the subscription line (read-only). This field appears only when the Advanced Subscription Billing feature is also enabled. The field appears on the Revenue Element page, but by default not as a column on the Revenue Element sublist of the revenue arrangement. It is included in Sublist Fields for custom revenue arrangement forms.

Field	Description
Create Revenue Plans On	Derived from the item record (or recognition treatment if you use Rule-Based Recognition Treatments). You can change the value of this field in the revenue element if none of the revenue recognition plans for the element have started. This field becomes read-only when a revenue recognition journal entry is created for any revenue plan associated with the revenue element. After revenue recognition begins, only the recognition treatment lookup process can change this value. For information, see Rule-Based Recognition Treatment.
Revenue Recognition Rule	The default value is derived from the item record (or recognition treatment if you use Rule-Based Recognition Treatments). Changing the value of this field in the revenue element affects only future revenue recognition plans, not any plans that have already been created.
Start Date	Enter this date manually when the Revenue Recognition Rule has a Rev Rec Start Date Source of Revenue Element. Without a start date, such revenue plans cannot be generated. If revenue has already been recognized on an associated revenue recognition plan, neither the revenue plan Rev Rec Start Date nor its Planned Periods are updated.
End Date	Enter this date manually when the Revenue Recognition Rule has a Rev Rec End Date Source of Revenue Element. Without an end date, such revenue plans cannot be generated.
Term in Months	The default value is derived from the revenue recognition rule. When you change the value in the revenue element, both current and future revenue plans are affected. On the revenue plan record, the Rev Rec End Date field and Planned Revenues subtab. The value in the Revenue Term in Months field remains the value derived from the revenue rule.
Term in Days	The default value is derived from the revenue recognition rule. When you change the value in the revenue element, both current and future revenue plans are affected. On the revenue plan record, the Rev Rec End Date field and Planned Revenues subtab. The value in the Revenue Term in Days field remains the value derived from the revenue rule.
Rev Rec Forecast Rule	The default value is derived from the item record (or recognition treatment if you use Rule-Based Recognition Treatments). Changing the value in the revenue element affects only future forecast plans, not any plans that have already been created.
Forecast Start Date	Enter this date manually when the Rev Rec Forecast Rule has a Rev Rec Start Date Source of Revenue Element. Without a start date, such revenue plans cannot be generated.
Forecast End Date	Enter this date manually when the Rev Rec Forecast Rule has a Rev Rec End Date Source of Revenue Element. Without an end date, such revenue plans cannot be generated.
Deferral Account	The default value is derived from the item record. You can change the value in the revenue element when no revenue recognition plans exist.
Recognition Account	The default value is derived from the item record. You can change the value in the revenue element when no revenue recognition plans exist.
Foreign Currency Adjustment Account	The default value is derived from the item record. You can change the value in the revenue element when no revenue recognition plans exist. This field is displayed only when the Multiple Currencies feature is enabled.

Field	Description
Transition to New Standard	The date that the revenue element was migrated to the ASC 606/IFRS 15 standard for revenue recognition. The date is the last day of the Cut-off Period. This field is populated only after the migration of the revenue element.
Revenue Migration Adjustment Account	The account where the one-time adjustment to revenue is posted for the migration to the ASC 606/IFRS 15 standard. This field is populated only after the migration of the revenue element.
Expense Migration Adjustment Account	The account where the one-time adjustment to expense is posted for the migration to the ASC 606/IFRS 15 standard. This field is populated only after the migration of the revenue element and only when advanced cost amortization is enabled.
Revenue Plan Status	Only actual revenue recognition plans have a plan status. The following plan statuses are possible (read-only): ▪ **Not Started** – No actual revenue plan has been created and there is no error, or all actual revenue plans have the status **Not Started**. ▪ **In Progress** – One or more actual revenue plans has the status **In Progress**. A combination of **Not Started** and **Completed** actual revenue plans also results in this status. ▪ **On Hold** – At least one revenue plan for the element is **On Hold**. ▪ **Complete** – All actual revenue plans for the element are **Complete** and their total **Total Recognized** amounts equal the **Revenue Amount** for the element. ▪ **Plan Failed** – At least one of the actual revenue plans for the revenue element was not created due to an error.
Requires Revenue Plan Update	When the box is checked, the revenue element's actual revenue recognition plans require an update. When the box is clear, all the revenue element's actual revenue recognition plans are up to date, or the revenue element does not have existing actual revenue recognition plans.
Allocated Contract Acquisition Cost Amount (Base Currency)	This read-only field appears only when the Enable Advanced Cost Amortization accounting preference is checked. For more information, see Advanced Cost Amortization. The portion of the direct contract acquisition costs for the revenue arrangement that is allocated to this revenue element. By default, the cost is allocated using the revenue allocation ratio for the element. You can override the default ratio.
Contract Acquisition Cost Allocation Ratio Override	This field appears only when the Enable Advanced Cost Amortization accounting preference is checked. If you enter a value to override the default cost allocation, the total allocation ratio override for all elements in the arrangement must equal 100%.
Item Resale Cost Amount (Base Currency)	This field appears only when the Enable Advanced Cost Amortization accounting preference is checked. You can enter a value in this field only when the Expense Account and Deferred Expense Account fields on the item record are populated.
Item Labor Cost Amount (Base Currency)	This field appears only when the Enable Advanced Cost Amortization accounting preference is checked. Enter the cost of labor related to this item and select labor expense and deferred expense accounts.
Labor Expense Account	This field appears only when the Enable Advanced Cost Amortization accounting preference is checked. If you entered an amount for the item labor cost, select an account for the expense.

Field	Description
Labor Deferred Expense Account	This field appears only when the Enable Advanced Cost Amortization accounting preference is checked. If you entered an amount for the item labor cost, select an account for the deferred expense.
Class	Derived from the source (read-only).
Department	
Location	
Customer	
Recognition Treatment Rule	This field appears only when the Rule-Based Recognition Treatment feature is enabled. See Rule-Based Recognition Treatment. When the recognition treatment lookup process applies a recognition treatment rule to a revenue element, the process adds a link to the treatment rule here. Otherwise, this field is blank.
Recognition Treatment	This field appears only when the Rule-Based Recognition Treatment feature is enabled. See Rule-Based Recognition Treatment. When the recognition treatment lookup process applies a recognition treatment to a revenue element, the process adds a link to the treatment here. Otherwise, this field is blank.
Exclude from Treatment Lookup	This field appears only when the Rule-Based Recognition Treatment feature is enabled. See Rule-Based Recognition Treatment. When this box is checked, future recognition treatment lookup processes do not affect the recognition attributes of this revenue element. To check or clear this box, edit the revenue arrangement. This field appears only when the Advanced Revenue Management (Revenue Allocation) feature is enabled. For more information, see Enabling the Advanced Revenue Management (Revenue Allocation) Feature.

Searching for Revenue Elements with Missing Dates

When dates are missing in revenue elements whose revenue recognition rules get start or end dates from the element, NetSuite cannot create revenue plans. For more information about revenue recognition date fields, see Revenue Recognition Rule Field Reference.

You should create a saved search to identify revenue elements with missing dates when revenue plan creation depends on dates in the revenue element. You can use the saved search to edit revenue arrangements and add dates to revenue elements as needed.

An example of one way to create the search is shown in the following procedure. Other methods exist. For more information, see the help topic Saved Searches.

To create a saved search for revenue elements with missing dates:

1. Identify revenue recognition rules that have either of these settings:
   - **Rev Rec Start Date Source** set to **Revenue Element Start Date**
   - **Rev Rec End Date Source** set to **Revenue Element End Date**

You can find these rules on the Revenue Recognition Rules list page at Lists > Accounting > Revenue Recognition Rules. If you have too many rules for the list view to be practical, you can search for rules with these settings. For help, see the help topic Running Searches.

2. Create a revenue element saved search as follows:
   a. Go to Lists > Accounting > Revenue Elements > Search.

      If the simple Revenue Element Search page opens, check the **Use Advanced Search** box.
   b. On the **Criteria** subtab, add the following filters and values:
      - **Revenue Recognition Rule** – select the rules you identified in step 1.
      - **Start Date** – select **empty**.
      - **End Date** – select **empty**.
      - **Forecast Start Date** – select **empty**.
      - **Forecast End Date** – select **empty**.
   c. Click **Create Saved Search**.
   d. In the **Search Title** field, enter a descriptive name, such as Revenue Elements Missing Dates.
   e. On the **Results** subtab, add the **Revenue Arrangement** field at a minimum. You can add, remove, and reorder other rows to meet your specific requirements.
   f. Click **Preview** to review the results, and click **Return to Criteria** to adjust the **Results** if needed.
   g. (Optional) To make the search available to others and use it in portlets, click the appropriate boxes at the top of the page.
   h. Click **Save**.
3. (Optional) Add your revenue element saved search to dashboard portlets as needed. For help, see the help topic Dashboards Overview.

Creating Revenue Elements from Journal Entries

You can create revenue elements and revenue arrangements from journal entries. In OneWorld accounts, you can also create them from intercompany journal entries and advanced intercompany journal entries.

You can merge revenue arrangements created from journal entries only when all deferred revenue lines in the journal entry have the same customer. NetSuite then populates the Customer field in the revenue arrangement with a customer name. Otherwise, the Customer field in the resulting revenue arrangement is populated with -Multiple-, and the revenue arrangement is not available for merging. For more information, see Combination and Modification of Performance Obligations.

If you use Multi-Book Accounting, you can create revenue elements only from book-specific journal entries and book-specific intercompany journal entries.

The accounts you use for income in the journal entry must have deferred revenue accounts as their deferral accounts. When you select a revenue recognition rule for the line and save the journal entry, the account is converted to the associated deferred revenue account.

The revenue recognition rule you select for the journal entry line must have Event-Percent based on amount or Event-Percent Complete as its Amount Source. Only rules with these amount sources are included in the Revenue Recognition Rule dropdown list. If you select a rule that uses Event-Percent Complete, you must select a project for that line to prevent errors in element creation.

To create a revenue element and revenue arrangement from a journal entry:

1. Go to Financial > Other > Make Journal Entries or Make Intercompany Journal Entries.

   If you are using Multi-Book Accounting, you use Make Book Specific Journal Entries or Make Book Specific Intercompany Journal Entries.
2. Complete the journal entry as usual. For guidance, see the help topic Making Journal Entries.
3. On the income account line:
   a. Select a **Revenue Recognition Rule** from the list. The rule you select here can be changed when the revenue element is created.
   b. (Optional) Enter a **Start Date** and an **End Date**.

      NetSuite uses the revenue arrangement creation date as the event date and source date if you do not include a **Start Date**.
4. The **Name** column is required if you want to be able to merge the resulting revenue arrangement. The value you select must be a project if the Revenue Recognition Rule uses Event-Percent Complete as its Amount Source.

After you save the journal entry, the revenue elements, revenue arrangements, and revenue recognition plans are created as usual. For more information, see Updating Revenue Arrangements and Updating Revenue Recognition Plans. After revenue elements are created, you cannot change the Revenue Recognition Rule selected in the journal entry. The only journal entry fields that are synchronized with revenue elements and plans after creation are the Debit and Credit amount fields.

A revenue element is created for each line in the journal entry that has a deferred revenue account. The Item and Quantity fields in the revenue element are blank, and the Allocation Type is set to Exclude. This Allocation Type field appears only when the Advanced Revenue Management (Revenue Allocation) feature is enabled. For more information, see Enabling the Advanced Revenue Management (Revenue Allocation) Feature. The resulting revenue elements are grouped by subsidiary, accounting book, currency, and source journal entry into revenue arrangements.

Deferring Revenue for Billable Costs

NetSuite enables you to bill customers for costs you incur in the course of your work for them. With Advanced Revenue Management (Essentials), revenue from billable costs posts first to deferred revenue. To recognize the revenue, you must create revenue recognition journal entries. For information, see Generating Advanced Revenue Recognition Journal Entries.

Billable costs may be items, time, or other expenses. Configure billable items like other items for Advanced Revenue Management (Essentials). For more information about configuring items, see Item Configuration for Advanced Revenue Management (Essentials) and (Revenue Allocation).

For instructions on invoicing billable items, see the help topic Billing Items to Customers.

For instructions on invoicing billable time and expenses, see the help topics Billing Time to Customers and Billing Expenses to Customers.

For information about time and materials from projects, see the help topics Creating Sales Orders from Projects and Project Billing

> **Note:** Custom fields from the billable item, expense, and time subtabs are not copied to revenue arrangements.

Billable time and expenses automatically use the deferred revenue account you set in the accounting preference Default Deferred Revenue Account. You can, however, select a different deferred revenue account for billable time and expenses. The **Track Billable Expense in** field on expense accounts links to an income or other income account. You can set the deferred revenue account to use with that income or other income account. The deferred revenue account on the income account takes precedence over the deferred revenue account in the accounting preferences.

To link an account for billable expenses or time to a deferred revenue account:

1. Go to Financial > Lists > Accounts.
2. Click **Edit** next to the expense account where the billable expense or time is posted.
3. On the account record, select an income account from the **Track Billable Expense in** list, and click **Save**.
4. On the Chart of Accounts list, click **Edit** next to the income account you selected in the previous step.
5. On the account record, select a deferred revenue account from the **Deferral Account** list, and click **Save**.

Billable costs appear on the Billable Items, Billable Expenses, and Billable Time subtabs when a customer invoice is created. The user who creates the invoice must click the appropriate subtab and check the line items to bill the customer for. Items and expenses appear as normal line items on the invoice. The customer sees only a selling price that includes the markup spread over the expense items. When the invoice is viewed in NetSuite, however, markup is a separate entry, and the system creates a separate revenue element for it.

Billable time and billable expenses use the default standard revenue recognition rule and revenue plans are created on revenue arrangement creation by default. You can change these defaults by editing the revenue element lines on the revenue arrangement. If revenue plans have been created automatically, you must delete existing revenue plans and update revenue plans after your changes are saved.

Billable costs are excluded from allocation by default. Billable items can be allocated if fair value prices are configured. To include billable items in allocation, edit the revenue arrangement and change the allocation type for the revenue element. For more information, see Revenue Reallocation for Revenue Arrangements.

Advanced Cost Amortization

When you check the accounting preference Enable Advanced Cost Amortization, you can accrue and amortize eligible sales costs associated with a contract. You record the eligible sales costs on the revenue arrangement and revenue elements in the base currency. When you save the revenue arrangement, a deferred cost journal entry is automatically created to accrue the costs. The amortization of these costs is tracked on the revenue recognition plan in a subtab called Cost Amortization Plan. A deferred expense rollforward report is available. For information, see Deferred Expense Rollforward Report.

Three types of eligible sales costs can be accrued and amortized. You must designate expense and deferred expense accounts for each type of cost.

Cost Type	Location of Account Settings	Where to Record Costs
Direct contract acquisition costs including all direct expenses incurred during the sales process for a revenue contract obligation, such as sales commissions and marketing expenses	**Contract Acquisition Expense Account**, **Contract Acquisition Expense Source Account**, and **Contract Acquisition Deferred Expense Account** fields on the revenue arrangement header. You can set the defaults for these accounts on the Accounting Preferences page (Setup > Accounting > Accounting Preferences)	**Contract Acquisition Cost Amount (Base Currency)** field on the revenue arrangement header
Item-specific resale expenses for items that are not inventory items	**Deferred Expense Account** and **Expense Account** in the Accounting subtab of the item record	**Item Resale Cost Amount (Base**

Cost Type	Location of Account Settings	Where to Record Costs
		Currency) field on the revenue element
Implementation labor expense	**Labor Expense Account** and **Labor Deferred Expense Account** fields on the revenue element	**Item Labor Cost Amount (Base Currency)** field on the revenue element

For detailed information about the components of advanced cost amortization, see the following topics:

- Deferred Cost Journal Entry
- Contract Acquisition Cost Allocation
- Cost Amortization Plans

Deferred Cost Journal Entry

When you save the revenue arrangement with costs recorded, a deferred cost journal entry is created to accrue the deferred costs for amortization. The general ledger impact of the source transactions is not affected. The deferral journal entry debits the designated deferred expense account and credits the expense account.

A link to the current journal entry appears in the revenue arrangement in the Deferred Cost Journal Entry field. The deferred cost journal entry also includes a link to the revenue arrangement in its Related Records subtab.

By default, the date of the deferred cost journal entry is the same as the revenue arrangement date. However, the Contract Cost Accrual Date field on the revenue arrangement enables you to select a different date for the journal entry.

An optional third account is provided on the revenue arrangement for direct contract acquisition costs, the expense source account. When you select a **Contract Acquisition Expense Source Account**, NetSuite uses this account instead of the **Contract Acquisition Expense Account**.

The system reverses the deferred cost journal entry and creates a new one when you change the cost accrual date, accounts, or values. You cannot change any accounts related to the contract acquisition cost after revenue plans have been created. Links to all deferred cost journal entries appear on the Related Records subtab of the revenue arrangement.

When you merge revenue arrangements, NetSuite reverses any contract cost deferral journal entries. Those contract cost deferrals and their reversals remain linked to the old revenue arrangements as related records. The new revenue arrangement gets a new contract cost deferral with links in the Deferred Cost Journal Entry field and on the Related Records subtab.

After cost amortization plans have been created, you cannot delete the deferred cost journal entry without first deleting the cost amortization plans. For more information, see Cost Amortization Plans.

Contract Acquisition Cost Allocation

The contract acquisition cost amount that you enter in the revenue arrangement header is allocated across the revenue elements whose Allocation Type is not Exclude. Allocation occurs according to the value in the Revenue Allocation Ratio field for each element. At least one revenue element must have an Allocation Type of Normal or Software for allocation to occur. The allocated amount is displayed in the **Allocated Contract Acquisition Cost Amount (Base Currency)** field of the element. The Advanced Revenue Management (Revenue Allocation) feature must be enabled as a prerequisite for cost allocation. For information about enabling this feature, see Enabling the Advanced Revenue Management (Revenue Allocation) Feature.

When you change the value in the Contract Acquisition Cost Amount (Base Currency) field in the header, the cost is reallocated to the elements. This reallocation adjusts the allocated cost amounts for the revenue elements. If a source update adds or removes elements from an arrangement, NetSuite adjusts the allocated amounts according to the new revenue allocation ratios.

You can adjust the cost allocation for the revenue elements by entering values in the **Contract Acquisition Cost Allocation Ratio Override** field. When you save the revenue arrangement, the system updates the allocated cost amount using the override ratio. The sum of the values of the Contract Acquisition Cost Allocation Ratio Override field for all elements in the arrangement must equal 100%. When you use cost override ratios, each element must have a non-zero override ratio. When you click **Reallocate Cost** near the top of the revenue arrangement, the system clears the override ratios. The allocated costs are restored to amounts based on the revenue allocation ratios.

The Cost Amortization Plan subtabs of associated revenue recognition plans are not automatically updated when you adjust cost allocation. You must click Update Revenue Plans after you reallocate costs.

Revenue Elements Excluded from Cost Allocation

When revenue elements have the Allocation Type set to Exclude, NetSuite excludes them from cost allocation, as well as revenue allocation. You cannot add a contract acquisition cost to a revenue arrangement when all the revenue elements are excluded from allocation. The cost allocation amount of an excluded element may carry over from a merge. The carryover occurs when the element is not a return of a positive element in the arrangement. Although cost allocation amount is excluded from allocation, it is counted in the total contract acquisition cost amount in the header.

Merges with Cost Allocation

When you check the Enable Advanced Cost Amortization accounting preference, the Merge Revenue Arrangements for Linked Sources page changes. With the preference checked, the page includes filters for Contract Acquisition Expense Account and Contract Acquisition Deferred Expense Account. When these expense account filter fields are blank, all revenue arrangements that match the other criteria are listed. You must use caution, however, when you select revenue arrangements or elements that are not filtered for expense and deferred expense accounts. If the revenue arrangements you select for merge have revenue plans and include a Contract Acquisition Cost Amount, matching constraints apply to the merge. The Contract Acquisition Expense Account and Contract Acquisition Deferred Expense Account must match for all revenue arrangements and elements in the merge.

The Allocated Contract Acquisition Cost Amount (Base Currency) value of individual elements remains the same when the elements are merged into a new arrangement. The contract acquisition cost amount in the header of the new arrangement is the sum of the allocated amounts for the revenue elements. The revenue allocation ratio is ignored. NetSuite populates the cost allocation ratio override field with a value equal to the allocated cost amount over the total cost amount in the header. For more information about the merge process, see Combination and Modification of Performance Obligations.

For example, you begin with two revenue arrangements.

Arrangement A has a Contract Acquisition Cost Amount of $60 in the header and the following element values:

Element Item	Revenue Allocation Ratio	Contract Acquisition Cost Allocation Ratio Override	Contract Acquisition Cost Allocation Amount
License	60%	30%	$18
Support	40%	70%	$42

Arrangement B has a Contract Acquisition Cost Amount of $80 in the header and the following element values:

Element Item	Revenue Allocation Ratio	Contract Acquisition Cost Allocation Ratio Override	Contract Acquisition Cost Allocation Amount
License	50%	Empty	$40
Support	10%	Empty	$8
Training	40%	Empty	$32

By merging linked sources, you combine the support item from arrangement A with the license item from arrangement B to form a new arrangement C. The results are as follows.

Arrangement C has a Contract Acquisition Cost Amount of $82 ($42 + $40) in the header and the following element values:

Element Item	Revenue Allocation Ratio	Contract Acquisition Cost Allocation Ratio Override	Contract Acquisition Cost Allocation Amount
License		$40 ÷ $82 = 48.78%	$40
Support		$42 ÷ $82 = 51.22%	$42

The new arrangement A has a Contract Acquisition Cost Amount of $18 in the header and the following element values:

Element Item	Revenue Allocation Ratio	Contract Acquisition Cost Allocation Ratio Override	Contract Acquisition Cost Allocation Amount
License		$18 ÷ $18 = 100%	$18

The new arrangement B has a Contract Acquisition Cost Amount of $40 ($8 + $32) in the header and the following element values:

Element Item	Revenue Allocation Ratio	Contract Acquisition Cost Allocation Ratio Override	Contract Acquisition Cost Allocation Amount
Support		$8 ÷ $40 = 20%	$8
Training		$32 ÷ $40 = 80%	$32

If you change the amount in the header of any of these arrangements, the allocated cost amounts are adjusted using the cost allocation ratio overrides.

You can force merged revenue arrangements to reallocate costs according to the new revenue allocation ratios. To do so, on the revenue arrangement, click Reallocate Cost. The override ratios are cleared, and the allocated cost amounts for the elements are again based on the revenue allocation ratios. The Cost Amortization Plan subtabs of associated revenue recognition plans are not automatically updated. You must click Update Revenue Plans after you reallocate costs.

Cost Amortization Plans

Cost amortization plans are contained on the Cost Amortization Plan subtab of the revenue recognition plan. The Cost Amortization Plan subtab shows the costs to be amortized in each period of the plan. It includes a separate line for each type of expense: contract acquisition cost, item resale cost, and labor cost. Thus, you may have up to three lines for each planned period. The information displayed for each line is similar to the Planned Revenue subtab. It includes the following fields:

- Planned Period
- Planned Expense Type
- Amount
- Journal
- Posting Period
- Deferred Expense Account
- Expense Account
- Date Executed
- Is Amortized
- % Amortized in Period
- % Total Amortized
- Total Amortized
- Period Comments (actual plans only)

The actual revenue recognition plan header includes two fields related to advanced cost amortization: Remaining Deferred Cost Balance and Total Amortized. The combined values of these two fields equals the total amortized expense on the revenue plans. When the revenue plan is put on hold, the expense amortization is also on hold. You can edit the Planned Period, Amount, Is Amortized, and Period Comments fields. However, you should ensure that your changes are in line with the planned revenue. For more information about editing these fields, see Editing Revenue Recognition Plans.

The revenue recognition journal entries you schedule or create on the Create Revenue Recognition Journal Entries page include lines for the expense amortization. The Revenue Recognition Plans subtab of this page includes the following additional columns:

- Allocated Contract Acquisition Cost Amount
- Item Resale Cost Amount
- Item Labor Cost Amount

The system adds multiple revenue and expense lines on the same plan and in the same period together and displays them as one line. Each of the expense accounts is debited and the deferred expense accounts are each credited in the revenue recognition journal entry. For more information about the journal entry process, see Generating Advanced Revenue Recognition Journal Entries.

To delete a cost amortization plan, you must delete the entire revenue recognition plan. For instructions, see Deleting Revenue Recognition Plans.

Deleting Revenue Arrangements

You can delete revenue arrangements if they have no associated transactions, such as revenue recognition or reclassification journal entries. When you delete a revenue arrangement, its revenue elements remain but are temporarily orphaned. When you next update revenue arrangements, orphaned revenue elements are reassociated with their pre–merge revenue arrangements if any. If NetSuite finds no revenue arrangements to associate orphaned elements with, a new revenue arrangement is created. If orphaned elements are no longer associated with a source transaction or record, NetSuite deletes them.

To delete a revenue arrangement:

1. Go to Revenue > Revenue Arrangements > View Arrangements.
2. Click **Edit** next to the revenue arrangement you want to delete.
3. From the **Actions** list, select **Delete**.
4. When prompted, click **OK** to confirm the deletion.

   If transactions are associated with the revenue arrangement, an error message provides an option to identify those transactions.

To delete revenue elements, their source documents must also be deleted. For more information, see Deleting Revenue Elements.

Deleting Revenue Elements

If a revenue arrangement has been deleted, its orphaned revenue elements may also be deleted. Revenue elements that are still linked to a source document cannot be deleted. When a revenue element is deleted, its revenue plans are also deleted. This is possible because to delete a revenue arrangement, the associated journal entries must first be deleted.

To delete a revenue element

1. Delete its parent revenue arrangement. For instructions, see Deleting Revenue Arrangements.
2. Make sure the source documents have been deleted.
3. Go to Financial > Other Transactions > Update Revenue Arrangements and Revenue Recognition Plans, and click **Update Revenue Arrangements**.

Revenue Recognition Plans

Revenue recognition plans are generated for revenue elements when the event set in the item record occurs. The events that may trigger the creation of revenue plans are revenue arrangement creation, billing, and fulfillment. If the Project Management feature is enabled, project progress is also available as a trigger for revenue plan creation. When SuiteBilling is enabled, a subscription event trigger is available. For information about project progress and subscription events, see Advanced Revenue Management (Essentials) for Projects and Revenue Recognition for SuiteBilling.

The Revenue Plan Update Frequency accounting preference determines whether plans are created automatically when the trigger event occurs or if plans must be manually created. When you select Automatic, the system creates and updates revenue plans every 3 hours. You can create and update revenue plans manually even when the automatic option is selected. For more information about updating plans manually, see Updating Revenue Recognition Plans.

Revenue recognition plans indicate the posting periods in which revenue should be recognized and the amount to be recognized in each period. Revenue is not recognized until you generate revenue recognition journal entries from the revenue plans. For more information, see Month-End Revenue Processing.

The revenue plan is constructed based on a revenue recognition rule. Periods that are designated as adjustment periods are skipped. To avoid errors in revenue plan creation, be sure you have set up accounting periods for all of the periods your revenue recognition rules need. Revenue plans based on percent-complete revenue recognition rules are different. For more information about percent-complete revenue rules, see Advanced Revenue Management (Essentials) for Projects.

Revenue recognition plans and the journal entries generated from them are subsidiary-specific in NetSuite OneWorld. You can view and edit only revenue recognition plans and journal entries for subsidiaries to which you have access.

Forecast and Actual Revenue Recognition Plans

To support revenue forecasting, by default each revenue element has at least two revenue recognition plans, a forecast plan and one or more actual plans. The forecast revenue plan is used only for forecasting and in forecast reports. The actual plan controls the posting of revenue. Item records require separate actual and forecast revenue recognition rules, which may be the same or different. Depending on the revenue recognition rule you select, actual revenue plans may not be created until a later event occurs, such as fulfillment. For more information, see Item Configuration for Advanced Revenue Management (Essentials) and (Revenue Allocation).

You can choose to skip the creation of revenue recognition forecast plans if you do not intend to use the forecasting function. The accounting preference Disable Creation of Forecast Plans controls whether the system creates forecast plans. For information, see Setting Advanced Revenue Management (Essentials) Preferences.

Revenue Recognition Forecast Plans

Revenue recognition forecast plans are created for revenue elements in addition to the actual plan or plans unless you disable their creation. Forecast plans cannot be placed on hold, so they do not include fields for Hold Revenue Recognition and Catch Up Period. You can edit forecast revenue plans, but the changes are not carried over to actual revenue plans.

When revenue recognition plans are created on billing or fulfillment, actual plans may not be created immediately because the event has not occurred. You can create forecasts in advance of actual revenue plans using revenue recognition forecast rules with start date sources other than the event date. For example, you can create revenue recognition rules with Revenue Element Start Date and Revenue Element End Date as the start and end date sources. Then select the type of rule as the rev rec forecast rule and set the forecast start and forecast end dates on the revenue arrangement.

Changes in sources that affect the revenue amount in actual revenue plans, such as quantity and price changes, are also reflected in the forecast plans. As revenue is recognized according to actual revenue plans, you can recalculate your forecast plans to align the forecast plans with actual revenue recognition. For more information, see Recalculating Revenue Forecast Plans.

Actual Revenue Plans

Actual revenue plans are updated when changes occur in sources and when revenue is posted as recognized. A revenue element may have multiple actual plans. For example, if the item record has the following settings, a new actual revenue plan is created for each billing event:

- Create Revenue Plan On set to Billing
- Revenue Recognition Rule set to any rule with the Amount Source set to Event-Percent base on amount

See the following for information about working with revenue recognition plans:

- Updating Revenue Recognition Plans
- Viewing Revenue Recognition Plans
- Editing Revenue Recognition Plans
- Deleting Revenue Recognition Plans

Updating Revenue Recognition Plans

Revenue recognition plans can be updated automatically or manually depending on the setting of the accounting preference **Revenue Plan Update Frequency**. When you select the automatic option, NetSuite updates revenue plans every 3 hours to incorporate changes to transactions and revenue arrangements that affect revenue plans. When revenue recognition plans are updated automatically, administrator permissions are used and all plans are updated regardless of subsidiary restrictions. If you use Multi-Book Accounting, the accounting book status is ignored.

You can update revenue plans manually between automatic updates. When you update revenue recognition plans manually, your subsidiary restrictions determine which revenue elements have their plans updated.

If the accounting preference **Create and Maintain Revenue Element Upon Closed Order** is checked, updates for closed sales orders or sales order lines are discontinued. These discontinued updates include revenue recognition plans.

The Status subtab list on the Update Revenue Arrangements and Revenue Plans page displays all update processes run for the selected date range. Processes displayed include updates for revenue elements, revenue arrangements, actual revenue recognition plans, and forecast revenue recognition plans, whether the update was manual or automatic. Processes are run only when eligible sources are identified for the update. If no eligible sources are identified, no processes are run or listed.

You can use the accounting preference **Disable Creation of Forecast Plans** to skip the generation of revenue recognition forecast plans. This preference disables both automatic and manual forecast plan updates. For information, see Setting Advanced Revenue Management (Essentials) Preferences.

To update revenue plans manually:

1. Go to Financial > Other Transactions > Update Revenue Arrangements and Revenue Recognition Plans.

   Revenue managers and revenue accountants can also use the **Update Revenue Plans** link on the Revenue dashboard or access the page through the Revenue menu. The **Update Revenue Plans** link begins the update process immediately, bypassing steps 2 and 3. If you want to use to the filters in step 2 before you begin the update process, use the **Status** link to access the page.

2. Set the filters on the top of the page if desired.
   - The **Source From** and **Source To** date filters let you select a date range for the sources of revenue elements from which revenue recognition plans are created. By default, these fields are blank. With the default settings, all revenue recognition plans are created and updated as needed, including those with future dates.
   - **Accounting Book** – This filter appears only when the Multi-Book Accounting feature is enabled. When the filter is blank, revenue recognition plans are created and updated as needed for all accounting books. When you select a value from this list, revenue recognition plans are generated only for that accounting book.
   - **Source Record Type** – This filter appears only when at least one of the additional features that the source records depend on is enabled. When the filter is blank, revenue recognition plans are created and updated as needed for all source record types. When you select a value from this list, revenue recognition plans are generated only for revenue elements from that source record type.

     The source record options and feature dependencies are as follows:
     - **All** – No filter is applied. This option is the default.
     - **Project Revenue Rule** – This option is available only when Charge-Based Billing is enabled.
     - **Subscription Line** – This option is available only when SuiteBilling is enabled.
     - **Third Party** – This option is available only when the limited release Revenue Management Plug-In is enabled.
     - **Transaction Line** – This option is always available when the filter is displayed.

3. Click **Update Revenue Plans**.

   The initial process, Revenue Plan Management, identifies the revenue recognition plans that the system needs to update. This process starts additional processes to update actual and forecast revenue plans as needed.

   > **Note:** If you click **Update Revenue Plans** again with overlapping filter settings before an earlier process finishes, you may receive an error message. NetSuite checks for overlapping date ranges and matching filter values within the previous seven days to determine whether the update process can proceed.

4. Click **Refresh** until **Complete** is displayed in the **Submission Status** column.
5. Click the **Complete** link for a revenue plan process to open a page with a link to the completed records.

   If the revenue plan update process fails, the **Message** column includes an error count link to the error message.

   For the Revenue Plan Management process, Complete is text only, not a link.

The revenue arrangement record includes an Update Revenue Plans button. Click this button to update revenue plans immediately after you edit the arrangement. If the update cannot be completed in a few seconds, the Process Status page opens. Click Refresh until the process is complete.

Revenue plans are not created if dates are missing in revenue elements whose revenue recognition rules get start or end dates from the element. For more information about these revenue recognition rules, see Rev Rec Start Date Sources and Rev Rec End Date Sources and End Date Change Impact.

If a revenue recognition plan update fails, the Revenue Plan Status for the related revenue arrangement and revenue element is Plan Failed. Revenue plan messages are included on the Revenue Arrangement Message subtab of revenue arrangements. The process is Planning.

Viewing Revenue Recognition Plans

You can view detailed information for each revenue recognition plan. The revenue recognition plan record includes a header and a minimum of two subtabs. The Planned Revenues subtab includes the recognition details by accounting period. For more information, see Planned Revenues Subtab. The other default subtab contains the System Notes. Depending on the other features and preferences enabled in your account, you may have more subtabs.

To view a revenue recognition plan:

1. Go to Revenue > Revenue Recognition Plans > View Revenue Plans.
2. Click **View** next to a revenue plan.

You can also view revenue plans for a specific revenue arrangement or element. After revenue plans are created, individual revenue arrangements include a View Revenue Plans button. The button opens a popup window with a list of revenue plans for the arrangement. This window includes a Revenue Plan Type filter that enables you to select Actual, Forecast, or All revenue plans. Click the link in the Number column to open the revenue plan record.

To view revenue plans for a specific revenue element, on the revenue arrangement, go to the Revenue Recognition Plan column for the revenue element. This column has an icon . When you click the icon, the popup window Update Revenue Recognition Plans opens with a list of revenue plans for that element. This window also includes a Revenue Plan Type filter. Click the link in the Number column to open the revenue plan record.

The following information is included in the header of each revenue plan:

Field Name	Description
Accounting Book	Appears only when the Multi-Book Accounting feature is enabled.
Number	Revenue plans are identified by number rather than name. The revenue plan number is configured on the Other subtab of the Set Up Auto-Generated Numbers page. For more information, see the help topic Set Auto-Generated Numbers.
Creation Triggered By	Link to the record that triggered the revenue recognition plan creation. For example, if the actual revenue plan is created on billing, the link is to the invoice record. If the plan is created on fulfillment, the link is to the item fulfillment record. This field does not appear on forecast plans.
Created From	Link to the source revenue element
Revenue Recognition Rule	Link to the revenue recognition rule used to create the plan. The following fields from the revenue rule are also included in the plan for convenience. For an explanation of the fields, see Revenue Recognition Rule Field Reference. ■ Recognition Method ■ Recognition Period ■ Period Offset ■ Start Offset ■ Revenue Term in Months ■ Revenue Term in Days ■ Amount Source ■ Revenue Recognition Start Date Source ■ Revenue Recognition End Date Source ■ End Date Change Impact ■ Initial Amount
Rev Rec Start Date	Date revenue recognition begins for this plan
Rev Rec End Date	Date the revenue plan ends
Amount	Total revenue amount included in the plan in the Revenue Recognition Plan Currency
Contract Acquisition Cost Amount (Base Currency)	Appears only when the Enable Advanced Cost Amortization accounting preference is checked.
Item Resale Cost Amount (Base Currency)	Appears only when the Enable Advanced Cost Amortization accounting preference is checked.
Item Labor Cost Amount (Base Currency)	Appears only when the Enable Advanced Cost Amortization accounting preference is checked.
Parent Line Currency	The transaction currency
Revenue Recognition Plan Currency	Same as the subsidiary base currency. When Multi-Book Accounting is enabled, it is the base currency for the accounting book and subsidiary.
Hold Revenue Recognition	When checked, revenue recognition journal entries cannot be generated for the plan. The plan status is On Hold. This box does not appear on forecast plans.

Field Name	Description
Item	Link to the item record
Comments	Comments entered for the plan
Plan Exchange Rate	Exchange rate between the source currency (the Parent Line Currency) and the base currency (the Revenue Recognition Plan Currency). This exchange rate may not be the same as the exchange rate on the linked revenue element after a merge. To calculate the plan exchange rate, divide the Amount on the plan by the Revenue Amount on the linked revenue element.
Remaining Deferred Balance	Total revenue amount less the total recognized as of the current date in the Revenue Recognition Plan Currency. This field does not appear on forecast plans.
Total Recognized	Revenue recognized as of the current date in the Revenue Recognition Plan Currency. This field does not appear on forecast plans.
Remaining Deferred Cost Balance	Total deferred expense less the Total Amortized in the Revenue Recognition Plan Currency. This field is displayed only when advanced cost amortization is enabled. This field does not appear on forecast plans.
Total Amortized	Total deferred expense that has been amortized to date in the Revenue Recognition Plan Currency. This field is displayed only when advanced cost amortization is enabled. This field does not appear on forecast plans.
Status	Current status of the revenue plan. It can be one of the following: ▪ **Not Started** – No revenue has been recognized yet. ▪ **In Progress** – Some revenue has been recognized but not all. ▪ **On Hold** – Some revenue may or may not have been recognized. No additional revenue can be recognized until the hold is removed. ▪ **Complete** – All revenue has been recognized for this revenue plan. When advance cost amortization is enabled, cost amortization is considered to determine whether the plan is In Progress or Complete. This field does not appear on forecast plans.
Revenue Plan Type	Forecast or Actual. See Forecast and Actual Revenue Recognition Plans.
Catch Up Period	Empty until a plan that has been on hold resumes. When the hold is removed, the value in this field is determined by the **Default Catch Up Period** accounting preference. The field may remain empty, or it may be set to the current period or the first open period. Whatever the default, you can select a different period from this dropdown list. If the default is empty, you must select a period. The list begins with the earliest open period. You can change the catch up period to any open period. This field does not appear on forecast plans. Periods that are locked for A/R as part of the period close checklist are generally not available to select as catch up periods. Those with the Administrator role or a custom role with the Override Period Restrictions permission may select periods that are locked. This field does not appear on forecast plans.
Reforecast Method	Determines how future periods are adjusted when revenue forecast plans are recalculated. See Reforecast Method. This field appears only on forecast plans.

Field Name	Description
Recalculation Adjustment Period Offset	Empty unless the Reforecast Method is Manual. This field appears only on forecast plans.
Eliminate	When checked, the source of the revenue element for the plan is an intercompany transaction.

Planned Revenues Subtab

This subtab has two subtabs. They are Planned Revenues and Previous Revenue Plans. The Previous Revenue Plans subtab includes links to previous versions and displays the date of the change. When the accounting preference Enable Advanced Cost Amortization is checked, a third subtab is added called Cost Amortization Plan. For information about that subtab, see Cost Amortization Plans.

The following additional information is displayed for each line in the Planned Revenues subtab of an actual revenue plan:

Field Name	Description
Planned Period	Period that revenue is expected to be recognized
Amount	Amount to be recognized for the period on this line in the Revenue Recognition Plan Currency
Line Exchange Rate	Reflects the Plan Exchange Rate. If the Plan Exchange Rate changes, this value is updated for all unrecognized lines. When a line is recognized, its Line Exchange Rate is locked at the Plan Exchange Rate when the revenue recognition journal entry is generated.
Journal	Link to the revenue recognition journal entry when revenue has been recognized in the period
Posting Period	Period the revenue recognition journal entry was posted
Deferral Account	Link to the account register for the deferral account. The account value is derived from the revenue element.
Recognition Account	Link to the account register for the recognition account. The account value is derived from the revenue element.
Date Executed	Date of the revenue recognition journal entry
Is Recognized	When checked, a manual journal entry must be created to recognize revenue. The revenue plan is not included on the Create Revenue Recognition Journal Entry page for the period on this line. The source from which the revenue element is created cannot be deleted when this box is checked. You can edit this field only when revenue has not yet been recognized for that line.
% Recognized in Period	Percentage of revenue recognized, or to be recognized, for the period
% Total Recognized	Cumulative percentage of revenue recognized as of the period
Total Recognized	Cumulative amount recognized as of the period in the Revenue Recognition Plan Currency
Period Comments	Actual revenue plans only. This field contains optional comments about manual changes to the revenue plan in the specific period. The maximum comment length is 200 characters. When changes in the revenue plan header cause unrecognized lines to be recreated, this field is cleared. If the field is cleared, its contents are available in the Previous Revenue Plans subtab.

Forecast plans display only the Planned Period, Amount, Deferral Account, and Recognition Account.

All revenue plan fields and fields on the Planned Revenues subtab are available for search.

Editing Revenue Recognition Plans

Advanced Revenue Management (Essentials) offers several approaches to editing revenue recognition plans. You can edit one revenue plan at a time or multiple plans.

To edit one revenue plan at a time, go to Revenue > Revenue Recognition Plans > View Revenue Plans. Then, click the Edit link for the plan you want to update.

Two options are provided for editing multiple plans. You can select different values for various fields on multiple individual revenue plans at the same time on the same page. Or you can set the same values for multiple fields across multiple plans and edit the plans in bulk. For instructions for editing multiple plans, see the following topics:

- Editing Individual Revenue Plans Simultaneously
- Bulk Editing Revenue Plans

Although you can edit forecast revenue plans, the changes are not carried over to actual revenue plans. Forecast plans do not include the Hold Revenue Recognition box and Catch Up Period field. Forecast plans include a Reforecast Method field that is not included in actual revenue plans.

The changes you make on a revenue plan are not reflected in the related revenue element. A revenue element can have multiple plans.

You can edit the following fields in the header of revenue plans:

Field	Description
Revenue Recognition Rule	If the revenue plan has not yet started, you can edit this field. Changing the revenue recognition rule does not affect the revenue recognition start and end dates.
Rev Rec Start Date	You can edit this field only if no revenue has been recognized on the revenue plan.
Rev Rec End Date	You can edit this field after revenue has begun to be recognized on the plan. The new end date must be after the beginning of the first planned period without recognized revenue. When the date changes, the End Date Change Impact field of the revenue recognition rule determines how the plan is adjusted. For more information, see Rev Rec End Date Sources and End Date Change Impact.
Hold Revenue Recognition	Actual plans only. Check this box to place the revenue plan on hold. When you check this box, the plan status changes to On Hold. Revenue recognition journal entries cannot be generated for any period in the plan, including the current period if its revenue has not already been recognized. Clear the box to resume recognizing revenue. Revenue that was not recognized while the plan was on hold is recognized in the period set in the Catch Up Period field.
Catch Up Period	Actual plans only. This field is used only when the check is cleared from the Hold Revenue Recognition box. When the hold is removed, the catch up period defaults according to the option selected in the accounting preference Default Catch Up Period. You can change the catch up period to any open period. The planned revenue is updated only when the hold is released. Only those periods prior to the catch up period are updated. Periods that are locked for A/R as part of the period close checklist are generally not available to select as catch up periods. Those with the Administrator role or a custom role with the Override Period Restrictions permission may select periods that are locked.
Comments	Include brief comments about the revenue plan here.

Field	Description
Reforecast Method	Forecast plans only. If you change the selected option, the new method is used the next time you recalculate revenue forecast plans. For a description of the available options, see Reforecast Method. For information about recalculating forecast plans, see Recalculating Revenue Forecast Plans.
Recalculation Adjustment Period Offset	Forecast plans only. You can edit this field only when the Reforecast Method is Manual. Then this field is required, and the value must be positive.

In the Planned Revenue subtab, you can make the following changes for lines that have not yet been recognized:

Field	Description
Planned Period	Periods that are locked for A/R are generally not available to select as planned periods. Those with the Administrator role or a custom role with the Override Period Restrictions permission may select periods that are locked.
Amount	The total of the Amount lines in the Planned Revenue subtab must equal the Amount in the revenue plan header. If you are using percent-complete revenue recognition, your manual changes may be overwritten by the project planned time entries and project Percent Complete Override subtab. For more information, see Advanced Revenue Management (Essentials) for Projects.
Is Recognized	Check this box only when the revenue has been recognized by a manual journal entry outside the revenue recognition journal entry process. Checking the box does not make the revenue plan eligible for update. The source from which the revenue element is created cannot be deleted when this box is checked.
Period Comments	This field appears on actual revenue plans only and can be edited even after revenue has been recognized for the line. The maximum comment length is 200 characters. When changes in the revenue plan header cause unrecognized lines to be recreated, this field is cleared. If the field is cleared, its contents are available in the Previous Revenue Plans subtab.

You can also can also add and remove lines from the Planned Revenue subtab. The resulting total of the amount lines must equal the amount in the plan header.

When the accounting preference Enable Advanced Cost Amortization is checked, a subtab is added called Cost Amortization Plan. For information about that subtab, see Cost Amortization Plans.

Editing Individual Revenue Plans Simultaneously

The Edit Revenue Plans page provides two options for editing multiple revenue plans. With the **Individual Plan Update** option, you can select different values for fields on multiple revenue plans at the same time. The procedure for editing multiple plans simultaneously is described in this topic.

The procedure for using the Bulk Plan Update option is different. When you select Bulk Plan Update, you set the same value across multiple plans for the fields you select. For instructions for that option, see Bulk Editing Revenue Plans.

To edit multiple plans simultaneously:

1. Go to Revenue > Revenue Recognition Plans > Bulk Edit Revenue Plans to open the Edit Revenue Recognition Plans page.

The **Plan Update Option** you selected most recently is the default for the page.

   a. If necessary, select **Individual Plan Update** in the **Plan Update Option** field.

      When you select a different Plan Update Option, you must confirm that you want to leave the page.

   b. Click **Leave Page**.

2. Use the filters at the top of the page to find the revenue plans you want to edit. The filters you select become your default for this page. The following filters are available:
   - Customer
   - Revenue Recognition Rule
   - Subsidiary – for OneWorld accounts
   - Item
   - Revenue Arrangement #
   - Transaction Number
   - Accounting Book – when Multi-Book Accounting is enabled
   - Status
   - Revenue Plan Type

   You can also create a date range for the listed plans using the fields for the start and end dates.
3. Check the box in the **Select** column for the plans you want to edit, or click **Mark All**.
4. Make the changes you want to the individual fields.
5. To process the changes, click **Submit**.

   To revert your changes and clear the **Select** boxes, click **Reset**.

   When you submit your changes, the Process Status page opens. If this page does not open, your changes have not been submitted.
6. Click **Refresh** to update the status.
7. When the **Submission Status** is **Complete**:
   - Click the link in the **Message** column to view any errors.
   - Click **Complete** in the **Submission Status** column to open the Processed Records page. The links in the **Record** column open the updated revenue plans in view mode.

You can also edit revenue plans for a specific revenue element. The Revenue Recognition Plan column in each revenue element line of a revenue arrangement has an icon . When you click the icon, a popup windows opens with a list of revenue plans for that element. Click Edit in the popup window to make the list editable.

Bulk Editing Revenue Plans

The Edit Revenue Plans page provides two options for editing multiple revenue plans. When you select **Bulk Plan Update** from the Plan Update Option dropdown list, you can set the same values for multiple fields across multiple plans. The procedure for editing revenue plans in bulk is described in this topic. The procedure for the individual plan update option is different. When you select Individual Plan Update, you select different values for various fields on multiple revenue plans at the same time on the same page. For instructions for the individual plan update option, see Editing Individual Revenue Plans Simultaneously.

To edit revenue plans in bulk:

1. Go to Revenue > Revenue Recognition Plans > Bulk Edit Revenue Plans to open the Edit Revenue Recognition Plans page.

The **Plan Update Option** you selected most recently is the default for the page.

   a. If necessary, select **Bulk Plan Update** in the **Plan Update Option** field.

      When you select a different Plan Update Option, you must confirm that you want to leave the page.

   b. Click **Leave Page**.

2. Use the filters at the top of the page to find the revenue plans you want to edit. The filters you select become your default for this page. The following filters are available:

   - Customer
   - Subsidiary – for OneWorld accounts
   - Item
   - Revenue Arrangement #
   - Transaction Number
   - Accounting Book – when Multi-Book Accounting is enabled
   - Status

   You can also create a date range for the listed plans using the fields for the start and end dates.

   The following additional filters are available on the **Revenue Recognition Plan** subtab:

   - Revenue Plan Type
   - Revenue Recognition Rule
   - Reforecast Method
   - Hold Revenue Recognition
   - Catch Up Period

   If you want to add more filters or columns for the list, click Customize below the **Revenue Recognition Plan** subtab filters.

3. Check the **Select** box for the plans you want to edit, or click **Mark All**.

4. Click the **Set Fields** subtab to select the fields and values to change. Not all fields are appropriate for all types of revenue plans. If you set the **Revenue Plan Type** filter on the subtab, only fields that are appropriate for the selected plan type are displayed.

   The following fields are available:

   - Catch Up Period – actual plans only
   - Hold Revenue Recognition – actual plans only
   - Recalculation Adjustment Period Offset – forecast plans using the manual reforecast method only
   - Reforecast Method – forecast plans only
   - Revenue Recognition End Date
   - Revenue Recognition Rule
   - Revenue Recognition Start Date

   a. Select a value in the **Field** column.

   b. Select or enter a value in the **Selection**, **Checked**, **Text**, **Period**, or **Date** column. Which column accepts a value is determined by your selection in the **Field** column.

   c. Click **Add**.

   d. Repeat steps a, b, and c as needed.

5. Click **Submit**.

When you submit your changes, the Process Status page opens. If this page does not open, your changes have not been submitted.

6. Click **Refresh** to update the status.
7. When the **Submission Status** is **Complete**:
   - Click the link in the **Message** column to view any errors.
   - Click **Complete** in the **Submission Status** column to open the Processed Records page. The links in the **Record** column open the updated revenue plans in view mode.

Deleting Revenue Recognition Plans

You cannot delete revenue plans after revenue recognition has started if a journal entry is associated with the plan. To change the revenue recognition rule that is used for a revenue element, you must first delete both its forecast and actual revenue plans. Then you can change the rule. When you update revenue plans, new plans are generated from the new rule.

If you need to delete a revenue plan after recognition has started, you must first delete its associated revenue recognition journal entries.

To delete a revenue plan:

1. Go to Revenue > Revenue Recognition Plans > View Revenue Plans.
2. Click **Edit** next to the revenue plan you want to delete.
3. from the **Actions** list, select **Delete**.
4. When prompted, click **OK** to confirm the deletion.

Advanced Revenue Management (Revenue Allocation)

The Advanced Revenue Management (Revenue Allocation) feature must enabled as a prerequisite for revenue allocation. For more information, see Enabling the Advanced Revenue Management (Revenue Allocation) Feature.

When you have multi-element sales, the sales prices of the elements may not be the same as their fair value. The sum of the fair value amounts also may not equal the total sales price. Revenue allocation distributes the revenue from a sale across its elements in proportion to their calculated fair value amounts.

The Allocation Type of the item usually determines the initial Allocation Type for the revenue element. If you use the Rule-Based Recognition Treatment feature, you can create a rule to use a different value for the revenue element. For information, see Rule-Based Recognition Treatment.

The following options are available for Allocation Type:

- **Normal** – Revenue allocation for the item follows the fair value price list. This is the default value.
- **Exclude** – The item is excluded from revenue allocation. The item discounted sales amount is the revenue amount.
- **Software** – The item is software. Revenue allocation follows the fair value price list. If the fair value prices for any of items in the allocation are estimates rather than VSOE, the system recalculates allocation using the residual method.

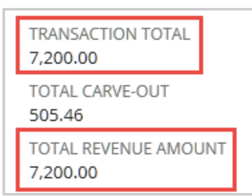
The following topics provide details about revenue allocation when you use the Advanced Revenue Management (Revenue Allocation) feature:

- Fair Value and Allocation
- Revenue Allocation for Returns
- Allocation Detail Subtab Field Reference
- Revenue Reallocation for Revenue Arrangements
- Compliant Indicator for Revenue Arrangements
- Contingent Revenue Handling
- Residual Method and Two-Step Allocation

Fair Value and Allocation

The items that your company sells as part of a bundle can have a fair value in addition to a sales price. Fair values are assigned to items that are part of the bundle and that are dependent on each other. Fair values include formulas to calculate the fair value for the items when they are sold. The fair value list for items is created during setup and can be modified as needed. For instructions, see Fair Value Setup.

The total revenue amount must equal the transaction total. However, the total of the calculated fair value amounts is not required to equal any other total. The transaction total is the total discounted sales amount for all revenue elements in the revenue arrangement. The Transaction Total and Total Revenue Amount fields are displayed in the revenue arrangement header. In this screenshot from a revenue arrangement, their values are both 7,200.00.



Each revenue element is allocated a prorated share of the transaction total as the revenue amount for the item. The ratios for the allocation are determined by the calculated fair value amount of each item over the total calculated fair value for the transaction. The ratio is multiplied by the discounted sales amount to derive the revenue amount for the revenue element.

Rounding applied to amounts after the calculation may cause the total calculated revenue to be slightly different from the transaction total. The revenue element with the greatest absolute revenue amount is adjusted to correct rounding errors. The system does not include parent kit elements or elements excluded from allocation when evaluating the revenue amounts for rounding.

When the discounted sales amount is greater than the revenue amount, the difference is called the carve-out. When the discounted sales amount is less than the revenue amount, the difference is called the carve-in. The carve-in plus the carve-out equals 0 because the transaction total is always equal to the total revenue amount. The total carve-out is also displayed in the revenue arrangement header. The following table shows the calculations for the previous screenshot.

	Sales Amount	Disc. Sales Amount	Calculated Fair Value Amount	Ratio (Item FV ÷ FV Total)	Carve-in	Carve-out	Revenue Amount (Ratio × Total Disc. Sales Amount)
Item 1	6,000	6,000	6,000	0.7800	n/a	383.78	5,616.22
Item 2	1,200	1,200	1,152	0.1498	n/a	121.68	1,078.32
Item 3	0	0	540	0.0702	505.46	n/a	505.46

	Sales Amount	Disc. Sales Amount	Calculated Fair Value Amount	Ratio (Item FV ÷ FV Total)	Carve-in	Carve-out	Revenue Amount (Ratio × Total Disc. Sales Amount)
Total	7,200	**7,200**	7,692	1.00	505.46	505.46	**7,200.00**

Revenue elements that do not permit discount are allocated first in a revenue arrangement. All the revenue elements in the preceding example permit discount.

Carve-out and carve-in ratios are used to allocate billing amounts to revenue elements for partial invoices. The allocation takes place during deferred revenue reclassification. For information, see Reclassification of Deferred Revenue.

The carving ratios are calculated as follows:

- **Carve-out ratio** = (discounted sales amount – revenue amount) ÷ discounted sales amount if the discounted sales amount is greater than the revenue amount. If the discounted sales amount is less than the revenue amount, the carve-out ratio is zero. In the example above, the carve-out ratio for Item 1 is 0.068334, and for Item 2 it is 0.112842.
- **Carve-in ratio** = gain from the carving on this element ÷ total carving amount if the discounted sales amount is less than the revenue amount. If the discounted sales amount is greater than the revenue amount, the carve-in ratio is zero. For Item 3 above, the carve-in ratio is 1.

Revenue Allocation for Returns

When some items in a sales transaction are returned for credit, their corresponding revenue must be reversed. These return events are linked to the original sales transaction. The corresponding revenue arrangement must be merged to establish the link for the negative return element. The allocation must also be adjusted.

Note: Best practice is to merge a return revenue element only with a revenue arrangement that includes its associated sale revenue element. The return and sale revenue elements must have the same foreign currency exchange rate.

Negative revenue elements in a positive revenue arrangement are excluded from allocation unless they are linked to a positive revenue element. Such unlinked negative elements have their Allocation Type set to Exclude.

The following subtopics provide information about specific returns and general examples:

- Return Authorizations
- Credit Memos
- Cash Refunds
- Negative Element Allocation and Alternate Quantities
- Allocation Examples

Return Authorizations

When return authorizations are created from sales orders, a new revenue arrangement is created with a negative revenue element for the return. The return automatically uses the same foreign currency exchange rate as the sales order. You can merge the new negative revenue arrangement with the existing revenue arrangement for the sales order only when the exchange rates are the same. When you merge, the negative element is automatically linked to the corresponding positive element only if the exchange rates match. This is important because the exchange rate on the return can be edited.

The Revenue Summary popup window provides a consolidated view of revenue elements in the arrangement that have been linked by the merge process or manually. For information, see Revenue Summary Details.

You can also merge the revenue arrangement from a stand-alone return authorization with an existing revenue arrangement for the sales order. Merging these arrangements is not required. However, if you do merge, the foreign currency exchange rates must be the same for both arrangements. For information, see Combination and Modification of Performance Obligations.

The calculated fair value amount for the negative element is a pro-rated share of the linked positive element based on quantity.

Credit Memos

When a credit memo is created from a return authorization, no additional revenue arrangement is generated.

Revenue arrangements are created for credit memos created directly from sales invoices and for stand-alone credit memo transactions. You can merge new revenue arrangements with one or more existing arrangements. You need to merge to link a credit memo revenue element to its related positive element. The foreign currency exchange rates of the negative elements and positive elements must be the same or the merge fails.

By default, revenue elements for stand-alone credit memos have the Allocation Type set to Exclude after a merge. If you link the credit memo element to a positive element in the same revenue arrangement, you must edit the Allocation Type to enable allocation.

Cash Refunds

When a cash refund is created from a cash sale, a revenue arrangement is created. You can merge the new revenue arrangement with one or more existing arrangements if the foreign currency exchange rates are the same. The merge is not required.

When you merge, the negative element is automatically linked to the corresponding positive element. The calculated fair value amount for the negative element is a pro-rated share of the linked positive element based on quantity.

Negative Element Allocation and Alternate Quantities

When revenue elements include an alternate quantities, allocation ratios for negative elements are based on both the quantity and the alternative quantity fields. When you link positive and negative revenue elements, if one element includes an alternate quantity value, both elements must include an alternate quantity value. The negative element quantity multiplied by alternate quantity may not exceed its linked positive element’s quantity multiplied by its alternate quantity.

Allocation Examples

Allocation combines the negative element with its related positive element in the revenue arrangement. The unit fair value is the same for the return element as for its related positive element. If there is no set fair value, as in percentage-based fair value, the return fair value is a prorated share of the calculated positive element.

The calculated fair value for a return element equals the calculated fair value for the return-of element multiplied by quantity returned divided by original quantity.

The calculated fair value for a return element is calculated differently if the revenue elements are partially recognized before the prospective merge. In this scenario, the calculated fair value for a return element equals the calculated fair value for the return-of element multiplied by the remaining quantity returned divided by the remaining quantity of the corresponding sold element.

Consider a scenario where you prospectively merge a revenue arrangement with a positive element, and the element's quantity is zero after it has been fully recognized and returned. In this scenario, the positive element is part of the revenue allocation, but it has a calculated fair value amount of zero. For more information about prospective merges, see Prospective Merges.

Here is an example of the revenue arrangement for a sales order with four items.

Original Revenue Arrangement

Item	Quantity	Unit Price	Sales Amount	Fair Value	Calculated FV Amount	Allocation Ratio	Allocation Amount
A	10	12	120	10	100	27.78%	83.33
B	20	3	60	5	100	27.78%	83.33
C	10	3	30	10	100	27.78%	83.34
D	10	9	90	20% of total sales	60	16.67%	50.00
Total			$300		360		300.00

A return authorization makes a partial return of 5 units each for items B and D. The return of item B is at a different price. It is for $2 per unit instead of $3 per unit. This is what the merged revenue arrangement looks like. This example is for a retrospective merge.

Merged Revenue Arrangement

Item	Quantity	Unit Price	Sales Amount	Fair Value	Calculated FV Amount	Allocation Ratio	Allocation Amount
A	10	12	120	10	100	32.79%	80.33
B	20	3	60	5	100	32.79%	80.33
C	10	3	30	10	100	32.78%	80.32
D	10	9	90	20% of total sales	60	19.67%	48.20
–B	–5	2	–10	5	–25	–8.20%	–20.08
–D	–5	9	–45	prorated % of line D	–30	–9.83%	–24.10
Total			$245		305		245.00

The calculations for the return lines in this example are as follows:

Element	Calculated FV Amount
Item –B	–25 = –5 ÷ 20 × 100
Item –D	–30 = –5 ÷ 10 × 60

Note: Rounding errors are addressed during the final allocation steps. The revenue element with the greatest absolute allocation amount that is not excluded or a kit item is adjusted to correct the total.

Revenue Reallocation for Revenue Arrangements

Revenue is reallocated automatically when revenue arrangements are updated if changes to the sources affect allocation. Source changes that affect allocation are adding or removing items and changing the amounts for items including changing the quantities or rates. Reallocation also occurs automatically when you combine revenue arrangements by merging them. For more information, see Updating Revenue Arrangements and Merging to Combine Revenue Arrangements.

When revenue is reallocated during revenue arrangement update or merge, revenue recognition plans must be updated. The revenue plan update may occur with the automatic revenue plan update process, or you can update revenue plans manually. For more information, see Updating Revenue Recognition Plans.

If reallocation fails, the error is logged on the Revenue Arrangement Message subtab. The Error column in the Allocation Detail is also populated for each revenue element with an allocation error. The Compliant box in the revenue arrangement header is cleared, and the Allocate button is available in view mode. Review the error messages and correct the problem. Then update the revenue allocation.

You can update revenue allocation for multiple revenue arrangements simultaneously or for individual revenue arrangements. For instructions, see the following topics:

- Reallocating Multiple Revenue Arrangements
- Reallocating Revenue from the Revenue Arrangement Record

Reallocating Multiple Revenue Arrangements

You can reallocate multiple revenue arrangements simultaneously on the Allocate Revenue Arrangements page. Problems with fair value price records and formulas can affect multiple revenue arrangements causing them to be non-compliant. For more information, see Compliant Indicator for Revenue Arrangements and Fair Value Setup.

To update allocation for multiple revenue arrangements:

1. Go to Revenue > Revenue Arrangements > Allocate Revenue Arrangements.

   Revenue arrangements that are not compliant are listed.
2. To filter the list of revenue arrangements, enter dates in the **Date From** and **Date To** fields in the Date Range Criteria area.
3. Check the box in the **Allocate** column for each revenue arrangement you want to update.

   The link in the **Date** column opens the revenue arrangement in view mode so you can review the arrangement.
4. Click **Submit**.

   The Process Status page opens.
5. Click **Refresh** until **Complete** is displayed in the **Submission Status** column.
6. Check the **Message** column for errors, and click the link to view errors if they exist.
7. Click the **Complete** link to open a Processed Revenue Arrangements page.

   This page lists the revenue arrangements that were processed. The **Arrangement Number** column includes a link to the revenue arrangement.

8. If revenue recognition plans are not set to update automatically, update revenue your revenue plans. For instructions, see Updating Revenue Recognition Plans.

Reallocating Revenue from the Revenue Arrangement Record

You can change the fair value and update the revenue allocation for revenue elements in a revenue arrangement.

To update allocation for a single revenue arrangement:

1. Go to Revenue > Revenue Arrangements > View Revenue Arrangements, and click **Edit** for the revenue arrangement you want to reallocate.
2. Check the **Fair Value Override** box for each element whose allocation you want to change.
3. Make the changes you want to the fair value fields.

   The final allocation is based on the **Calculated Fair Value Amount**. This value is not automatically updated when you change the **Base Fair Value** manually.
4. Clear the **Compliant** box and save the arrangement.
5. Click **Allocate**.
6. Click **Update Revenue Plans**.

Allocation Detail Subtab Field Reference

The Allocation Detail subtab lets you see how the allocation is calculated for each revenue element. This subtab on the revenue arrangement record is read-only and is visible only in view mode. It includes the following columns.

Field	Description
Revenue Element	Link to revenue element record
Item	Link to item record
Fair Value Price Record	Link to fair value price record. This field is blank when the sales price is used as the fair value.
Base Fair Value	Derived from the fair value price list or the sales price
Used Sales Price as Fair Value	If yes, the Fair Value Price Record field is blank.
Is VSOE Price?	Derived from the fair value price list. This indicates whether the fair value is an actual VSOE price (Yes) or a non-VSOE estimated fair value.
Fair Value Formula	Link to the fair value formula record
Pre-Range Checking Calculated Amount	The result of the fair value formula calculation. This is the calculated fair value amount **before** the range checking policy is applied.
Range Policy	Derived from the fair value price list
Low Value	Derived from the fair value price list
Discounted Sales Amount	Net price from the source. A link to the source is included in the Revenue Element subtab.
High Value	Derived from the fair value price list

Field	Description
Calculated Fair Value Amount	The calculated fair value amount **after** the range checking policy is applied. The sum of the values in this column may not exactly equal the Total Revenue Amount due to rounding. Rounding errors are addressed during the final allocation steps. The revenue element is adjusted that has the greatest absolute allocation amount and is neither a kit item nor excluded.
Step One Result	The revenue amount at the end of the first allocation step
Step Two Result	The revenue amount at the end of the second allocation step
Error	Errors that occur in processing the allocation

Compliant Indicator for Revenue Arrangements

The Compliant box on the header of revenue arrangement indicates whether allocation succeeds when it is required for a revenue arrangement. When the box is checked, allocation was successful. If it is not checked, reallocation is required.

The Compliant box is automatically checked if any of the following statements are true:

- The revenue arrangement is not a qualified multi-element arrangement and revenue allocation is not required. For example, the Transaction Is Allocation Bundle box is not checked, or the revenue arrangement includes only one element.
- Revenue allocation is required, and it completed successfully the last time allocation was run.

The Compliant box is **not** checked only under the following conditions:

- It was cleared manually to enable reallocation.
- The system-executed revenue allocation for the revenue arrangement failed. When allocation fails, an error is logged in the Revenue Arrangement Message subtab and the Error field of the Allocation Detail subtab.

When the Compliant and Transaction Is Allocation Bundle boxes are both checked, the Transaction Total always equals the Total Revenue Amount. If you edit the revenue arrangement with these boxes checked, you cannot save the arrangement unless the Transaction Total equals the Total Revenue Amount.

Contingent Revenue Handling

Advanced Revenue Management (Revenue Allocation) supports contingent revenue handling for professional service items. Contingent revenue handling stipulates that the allocated revenue for delivered items cannot be contingent on the delivery of additional items or other specified performance. This prevents over-allocating revenue for recognition purposes.

Contingent revenue handling compares the ratio of the fair value of eligible items to the ratio of the discounted sales amount of those items. When the fair value ratio is greater, the system does not allocate revenue for the transaction. Revenue is recognized based on the sales amount of the items.

The Enable Contingent Revenue Handling preference controls the availability of contingent revenue handling. This is a book-level preference. When Multi-Book Accounting is enabled, the Enable Contingent Revenue Handling box appears on each accounting book record. Otherwise, the preference is in the Revenue Recognition group on the General subtab of the Accounting Preferences page. For more information, see Setting Advanced Revenue Management (Essentials) Preferences.

When contingent revenue handling is enabled, an Eligible for Contingent Revenue Handling box is included on the Revenue Recognition/Amortization subtab on item records. Unless this box is also checked, contingent revenue handling is not enforced. Eligible for Contingent Revenue Handling is also added to the revenue element when the box is checked for the item.

In the following example, the revenue arrangement includes subscription items and professional services. The professional services item has the Eligible for Contingent Revenue Handling box checked.

	Discounted Sales Amount	**Fair Value**	**Preliminary Allocated Value**	**Final Allocated Value**
Subscription Items	$ 65,000	$ 40,000	$ 61,600	$ 65,000
Professional Services	**12,000**	10, 000	**15,400**	**12,000**
Total	$ 77,000	$ 50,000	$ 77,000	$ 77,000
PS Ratio	16%	20%	20%	16%

Professional services are 16% of the total order (12,000 ÷ 77,000). The ratio of the fair value amount for professional services is 20% of the order (10,000 ÷ 50,000). Using the fair value ratio, the preliminary allocated revenue amount for professional services is $15,400. This amount exceeds the transaction amount of $12,000 and triggers contingent revenue handling. The final revenue allocation for professional service is based on the $12,000 sales amount.

If the Eligible for Contingent Revenue Handling box is checked for multiple elements in a revenue arrangement, those revenue elements are considered as a group. If their combined fair value ratio is greater than their combined sales ratio, contingent revenue handling is triggered. A single eligible revenue element may have a greater fair value ratio without triggering contingent revenue handling.

In the following examples, Case 2 does **not** trigger contingent revenue handling, but Case 3 does.

<table>
<tr><th colspan="6">Case 2</th></tr>
<tr><th></th><th>Discounted Sales Amount</th><th>Sales Ratio</th><th>Fair Value</th><th>Fair Value Ratio</th><th>Final Allocated Value</th></tr>
<tr><td>Service A</td><td>$ 100</td><td rowspan="2">.6667</td><td>$ 100</td><td rowspan="2">.6452</td><td>$ 64.52</td></tr>
<tr><td>Service B</td><td>100</td><td>200</td><td>129.03</td></tr>
<tr><td>Other C</td><td>100</td><td>.3333</td><td>165</td><td>.3548</td><td>106.45</td></tr>
<tr><td>Total</td><td>$ 300</td><td></td><td>$ 465</td><td></td><td>$ 300</td></tr>
</table>

In Case 2, the combined fair value ratio is less than the combined sales ratio for the two service items, and allocation proceeds as normal.

<table>
<tr><th colspan="6">Case 3</th></tr>
<tr><th></th><th>Discounted Sales Amount</th><th>Sales Ratio</th><th>Fair Value</th><th>Fair Value Ratio</th><th>Final Allocated Value</th></tr>
<tr><td>Service A</td><td>$ 100</td><td rowspan="2">.6667</td><td>$ 100</td><td rowspan="2">.7143</td><td>$ 100</td></tr>
<tr><td>Service B</td><td>100</td><td>200</td><td>100</td></tr>
<tr><td>Other C</td><td>100</td><td>.3333</td><td>120</td><td>.2875</td><td>100</td></tr>
<tr><td>Total</td><td>$ 300</td><td></td><td>$ 420</td><td></td><td>$ 300</td></tr>
</table>

In Case 3, the combined fair value ratio is greater than the combined sales ratio for the two service items. The discounted sales amount for each item becomes its final allocated value.

If all of the revenue elements in an arrangement are eligible, contingent revenue handling is not triggered.

By default, the revenue arrangement header does not display information about contingent revenue handling. However, you can customize the transaction form to display a box called Contingent Revenue Handling Triggered. The box is checked automatically when the conditions are met that trigger contingent revenue handling.

Residual Method and Two-Step Allocation

The residual method and two-step allocation for software are supported in Advanced Revenue Management (Revenue Allocation). They are used only for software. The residual method applies to items with the Allocation Type set to Software in the multi-element arrangement, referred to as a bundle. You can have items with Allocation Types other than Software, but the residual method does not apply to those items. For more information about allocation types, see Advanced Revenue Management (Revenue Allocation).

The residual method may be used when a bundle has some VSOE prices and some estimates of fair value. Some items have a VSOE price for their calculated fair value, but other items use an estimate. The **Is VSOE** column on revenue elements and the **Is VSOE Price?** column on allocation details indicate whether the fair value is a VSOE price. The residual method uses a second step to complete the allocation. In the second step, the VSOE items receive their VSOE prices and the remainder is allocated to the items without VSOE prices.

To use the residual method, the bundle must meet these conditions:

- The Allocation Type is Software on the item record.
- All **undelivered** items **have** a calculated fair value amount that is a VSOE price.

  > **Note:** Items have a calculated fair value amount that is a VSOE price when the **Is VSOE Price?** box is checked in the item's fair value price list record. For more information about the fair value price list, see Creating the Fair Value Price List.

- Not all software items are delivered.

  > **Note:** Items are not delivered if the **Default as Delivered** box on the item record is cleared. For more information, see Item Configuration for Advanced Revenue Management (Essentials) and (Revenue Allocation).

- Not all software items are VSOE.

  > **Note:** Items are not VSOE when the **Is VSOE Price?** box is cleared in the item's fair value price list record. For more information about the fair value price list, see Creating the Fair Value Price List.

The following item types do not need to meet the preceding conditions for the residual method to be applied:

- Kit/package items
- Assembly items

However, the Allocation Type must be set to Software on the item record for the residual method to be applied.

When the residual method is applied, the Residual box is checked in the Allocation Detail subtab on the revenue arrangement.

For more information about using the residual method, see:

- Residual Method Calculation
- Discounts and the Residual Method

> **Note:** When Multi-Book Accounting is enabled, Enable Two Step Revenue Allocation is a preference on the accounting book record. It is checked by default, but it can be cleared on a book-by-book basis. Two-step allocation cannot be turned off unless Multi-Book Accounting is enabled.

Residual Method Calculation

When the conditions are met that trigger the residual method, the second step of allocation takes place. The delivery status is considered only to determine whether the residual method is required. It has no effect on the calculation. For a description of the first step of allocation, see Fair Value and Allocation.

The formula used in the second step is:

(total discounted sales amount) – (VSOE prices of items)	=	amount to apply to items without a VSOE price, distributed in proportion to their discounted sales amounts

For example, you sell the following bundle:

	Allocation Type	Discounted Sales Amount	Calculated Fair Value Amount	Is VSOE	Ratio (Item ÷ FV Total)	Step One (Ratio × Total Discounted Sales Amount)	Step Two (VSOE & Residual)
Item 1	Software	200	360.00	Yes	0.2377	228.21	**360.00**
Item 2	Software	120	540.00	Yes	0.3566	342.31	**540.00**
Item 3 – Delivered	Software	360	345.60		0.2282	219.08	33.75
Item 4 – Delivered	Software	280	268.80		0.1775	170.40	26.25
Total		**960**	1,514.40			960.00	960.00

The total discounted sales amount is $960, and the total revenue amount after allocation must also equal $960. Step One follows the standard allocation rules, and uses the ratio of each item's fair value to allocate the transaction amount.

This bundle qualifies for the residual method. All items without VSOE prices are delivered. Step Two allocates the VSOE prices to items 1 and 2. The total discounted sales amount minus these VSOE prices is $60. This residual amount is allocated to items 3 and 4 in proportion to their discounted sales amounts.

Discounts and the Residual Method

When a discount is applied to a revenue arrangement, the discount is allocated to the revenue elements proportionally, based on their revenue allocation ratio.

The Never flag can be used to prevent the allocation of a discount to items. If the Permit Discount field on an item record is set to **Never**, then discounts are not applied to the item. For more information, see Item Configuration for Advanced Revenue Management (Essentials) and (Revenue Allocation).

Advanced Revenue Management (Essentials) for Projects

> **Note:** This topic is about recognizing revenue for projects that are attached to line items in sales transactions. For information about recognizing revenue directly from charge-based projects, see the help topic Project Revenue Recognition.

If you have a projects-based business, you can recognize revenue based on the percentage of completed project work by using percent-complete revenue recognition plans. A percent-complete plan is one that is derived from a percent-complete revenue recognition rule. Percent-complete rules have Event-Percent Complete as their Amount Source. For more information, see Percent-Complete Revenue Recognition Plans.

Set up a service item to associate a percent-complete revenue recognition rule with projects you track. Then sales that contain the service item generate revenue recognition plans based on the rule and the linked project completion.

As you log time worked and mark portions of the project complete, revenue is recognized through the revenue recognition journal entries. Hours must be assigned to a project task to ensure that project completion calculations are accurate.

To recognize revenue based on project completion:

1. Enable the Advanced Revenue Management (Essentials) feature. See Setup for Advanced Revenue Management (Essentials). The Projects feature must also be enabled.
2. Use the Default Percent Complete revenue recognition rule, or create a revenue recognition rule that uses percent-complete as the Amount Source. See Revenue Recognition Rules.
3. Associate a percent-complete revenue recognition rule with a service item on the item record, and set Create Revenue Plans On to Project Progress. See Item Configuration for Advanced Revenue Management (Essentials) and (Revenue Allocation) and Setting a Service Item to Create a Project.
4. Create a sales order that includes a service item that meets the requirements in step 3 and attach a project. If the project does not have planned time entries, see the options in Generating Forecast Revenue Plans for Projects Without Planned Time Entries.
5. Create revenue recognition journal entries as needed. The revenue recognition plan is updated based on changes in actual time for the project. See Journal Entries for Percent-Complete Revenue.

Percent-Complete Revenue Recognition Plans

For project-driven revenue recognition, use a service item that has a percent-complete revenue recognition rule and Create Revenue Plans On set to Project Progress. When you add this service item with a project to the sales order, the actual revenue plan is created based on actual time logged for the project.

No actual revenue plan is created initially. As actual progress is recorded in the project plan, an actual revenue plan is created and lines are added to the revenue plan. When you create revenue recognition journal entries, the plan is updated with a link to the journal entry. For more information, see Journal Entries for Percent-Complete Revenue.

The Financial subtab of the project record includes a Percent Complete Override subtab. When the Percent Complete Override subtab is empty, forecast revenue plans are created in three ways. In order of precedence, these ways are as follows:

1. If the project has planned time defined, the planned time is used for the forecast revenue plan. Actual revenue plans do not use planned time entries.
2. If the project does not have planned time, you can select a rule for forecast revenue plans from the **Rev Rec Forecast Rule** list. This list is on the Financial subtab of the project record. The start and end date for the project must also be set. For instructions, see Linking a Forecast Revenue Recognition Rule to a Project.
3. If the project has neither planned time nor a project Rev Rec Forecast Rule, NetSuite uses the Rev Rec Forecast Rule on the revenue element. The Forecast Start Date and Forecast End Date on the revenue element determine the plan start and end dates.

Note: No forecast revenue plans are created when the accounting preference **Disable Creation of Forecast** plans box is checked.

To understand what happens when the Percent Complete Override subtab is **not** empty, see Using the Percent Complete Override Subtab.

Generating Forecast Revenue Plans for Projects Without Planned Time Entries

To enable the generation of forecast revenue plans, ensure that the Disable Creation of Forecast Plans box is clear. Disable Creation of Forecast Plans is an accounting preference. For more information, see Setting Advanced Revenue Management (Essentials) Preferences.

If a project does not have planned time entries, you can generate forecast revenue plans as follows:

- Build a forecast revenue plan on the Percent Complete Override subtab and check the Use Percent Complete Override for Forecasting box. For instructions, see Using the Percent Complete Override Subtab.
- Link a revenue recognition forecast rule to the project to forecast project revenue. This option enables creation of a forecast revenue plan. For instructions, see Linking a Forecast Revenue Recognition Rule to a Project.

Using the Percent Complete Override Subtab

When the Percent Complete Override subtab on the Financial subtab of the project record is **empty**, revenue plans are created like other percent-complete revenue plans. For a description of the logic, see Percent-Complete Revenue Recognition Plans.

You can use the Percent Complete Override subtab to create forecast revenue plans and to override individual lines of actual revenue plans. If you use the subtab to create forecast revenue plans, actual revenue plans are also created. For details, read the following sections:

- Forecast Revenue Plans
- Actual Revenue Plans
- Procedure to Build Revenue Plans

Forecast Revenue Plans

To create a forecast revenue plan from the Percent Complete Override subtab, add lines for the accounting periods you want in the plan. On each line, select an Accounting Period and enter a value for Cumulative Percent Complete. Then check the Use Percent Complete Override for Forecasting box. The Cumulative Percent Complete column in the subtab must include a line with 100%. For complete steps, see Procedure to Build Revenue Plans.

Actual Revenue Plans

For actual revenue plans, the lines on the Percent Complete Override subtab **override** any actual approved time for the matching accounting periods. The value in the Cumulative Percent Complete column is used to calculate the amounts in the actual revenue plan for each matching period. Because the values are cumulative, you cannot skip periods.

No line with 100% in the Cumulative Percent Complete column is necessary to override actual revenue plans.

For example, **before** you enter lines in the override subtab, you have a $1,000 project as follows:

Accounting Period	Amount	Hours
January	$250	25 actual
February	$250	25 actual
March	$300	30 planned
April	$200	20 planned

Then you enter a line in the Percent Complete Override subtab as follows:

Accounting Period	Cumulative Percent Complete
February	100%

The actual revenue plan retains the actual approved time for January because there is no January line in the override subtab. The line for February in the actual revenue plan is $750 because the February override line specifies that the project is 100% complete in February. Since $250 was included for January, the remainder is $750:

Accounting Period	Amount
January	$250
February	$750

If the intention is to recognize all of the revenue in February, you must add a 0% line in the override subtab for January:

Accounting Period	Cumulative Percent Complete
January	0%
February	100%

If your project continues as planned with actual approved time entered in March and April, you must add lines for these periods subtab. The additional lines prevent adjustments to recover from the 100% recognized in February. To recognize all of the revenue for this project in February, the Percent Complete Override subtab must be as follows:

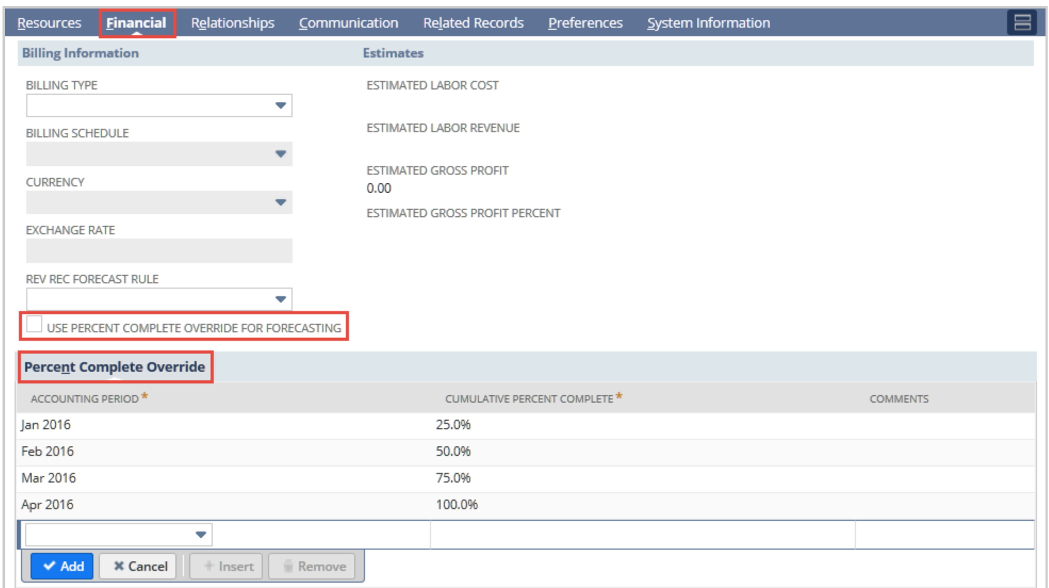
Accounting Period	Cumulative Percent Complete
January	0%
February	100%

Accounting Period	Cumulative Percent Complete
March	100%
April	100%

Procedure to Build Revenue Plans

To build revenue plans on the Percent Complete Override subtab:

1. Go to Lists > Relationships > Projects > New.
2. Complete the project record as needed. For more information, see the help topic Creating a Project Record.
3. Click the **Financial** subtab.



4. Optional: Check the **Use Percent Complete Override for Forecasting** box.

   When you use this option, forecast revenue plans are generated based on the latest status of the Percent Complete Override subtab. Any planned time entries in the project record are ignored for forecasting purposes. The **Cumulative Percent Complete** on the subtab must include a line with 100%.
5. In the **Percent Complete Override** subtab, select an **Accounting Period**.
6. Enter a number for the **Cumulative Percent Complete** for the period. The number must be between 0 and 100 inclusive.
7. Repeat steps 5 and 6 as desired.

   If you have checked the **Use Percent Complete Override for Forecasting** box, end with a line that has **100%** in the Cumulative Percent Complete column.

Linking a Forecast Revenue Recognition Rule to a Project

You can link a forecast revenue recognition rule to a project to create a forecast revenue recognition plan. The forecast revenue plan for the project is created from this linked revenue rule when the project has no planned time.

To create forecast revenue plans by linking a forecast rule to the project, the project record must have both a start date and end date. The Calculated End Date on the Standard Project Form is not used for forecast revenue plans created from the linked Rev Rec Forecast Rule. To add fields for estimated or actual end dates, you customize the project form.

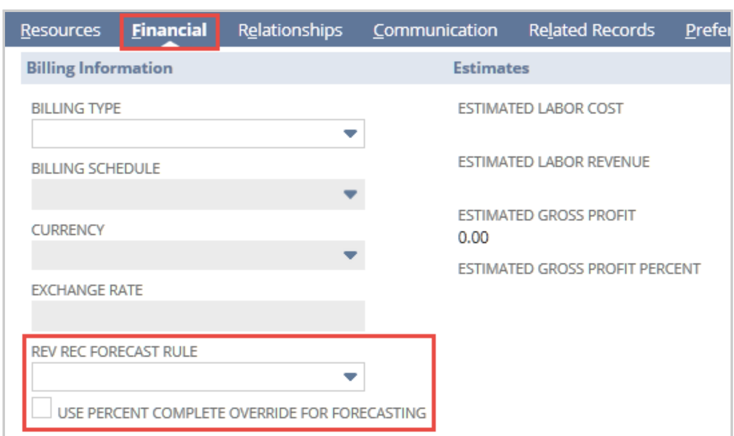
To add an end date to a custom project form:

1. Go to Lists > Relationships > Projects > New.
2. Go to **Customize** in the upper right of the page, and select **Customize Form**.
3. Type a **Name** for the custom form, and click the **Fields** subtab.
4. Check the box in the **Show** column for either **Projected End Date** or **End Date**. These fields are on the **Main** subtab of the **Fields** subtab.
5. Clear the box for **Calculated End Date**, and click **Save**.

   This adds a **Custom Form** field to the Project page so you can select which form to use for a project. When you are using project planned time entries, you can select the Standard Project Form.

To link a forecast revenue rule to a project:

1. Go to Lists > Relationships > Projects > New, and select the **Custom Form** with an **End Date** or **Projected End Date**.
2. Complete the project record as needed including both a **Start Date** and an **End Date** or **Projected End Date**. For more information, see the help topic Creating a Project Record.
3. Click the **Financial** subtab.



4. In the **Rev Rec Forecast Rule** field, select the revenue recognition rule to associate with the project.
5. Clear the **Use Percent Complete Override for Forecasting** box. When the box is checked, it supersedes all other revenue forecast rule options for the project.
6. Click **Save**.

Advanced Revenue Management and Multi-Book Accounting

When Multi-Book Accounting and Revenue and Expense Management are enabled, all revenue recognition and expense amortization features are book specific. The help topics for Multi-Book

Accounting describe the requirements and behavior for the classic revenue recognition features. For more information about Multi-Book Accounting and classic revenue recognition, see the help topic Revenue and Expense Management in the Multi-Book Accounting help.

The following topics summarize the changes in Advanced Revenue Management (Essentials) and Advance Revenue Management (Revenue Allocation) when the Multi-Book Accounting and Revenue and Expense Management features are enabled.

- Book Specific Accounting Preferences
- Book Specific Revenue Arrangements, Elements, and Plans
- Book Specific Revenue Allocation
- Chart of Accounts Mapping for Reclassification

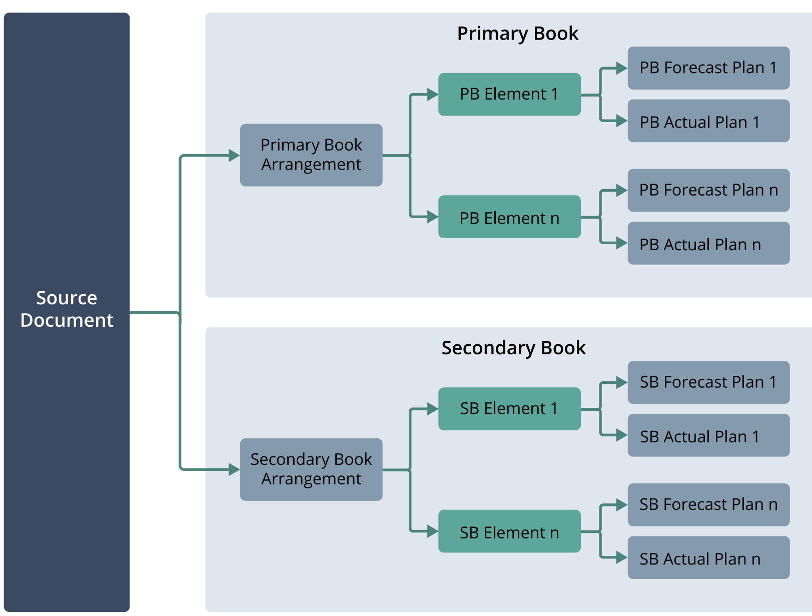
Book Specific Accounting Preferences

Some accounting preferences associated with Advanced Revenue Management (Essentials) and Advanced Revenue Management (Revenue Allocation) are book specific. These preferences are on the accounting book record when Multi-Book Accounting is enabled. They are:

- **Enable Two-Step Revenue Allocation** – Two-step revenue allocation can be disabled only when Multi-Book Accounting is enabled. For information, see Residual Method and Two-Step Allocation.
- **Enable Contingent Revenue Handling** – For information, see Contingent Revenue Handling.
- **Unbilled Receivable Adjustment Journal Grouping** – For information, see Groupings for Unbilled Receivable Adjustment Journal Entries.

Book Specific Revenue Arrangements, Elements, and Plans

Revenue arrangements, revenue elements, and revenue recognition plans are always book specific. Separate revenue arrangement and revenue elements are generated for each active and pending accounting book from each source document as shown in the following diagram. For information, see Revenue Arrangement Management.

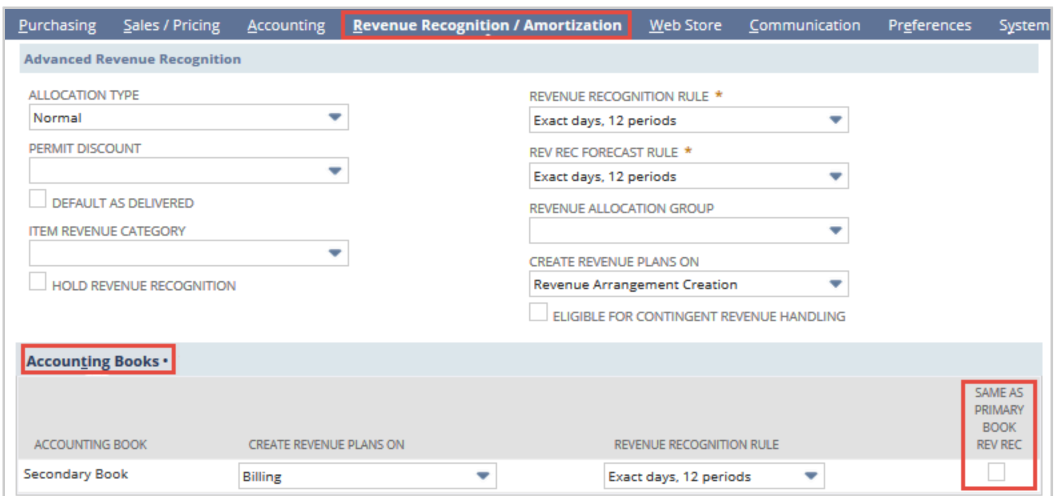


The following sections contain details about book specific revenue arrangements, elements, and plans.

- Item Configuration for Secondary Books
- Accounting Book Filter for Revenue Arrangement and Plan Updates

Item Configuration for Secondary Books

The Revenue Recognition/Amortization subtab of the item record has an Accounting Books subtab when the Revenue and Expense Management feature is enabled. The values in the main Revenue Recognition/ Amortization subtab are for the primary book. When you select different values in the Accounting Books subtab, revenue plans for your secondary accounting books are different from those for your primary book. Check the Same as Primary Book Rev Rec box in the Accounting Books subtab to have identical plans for primary and secondary accounting books.



To use the different values for secondary accounting books from the primary book, clear the Same as Primary Book Rev Rec box. The box is checked by default. This setting applies only to the default values. If you change the revenue recognition rule on the revenue arrangement for the primary accounting book, the revenue arrangement for any secondary accounting books is unaffected. The setting of the Hold Revenue Recognition box is not passed to secondary books even when the Same as Primary Book Rev Rec box is checked. For information about other fields on the Revenue Recognition/Amortization subtab of the item record, see Item Configuration for Advanced Revenue Management (Essentials) and (Revenue Allocation).

Accounting Book Filter for Revenue Arrangement and Plan Updates

When the system updates revenue arrangements and revenue plans automatically, the update incorporates changes to all sources that affect revenue management. The automatic update disregards subsidiary restrictions **and accounting book status**.

However, the Update Revenue Arrangements and Revenue Plans page at Transactions > Financial > Update Revenue Arrangements and Revenue Recognition Plans includes an Accounting Book filter so you can select a specific accounting book when you run manual updates. When you click Update Revenue Arrangements, both revenue elements and revenue arrangements are updated.

If you never want to update arrangements or plans for inactive accounting books, you should ensure the accounting preferences are set to Manual.

For more information about accounting preferences and updates, see the following topics:

- Setting Advanced Revenue Management (Essentials) Preferences
- Updating Revenue Arrangements
- Updating Revenue Recognition Plans

Book Specific Revenue Allocation

The Advanced Revenue Management (Revenue Allocation) feature must be enabled to create book specific revenue allocation. For more information, see Enabling the Advanced Revenue Management (Revenue Allocation) Feature.

Revenue allocation distributes the revenue from a multi-element contract across its elements in proportion to their calculated fair value amounts. To create book specific revenue allocation, use the Accounting Book field on the fair value price record and create book specific fair value prices. For more information, see Fair Value Setup and Advanced Revenue Management (Revenue Allocation).

Revenue elements that have the Allocation Type set to Exclude do not participate in allocation. The Allocation Type setting on the item record is the default for revenue elements for all accounting books. To change the allocation type for a specific accounting book, you must edit the revenue element line in the revenue arrangement for that accounting book.

Chart of Accounts Mapping for Reclassification

This topic is for Advanced Revenue Management (Essentials) and Advanced Revenue Management (Revenue Allocation). The help topics for Multi-Book Accounting describe the requirements and behavior for the classic revenue recognition features. For more information, see the help topic Revenue and Expense Management in the Multi-Book Accounting help.

When you use the Multi-Book Accounting and Chart of Accounts Mapping features, you can derive the accounts for secondary accounting books using account mapping. The first two steps of reclassification, the allocation and foreign currency variance adjustments, use the accounts on the revenue elements. The default account values on the revenue elements are derived from the item record. Use item account mapping for these accounts. For information, see the help topic Item Account Mapping.

The unbilled receivable adjustment also uses accounts on the revenue elements for the deferred revenue side of the journal entry. The account selected in the accounting preference Unbilled Contract Asset Account is used for the unbilled receivable side of the journal entry.

The system unbilled receivable account cannot be mapped to another account. If you want to use account mapping, be sure to select a different account in the Unbilled Contract Asset Account accounting preference. Use global account mapping to map the unbilled contract asset account. For information, see the help topic Global Account Mapping.

Month-End Revenue Processing

Month-end revenue processing includes creating revenue recognition journal entries to post revenue from revenue plans and making month-end adjustments to deferred revenue. The month-end adjustments to deferred revenue are referred to as reclassification.

Month-end revenue processing requires a user role with the following permissions:

Category	Permission	Minimum Level
Lists	Revenue Recognition Schedules	Edit
Transactions	Make Journal Entry	Create

You can run these processes at any time, but you should be sure to run them at the end of the period. They are not included in the Period Close Checklist.

Always run these processes in order: first revenue recognition and then deferred revenue reclassification.

If you use revenue forecast plans, recalculate your forecast plans after you finish revenue recognition and deferred revenue reclassification for the period.

As the final step in month-end revenue processing, run and save the Deferred Revenue Waterfall report.

For detailed information about these processes, see the following:

- Revenue Recognition Journal Entries
- Reclassification of Deferred Revenue
- Recalculating Revenue Forecast Plans
- Run and Save the Deferred Revenue Waterfall Report

Revenue Recognition Journal Entries

In Advanced Revenue Management (Essentials), revenue recognition plans provide the information required to recognize revenue. You must generate the appropriate journal entries to post revenue to the general ledger. Creation of revenue recognition journal entries is part of month-end processing, but you can run the process any time and multiple times in a month. The Related Records subtab of revenue arrangements includes links to associated revenue recognition journal entries.

Revenue recognition journal entries post in the subsidiary base currency. NetSuite permits these system-generated journal entries to link to foreign currency customers. However, you cannot link foreign currency customers to journal entries in the user interface unless the customer also uses the base currency. If a custom workflow edits the record, the system treats that edit like an edit in the user interface. Consequently, foreign customers may be dropped from the journal entry.

Journal entry approval is an example of a common workflow that may edit an existing journal entry record. If you use workflows for journal entry approval routing, you should create a custom form for your system-generated revenue recognition journal entries. You can then exclude the custom form from your workflows. In your accounting preferences, select the custom form for the Default Revenue Recognition Journal Entry Form. For general information about journal entry approvals, see the help topic Journal Entry Approval Overview

Note: To create revenue recognition journal entries in a reopened period, you must revert any prospective merges to unlock the locked revenue arrangements.

For information, see the following:

- Summarized Revenue Recognition Journal Entries
- Scheduling Revenue Recognition Journal Entries
- Generating Advanced Revenue Recognition Journal Entries
- Editing an Advanced Revenue Recognition Journal Entry
- Journal Entries for Percent-Complete Revenue

Summarized Revenue Recognition Journal Entries

In Advanced Revenue Management (Essentials), you can post revenue recognition journal entries, including reclassification journal entries, in either detailed form or as a summary. The accounting preference Create Revenue Recognition Journals in GL determines which type of journal entry is created. For information about the reclassification journal entries, see Summarized Reclassification Journal Entries.

When you select the Detail option, one detailed journal entry is created for all plans selected on the Create Revenue Recognition Journal Entries page. The journal entry includes separate lines for each plan, and each line posts separately in the general ledger.

When you select the Summary option, journal entries are summarized when they are created based on the following attributes:

- Posting Period
- Subsidiary – for OneWorld accounts
- Accounting Book – when the Multi-Book Accounting feature is enabled. For more information, see the help topic Multi-Book Accounting Overview.
- Account
- Eliminate – when the Automated Intercompany Management feature is enabled. For more information, see the help topic Automated Intercompany Management
- Class
- Department
- Location
- Custom Segment – when the Custom Segments feature is enabled. For more information about Class, Department, Location, and Custom Segment, see the help topic Classifications Overview.

A Details column is added to the summarized journal entry. This column displays a link with the number of rows included in the line. When you click the link in the Details column of a summary journal entry, a popup window opens with the details. The details window includes links to the plan and source records.

For example, you choose to create journal entries for a batch of 19 revenue recognition plans. All of the attributes that affect summarization are the same for each plan in the batch. In this case, NetSuite creates one summary journal entry with two lines, one debit and one credit.

In another example, you select a batch of 50 plans that have matching attributes except for two different target accounts. Again, NetSuite creates one summary journal entry, but this entry has three lines, one for the debit and one each for the two credit accounts.

Intercompany customers are summarized separately from other customers. However, if an intercompany customer has multiple revenue plans, those plans are also summarized.

You can create a saved search to facilitate the review of details for journal entries with large numbers of rows. For guidance, see the help topic Saved Search for Revenue Recognition Journal Details.

Using the Summary option for revenue recognition journal entries has no effect on reporting. In reports that enable you to click through to the journal entry, you click through to the summary journal entry. From there, you can see the details as described earlier.

Scheduling Revenue Recognition Journal Entries

When the Advanced Revenue Management (Essentials) feature is enabled, you can schedule the creation of revenue recognition journal entries. To schedule the process, you create a named schedule based on a revenue recognition plan saved search. As part of the schedule, you select the frequency and the next time to run the creation process. If you have uncompleted revenue recognition schedules from classic revenue recognition, you can include them in the same schedule. A separate field enables you to select a revenue recognition schedule saved search. For information about adding saved searches to the lists, see Guidance for Saved Searches.

For NetSuite OneWorld accounts, you must select a subsidiary. Each subsidiary needs a separate schedule, but you may use the same saved search for all subsidiaries.

When Multi-Book Accounting is enabled, the schedule is book specific. To process all your revenue recognition plans and schedules, each subsidiary and accounting book combination must have its own schedule.

You can review and edit existing schedules for revenue recognition journal entry creation. For information, see Editing Existing Schedules.

To schedule revenue recognition journal entries:

1. Go to Revenue > Revenue Recognition Journal Entries > Schedule Revenue Recognition Journal Entries.
2. On the Schedule Revenue Recognition Journal Entries page, complete the following in the Primary Information section:
    a. Enter a **Name**.
    b. If you have a OneWorld account, select a **Subsidiary**, and if Multi-Book Accounting is enabled, select an **Accounting Book**.
    c. Select a **Revenue Recognition Plan Saved Search** or **a Revenue Recognition Schedule Saved Search** or both. See Guidance for Saved Searches.
    d. Complete these additional optional fields as desired:
        - **Description** – Include a description of the revenue plans that are intended for this schedule.
        - **Inactive** – Check this box to make the schedule inactive. Inactive schedule do not run, but they are listed on the Scheduled Revenue Recognition Journal Creation page.
        - **Include Prior Periods** – Check this box to recognize revenue for all periods prior to and including the posting period when the schedule is run.
        - **Exclude Current and Future Periods** – Check this box to post eligible journal entries to the prior period. Journal entries for the current and future periods are not eligible. If the prior period is closed, the journal entries post to the next open period. When this box is clear, all eligible journal entries post to the current period. The accounting preference **Default Revenue Recognition Journal Date To** determines the posting date.
        - **Approve Journal** – Check this box to create journal entries that are automatically approved. Clear this box to require later review and approval of the journal entries. This box is displayed only when the accounting preference **Require Approvals on Journal Entries** is selected.
3. In the Schedule section, complete the following:
    a. Select a **Recurrence Frequency**. The schedule may not recur more frequently than every 6 hours.
    b. Select a value from the **Repeat Every** list. This field is not available for all recurrence frequencies.
    c. Enter or select the **Next Date** to run the journal entry creation process.
    d. Select a time from the **Next Time** list to populate the field to the left, or type directly in the field.

The **Last Executed** field is automatically populated after the scheduled process has run except when the **Recurrence Frequency** is **One Time**.

4. Click **Save**.

Guidance for Saved Searches

NetSuite provides several ways to create saved searches. For example, click the Search crosslink in the header of the Revenue Recognition Plans list page to open the Revenue Recognition Plan Search page. Then click Create Saved Search.

You can save the search without selecting a filter. The revenue recognition journal entry creation process automatically ignores revenue plans that are on hold.

If you share the saved search, be sure to check the Public box in the header of the Saved Revenue Recognition Plan Search page.

Saved searches for classic revenue recognition can be created in the same way from the Revenue Recognition Schedules list.

For additional information, see the help topic Saved Searches.

Editing Existing Schedules

To edit saved schedules, go to Revenue > Revenue Recognition Journal Entries > Schedule Revenue Recognition Journal Entries and click the List crosslink in the page header. A page called Scheduled Revenue Recognition Journal Creation opens with a list of the schedules that have been created. Click the Edit link to the left of the schedule you want to edit.

Generating Advanced Revenue Recognition Journal Entries

Note: This topic relates to Advanced Revenue Management. For classic revenue recognition, see the help topic Generating Revenue Recognition Journal Entries.

To recognize deferred revenue that is due to post, you create revenue recognition journal entries. For information about the required permissions, see Month-End Revenue Processing.

You can schedule the journal entry creation process to run automatically. For instructions, see Scheduling Revenue Recognition Journal Entries.

Use the Create Revenue Recognition Journal Entries page generate journal entries on demand. On this page, you identify and select the revenue recognition plans that require journal entries for a specific posting period. This page retrieves a list of revenue recognition plans generated from revenue arrangements. Plans whose status is On Hold are not included in the list. You can filter the list of revenue recognition plans that are displayed.

NetSuite creates revenue recognition journal entries when you click the Create Journal Entries button on this page. Up to 50,000 revenue recognition plans may be included in a single summarized journal entry. Multiple journal entries are created if you process more than 50,000 plans or exceed the 1,000 line limit for detailed journal entries.

For example, if 50,000 revenue plans use the same accounts and have same classifications (class, department, location, and custom segments):

- If the accounting preference Create Revenue Journals in GL is set to Detail, the process creates 100 journal entries. Each journal entry has 1,000 lines with two lines per revenue plan.
- If the accounting preference Create Revenue Journals in GL is set to Summary, the process creates one journal entry with two lines. The Details column in the journal entry includes a link that says 50,000 rows. The link opens a popup page that displays lines for the 50,000 revenue plans.

For more information about line limitations in NetSuite, see the help topic Line Limitations for Transactions.

The journal entries post immediately when you click the button or are routed for approval if required.

> **Note:** The time required to complete processing the journal entries varies depending how many plans are included. Completion may require several hours if you are processing thousands of plans.

If you void or delete an advanced revenue recognition journal entry, the link to the journal is removed from the revenue recognition plan. The revenue plan becomes available for recognition in the same period as the journal you voided or deleted.

To generate revenue recognition journal entries:

1. Revenue managers and accounts, go to Revenue > Revenue Recognition Journal Entries > Schedule Revenue Recognition Journal Entries > Run Now.

   Administrators, go to Transactions > Financial > Schedule Revenue Recognition Journal Entries > Run Now.
2. Select a **Posting Period**.

   You cannot post revenue recognition journal entries in closed periods or in periods that are locked for A/R as part of the Period Close Checklist. If the period is closed or locked for A/R, the journal entries are posted in the next open period.
3. Optionally, check **Include Prior Periods** to recognize revenue for all periods prior to and including the selected **Posting Period**.
4. In the **Journal Entry Date** field, set the transaction date of revenue recognition journal entries you are creating.

   You can set the default date that shows in this field by setting a preference at Setup > Accounting > Accounting Preferences. Select a date in the **Default Revenue Recognition Journal Date to** field.
5. If your role has permission to enter journal entries that are approved, check the **Approve Journal** box to approve the journal entry when you save it. Clear this box to submit this journal entry for approval after it is entered. This box appears only when the accounting preference **Require Approvals on Journal Entries** is checked.
6. Use the other filters at the top of the page to limit the list of revenue recognition plans displayed for this period. The filters you select become your default for this page.
   - **Subsidiary** – Select a **Subsidiary**. This required filter appears only on NetSuite OneWorld implementations. For more information about subsidiaries, see the help topic Subsidiaries in OneWorld.
   - **Accounting Book** – Select an **Accounting Book**. This required filter appears only when the Multi-Book Accounting feature is enabled. For more information about the Multi-Book Accounting feature, see the help topic Multi-Book Accounting Overview.
   - **Revenue Recognition Source** – This filter appears when the Revenue Recognition and Advanced Revenue Management (Essentials) features are both enabled.

  - **- All –** – Select this option to list all revenue recognition schedules and revenue recognition plans that meet the criteria.
  - **Revenue Recognition Schedules** – Select this option to list only revenue recognition schedules that meet the criteria in the **Revenue Recognition Schedules** subtab. The **Revenue Recognition Plans** subtab is empty.
  - **Revenue Recognition Plans** – Select this option to include only revenue recognition plans that meet the criteria in the **Revenue Recognition Plans** subtab. The **Revenue Recognition Schedules** subtab is empty.
- **Transaction Type** – Select a transaction type to filter the list, or select **– All –** to include all transaction types.
- **Customer** – Select a customer to filter the list. When the Projects feature is enabled, this filter is called **Customer:Project**.
- **Type** – Select the type of revenue recognition schedule to include in the list, or select **– All –** to include all types of schedules. This filter appears only when the Revenue Recognition feature is enabled.
- **Item Type** – Select an item type to include in the list, or select **– All –** to include all item types.
- **Target Account** – Select the income account target for the revenue recognition journal entries as a filter for the list.
- **Deferral Account** – Select the deferred revenue account source for the revenue recognition journal entries as a filter for the list.
- **Transaction Date**, **From** and **To** – When you select a date range in the **Transaction Date** field, the **From** and **To** fields are automatically populated. If you enter or select dates directly in the **From** and **To** fields, the **Transaction Date** field displays **(Custom)**.

The page shows a list of revenue recognition journal entries due to post, subject to the filters you select. When the classic Revenue Recognition feature is also enabled, the list has two subtabs: Revenue Recognition Plans and Revenue Recognition Schedules.

The following information is shown on each line of the list in the Revenue Recognition Plans subtab. For a list of the columns in the Revenue Recognition Schedules subtab, see the help topic Generating Revenue Recognition Journal Entries.

- **Source Transaction** – A link to the related transaction
- **Item** – A link to the item record
- **Plan No.** – A link to the related revenue recognition plan
- **Customer** – A link to the related customer
- **Revenue Recognition Rule** – A link to the related revenue recognition rule
- **Planned Period** – The period planned for revenue recognition.
- **Amount** – The amount to be recognized in the journal entry for this line

If the accounting preference **Enable Advanced Cost Amortization** is checked, additional columns appear for allocated contract acquisition and item-specific resale and labor costs. For details, see Advanced Cost Amortization.

7. Check or clear the **Select Individual Schedules** box:
   - When you check the box, journal entries are created only for the revenue recognition plans you select.

     To select plans, check the box in the **Select** column next to each plan for which you want to generate journal entries.

     If the Revenue Recognition Plans list includes multiple pages, then the following is true:
     - If you click **Mark All** or **Unmark All**, only boxes on the current page are affected.

        - You must click **Create Journal Entries** to create an entry for each page of plans.
    - When you clear the box, the Revenue Recognition Plans list displays a maximum of 100 plans, and the page header includes an **Estimate** button.
        - Click **Estimate** to count the number of plans and calculate the amount for all of the plans included with your current filter settings.
        - Adjust the filters as needed, and click **Estimate** again.
8. Click **Create Journal Entries**.
9. On the Process Status page, use the link in the **Submission Status** column to view the journal entries for the submission. Journal entries created using Advanced Revenue Management are identified by the process type Create Advanced RevRec Journal Entries.

   You receive an error if revenue recognition plans were updated while your journals were being generated. To complete the process, return to the Create Revenue Recognition Journal Entries page and ensure the same criteria are selected. Then click **Create Journal Entries** again.

Editing an Advanced Revenue Recognition Journal Entry

You may edit journal entries created from revenue recognition plans. These changes do not alter the revenue recognition plan. Journal entries that you edit remain linked to the revenue recognition plan that generated the original entry.

For information about the required permissions, see Month-End Revenue Processing.

Some edits, however, could introduce inaccuracies in the revenue recognition reports. For this reason, you cannot change accounts, amounts, segments, or subsidiaries on revenue recognition journals.

To correct values for read-only fields of revenue recognition journal entries, you should create a journal entry at each month end to adjust balances. These balances are easier to track and do not affect the revenue recognition reports.

To edit a journal entry created from the revenue recognition plan:

1. Go to Revenue > Revenue Recognition Journal Entries > Schedule Revenue Recognition Journal Entries > Status.
2. Adjust the filters on the Process Status page as needed to display the journal entry that you want to edit.
3. Click the link in the **Submission Status** column to open the Journal Entries Created from Revenue Recognition Plans page.
4. Click the link in the **Journal** column to display the journal entry record.
5. Click **Edit** to open the record for editing.
6. Make the needed changes in the editable fields, and click **Save**.

Journal Entries for Percent-Complete Revenue

The Create Revenue Recognition Journal Entries page includes revenue due to post from percent-complete revenue recognition plans based on project completion.

> **Important:** Always create revenue recognition journal entries in chronological order when using percent-complete revenue recognition for projects.

For the period you select, NetSuite determines the amount due to be recognized for each plan based on project completion. Project completion is calculated based on entered and approved project time entries. The project record shows the percentage of completion for the project in that period. That percentage determines the revenue due to post.

A percent-complete revenue plan does **not** show in the list if:

- It has a zero balance to recognize for the selected period.
- The revenue plan is on hold.
- Revenue recognition journal entries have been created for the period, and the planned or actual time worked for the project has not changed since then.

Revenue recognition journal entries typically debit a deferred revenue account and credit a revenue account. In some cases, however, a journal entry may decrease the revenue recognized. In these cases, the revenue recognition journal entries credit a deferred revenue account and debit a revenue account.

For example, the time estimate to complete project Alpha is 100 hours. During period One, 50 hours are logged for project Alpha. 50 hours = 50% of completion and 50% of the project revenue is recognized.

Then during period Two, the time estimate is increased to 200 hours. The 50 hours logged against the project now equals 25% completion, and the revenue recognized needs to be decreased. NetSuite generates a journal entry that credits the deferred revenue account and debits the revenue account to correct the amount of revenue recognized previously. On the percent-complete revenue recognition plan, the journal entry line displays a negative amount.

The revenue recognition plans coordinate the recognition of deferred revenue with the stages of completion of an associated project. As work is logged and portions of the project are marked complete, journal entries become due to post to recognize the related revenue. If the Percent Complete Override subtab on the Financial subtab of the project record is populated, revenue recognition plans are affected. For details, see Using the Percent Complete Override Subtab.

Reclassification of Deferred Revenue

Run the reclassification journal entry process to reclassify deferred revenue for revenue arrangements **after** you post month-end revenue recognition journal entries. You must create deferred revenue reclassification journal entries each month to ensure accurate results in subsequent periods. For information about the required permissions, see Month-End Revenue Processing.

You can set up both revenue recognition journal entries and reclassification journal entries to run at scheduled times. For information, see Scheduling Revenue Recognition Journal Entries and Scheduling Reclassification Journal Entries.

Reclassification is cumulative, but the process runs only for arrangements that are marked as eligible in the selected posting period. A revenue arrangement must be compliant to be eligible for reclassification.

Arrangements are eligible for reclassification in the period that the following transactions are created or resaved:

- Invoice or credit memo, cash sale or refund
- Revenue arrangement
- Revenue recognition journal entry

When you create reclassification journal entries, you receive a warning if the current or prior periods have unapproved invoices or credit memos. The reclassification process excludes any unapproved invoices and credit memos.

The reclassification process isolates revenue arrangements that fail a step from further processing. Processing continues for the remaining revenue arrangements through journal entry creation. At the end of the reclassification process, the Complete link on the status page opens the Processed Reclassification Journal Entries page. This page lists the completed journal entries. The Errors link on the status page opens a page that lists the revenue arrangements that failed. Failed revenue arrangements are available to resubmit.

> **Note:** To run reclassification in a reopened period, you must revert any prospective merges to unlock the locked revenue arrangements.

Best Practices for Deferred Revenue Reclassification

Adhere to the following guidelines to ensure accurate results:

- If you use SuiteScript or SuiteFlow for journal entry approval routing, create a custom form for your system-generated reclassification journal entries. Then, exclude the custom form from your workflows. Select the custom form in the accounting preference **Default Reclassification Journal Entry Form**. Journal entry approval routing is not supported for standard system-generated journal entries.
- If the accounting preference **Require Approvals on Journal Entries** is checked, ensure that all journal entries related to revenue recognition are approved prior to reclassification. (This accounting preference does not rely on workflows.) If revenue recognition journal entries and prior period reclassification journal entries are not approved in advance, the reclassification adjustments will be incorrect. You can correct the adjustments by running reclassification again after all revenue recognition journal entries are approved.
- If you use the Automated Intercompany Management feature, be sure to check **Eliminate Intercompany Transactions** for all deferred revenue accounts used for reclassification.
- Avoid custom workflows that edit the system-generated reclassification journal entries. These journal entries post in the subsidiary base currency. NetSuite permits these system-generated journal entries to link to foreign currency customers. However, you cannot link foreign currency customers to journal entries in the user interface unless the customer also uses the base currency. If a custom workflow edits the record, the system treats that edit like an edit in the user interface. Consequently, foreign customers may be dropped from the journal entry.

For detailed information about deferred revenue reclassification, see the following topics:

- Summarized Reclassification Journal Entries
- Scheduling Reclassification Journal Entries
- Creating Reclassification Journal Entries
- Types of Reclassification Journal Entries

Summarized Reclassification Journal Entries

In Advanced Revenue Management (Essentials), the accounting preference Create Revenue Journals in GL applies to reclassification journal entries as well as monthly revenue posting. For information about summarized revenue recognition journal entries, see Summarized Revenue Recognition Journal Entries.

When you select the **Detail** option and run the reclassification process, one detailed journal entry is created for each type of reclassification. Each carve in/carve out adjustment and each foreign currency adjustment includes a debit and credit line for each revenue element. Each line of these journals includes the revenue arrangement and revenue element number in the Memo field. For deferred revenue accounts, the unbilled receivable adjustment includes the revenue arrangement, revenue element, or sub-arrangement group, depending on your grouping accounting preference. For details, see Groupings for Unbilled Receivable Adjustment Journal Entries.

When you select the **Summary** option and run reclassification, the lines of each reclassification journal entry are summarized and posted based on the following attributes:

- Posting Period
- Subsidiary – for OneWorld accounts

- Accounting Book – when the Multi-Book Accounting feature is enabled. For more information, see the help topic Multi-Book Accounting Overview.
- Account
- Eliminate – when the Automated Intercompany Management feature is enabled. For more information, see the help topic Automated Intercompany Management
- Class
- Department
- Location
- Custom Segment – when the Custom Segments feature is enabled. For more information about Class, Department, Location, and Custom Segment, see the help topic Classifications Overview.

A Details column is added to the summarized journal entry. This column displays a link with the number of rows included in the line. When you click the link in the Details column of a summary journal entry, a popup window opens with the details. The details window includes links to the revenue arrangement and other related records. Detail links are created only when multiple elements or arrangements are included in the line.

Intercompany customers are summarized separately from other customers. However, if an intercompany customer has multiple lines, those lines are also summarized.

Scheduling Reclassification Journal Entries

You can schedule the creation of reclassification journal entries for Advanced Revenue Management (Essentials).

To schedule the process, you create a named schedule based on a revenue arrangement saved search. As part of the schedule, you select the frequency and the next time to run the process. If you have uncompleted revenue recognition schedules from classic revenue recognition, you can create schedules that use sales order and return authorization saved searches. For information about adding saved searches to the lists, see Guidance for Saved Searches.

You can create multiple schedules for a single saved search. Individual schedules are required in the following cases, but you can use the same transaction saved search for each:

- For NetSuite OneWorld accounts, you need a schedule for each subsidiary.
- When Multi-Book Accounting is enabled, you need a schedule for each subsidiary and accounting book combination.

You can review and edit existing schedules for reclassification journal entry creation. For information, see Editing Existing Schedules.

> **Note:** If the accounting preference **Require Approvals on Journal Entries** is checked, ensure that all journal entries related to revenue recognition are approved prior to reclassification. If revenue recognition and prior period reclassification journal entries are not approved in advance, the reclassification adjustments will be incorrect.

To schedule reclassification journal entries:

1. Go to Revenue > Revenue Recognition Journal Entries > Schedule Reclassification Journal Entries.
2. On the Schedule Reclassification Journal Entries page, complete the following in the Primary Information section:
    a. Enter a **Name**.
    b. If you have a OneWorld account, select a **Subsidiary**, and if Multi-Book Accounting is enabled, select an **Accounting Book**.

ORACLE NETSUITE

c. Select a **Transaction Saved Search**.
d. Complete these additional optional fields as desired:
   - **Exclude Current and Future Periods** – Check this box to post eligible journal entries to the prior period. Journal entries for the current and future periods are not eligible. If the prior period is closed, the journal entries post to the next open period. When this box is clear, all eligible journal entries post to the current period.
   - **Description** – Include a description of the revenue plans that are intended for this schedule.
   - **Inactive** – Check this box to make the schedule inactive. Inactive schedule do not run, but they are listed on the Scheduled Revenue Recognition Journal Creation page.

3. In the Schedule section, complete the following:
   a. Select a **Recurrence Frequency**. The **Monthly** option is often used for reclassification journal entries.
   b. Select a value from the **Repeat Every** list. This field is not available for all recurrence frequencies.
   c. Enter the **Next Date** to run the journal entry creation process.
   d. Select a time from the **Next Time** dropdown list to populate the field to the left, or type directly in the field.

      The **Last Executed** field populates automatically after the scheduled process has run except when the **Recurrence Frequency** is set to **One Time**.
4. Click **Save**.

Guidance for Saved Searches

NetSuite provides several ways to open the Transaction Search page.

On the Saved Transaction Search page, set the Filter to Type is Revenue Arrangement. To include transactions from classic revenue recognition, you can set the Filter to Type is any of Sales Order, Revenue Arrangement, Return Authorization. No other filters are required.

To share the saved search with others, check the Public box in the header of the Saved Revenue Recognition Plan Search page.

For additional information, see the help topic Saved Searches.

Editing Existing Schedules

To edit saved schedules:

1. Go to Revenue > Revenue Recognition Journal Entries > Schedule Reclassification Journal Entries.
2. Click the **List** crosslink in the page header.

   A page called Scheduled Reclassification Journal Creation opens with a list of the schedules that have been created.
3. Click **Edit** to the left of the schedule you want to edit.

Creating Reclassification Journal Entries

Run reclassification after you create revenue recognition journal entries. If you run reclassification first by mistake, you can go back and rerun the revenue recognition journal entry process. Then rerun the reclassification journal entry process.

For information about creating revenue recognition journal entries, see Scheduling Revenue Recognition Journal Entries and Generating Advanced Revenue Recognition Journal Entries.

Reclassification is cumulative, but the process runs only for arrangements that are marked as eligible in the selected posting period. A revenue arrangement must be compliant to be eligible for reclassification. Only approved invoices and credit memos are considered for processing. Arrangements are eligible for reclassification in the period that the following transactions are created or resaved:

- Invoice or Credit Memo
- Revenue Arrangement
- Revenue Recognition Journal Entry

You must create reclassification journal entries each month to ensure accurate results in subsequent periods. Revenue arrangements are included in the reclassification process only if they are approved and the Compliant flag is checked.

Only approved invoices and credit memos are processed for reclassification. Unapproved billed amounts are excluded from calculations. When you create reclassification journal entries, you will receive a warning if the current or prior periods have unapproved invoices or credit memos. Any unapproved invoices and credit memos are ignored for purposes of reclassification.

Note: If the accounting preference **Require Approvals on Journal Entries** is checked, ensure that all journal entries related to revenue recognition are approved prior to reclassification. If revenue recognition and prior period reclassification journal entries are not approved in advance, the reclassification adjustments will be incorrect.

To create reclassification journal entries:

1. Revenue managers and accountants, go to Revenue > Revenue Recognition Journal Entries > Schedule Reclassification Journal Entries > Run Now.

   Administrators, go to Transactions > Financial > Schedule Reclassification Journal Entries > Run Now.
2. Select the **Posting Period** for which you are reclassifying revenue.

   You cannot post reclassification journal entries in closed periods or in periods that are locked for A/R as part of the Period Close Checklist. If the period is closed or locked for A/R, the journal entries are posted in the next open period.

   The **Journal Entry Date** automatically sets the transactions date to the of the selected **Posting Period**. You can edit the date if needed.
3. Use the other filters at the top of the page to limit the number of reclassification journal entries created at one time.

   The **Number of Transactions** field displays the number of transactions that meet your criteria and are eligible for reclassification. If you have eligible transactions from the classic Revenue Commitment feature, these transactions are included in the count.

   - **Subsidiary** – Select a **Subsidiary**. This required filter appears only on NetSuite OneWorld implementations.
   - **Accounting Book** – Select an **Accounting Book**. This required filter appears only when the Multi-Book Accounting feature is enabled.
   - **Revenue Recognition Source** – This filter appears when the Revenue Recognition and Advanced Revenue Management (Essentials) features are both enabled.
     - **- All –** – Select this option to list all revenue recognition schedules and revenue recognition plans that meet the criteria.

- Revenue Recognition Schedules – Select this option to list only revenue recognition schedules that meet the criteria in the **Revenue Recognition Schedules** subtab. The **Revenue Recognition Plans** subtab is empty.
- **Revenue Recognition Plans** – Select this option to include only revenue recognition plans that meet the criteria in the **Revenue Recognition Plans** subtab. The **Revenue Recognition Schedules** subtab is empty.

- **Transaction Type** – Select a transaction type to filter the list, or select **– All –** to include all transaction types. For Advanced Revenue Management, the **Transaction Type** is always **Revenue Arrangement**.
- **Customer** – Select a customer to filter the list. When the Projects feature is enabled, this filter is called **Customer:Project**.

4. Click **Create Journal Entries**.

   The Processed Reclassification Journal Entries page opens. At each step in the reclassification process, revenue arrangements that fail a step are isolated from further processing. Processing continues for the remaining revenue arrangements through journal entry creation.
5. Click **Refresh** to update the status.
6. When the **Submission Status** is **Complete**:
   - Click the link in the **Message** column to open the Bulk Processing Errors: Results page and view any errors.

     Revenue arrangements with errors are listed. These revenue arrangements are available for resubmission.
   - Click **Complete** in the **Submission Status** column to open the Processed Reclassification Journal Entries page.

     The Processed Reclassification Journal Entries page lists the journal entries created in the submission. The list includes the **Type** and **Amount** with a link in the **Journal** column to the journal entry.

When a journal entry for the reclassification process would exceed 1,000 lines, multiple reclassification journal entries are created. Each of these reclassification journal entries may have up to 1,000 lines. If the 1,000 lines in a journal entry do not offset each other, a placeholder is inserted for line 1,000. The placeholder contains the offset for the first 999 lines and posts to the system-generated Deferred Revenue Clearing account. The next journal entry includes the offset for the placeholder line. Consequently, when all journal entries for the reclassification are posted, the balance in the clearing account is 0. For more information about line limitations in NetSuite, see the help topic Line Limitations for Transactions.

Use caution if you must delete a reclassification journal entry. If multiple reclassification entries were created in the period, delete all of them. When you delete reclassification journal entries, the transaction is eligible for reclassification again in the same period. Be sure to run the process again after you have made corrections. If the period is closed, the reclassification journal entries are posted in the period specified in your accounting preferences. The accounting preference that determines the alternate period is Default Posting Period When Transaction Date in Closed Period.

Types of Reclassification Journal Entries

The reclassification process creates up to five adjustment journal entries. The adjustments created depend on your system configuration and the state of your revenue workflow when you run the process.

The following list includes the adjustments that your system may create during reclassification, along with links to information specific to the adjustment type. The adjustments appear in the order in which the process creates them.

- Carve In/Carve Out Adjustment – for multi-element contracts only
- Foreign Currency Adjustment – for foreign currency transactions that have been billed only
- Unbilled Receivable Adjustment – for revenue recognized in advance of billing
- Foreign Currency Gain or Loss on Contract Asset – for the recognized but unbilled portion of foreign currency transactions. This adjustment is possible only when the accounting preference **Exclude Contract Assets from FX Reclassification** box is clear.
- Net Contract Asset or Liability per Element – only when the accounting preference Unbilled Receivable Adjustment Journal Grouping is set to sub-arrangement group or arrangement

The Related Records subtab of revenue arrangements includes links to associated reclassification journal entries.

Carve In/Carve Out Adjustment

Carve in/carve out adjustments allocate billing amounts in multiple element arrangements to the individual revenue elements. This adjustment occurs only in those periods that include an invoice for the revenue arrangement. When the sales prices of all revenue elements in an arrangement are the same as their revenue amounts, reclassification skips this step.

The Advanced Revenue Management (Revenue Allocation) feature must be enabled as a prerequisite for the carve in/carve out adjustment. To enable this feature, see Enabling the Advanced Revenue Management (Revenue Allocation) Feature.

Allocation for billing amounts uses the same carve-out and carve-in ratios as the revenue arrangement. For information about carving in revenue arrangements, see Fair Value and Allocation.

The general ledger impact of this adjustment to deferred revenue for positive elements is:

- **For carve out** – Debit deferred revenue account
- **For carve in** – Credit deferred revenue account

Revenue elements with Allocation Type set to Exclude do not participate in this step of reclassification. For more information, see Revenue Elements Excluded from Reclassification.

The following topics include examples of the carve in/carve out adjustment:

- Carve In/Carve Out Adjustment Example Retrospective Merge Before Billing
- Carve In/Carve Out Adjustment Example Prospective Merge After Billing

Revenue Elements Excluded from Reclassification

To exclude elements in a revenue arrangement from the carve in/carve adjustment during reclassification, set their Allocation Type to Exclude. You can set the default Allocation Type on the item record. For information, see Item Configuration for Advanced Revenue Management (Essentials) and (Revenue Allocation).

Changes on the item record do not affect revenue elements that have already been created. You can, however, change the Allocation Type for a revenue element after it has been created by editing the revenue element in the revenue arrangement. For information, see Editing Revenue Arrangements.

Negative elements from returns without a linked positive element automatically have the Allocation Type set to Exclude. For more information, see Revenue Allocation for Returns.

When elements are excluded, they are ignored during carve in/carve out and receive special handling in the other steps of the process. When you run the deferred revenue reclassification, the reclassification adjustments are affected in the following ways:

- **Carve in/carve out adjustment** – Excluded elements do not participate. Their carve out ratio is 0. Consequently, any billing or credit for these items stays in their own deferred revenue account and does not affect other elements.

- **Foreign currency adjustment** – Foreign exchange variance for each excluded element is calculated.
- **Unbilled receivable adjustment** – Excluded elements participate in this process.

Carve In/Carve Out Adjustment Example Retrospective Merge Before Billing

The following example illustrates how the carve portion of revenue allocation works with the adjustment during reclassification. For background information, see the following topics:

- Fair Value and Allocation
- Revenue Allocation for Returns
- Combined Revenue Arrangements

In this example:

- A positive revenue arrangement from a sales order is combined with a negative revenue arrangement from a return authorization by using a retrospective merge.
- The merge occurs before any invoices or credit memos.
- The transaction currency and base currency are the same, the pound sterling.
- The revenue plans divide the revenue equally over four periods.

Details of the activity for each month are as follows:

- January Activity – Sales order, return authorization, merge, partial billing, revenue recognition, and reclassification
- February Activity – Credit memo, revenue recognition, and reclassification
- March Activity – Final billing, revenue recognition, and reclassification
- April Activity – Revenue recognition and reclassification (not shown)

January Activity

During January, the following transactions are created:

- Sales order and its revenue arrangement
- Return authorization and its revenue arrangement for a portion of the sales order
- Retrospectively merged revenue arrangement combining the sales order and return authorization lines
- Partial billing of the sales order
- Month-end revenue recognition and reclassification of deferred revenue

Sales Order

The sales order includes four items and no discount. Details from the revenue arrangement are as follows:

Item	Qty	Sales Amount	Calculated FV Amount	Revenue Amount	Carve Out	Carve Out Ratio	Carve In	Carve In Ratio
A	2	150	100	162.50	—	—	12.50	0.1
B	2	200	100	162.50	37.50	0.1875	—	—
C	2	50	100	162.50	—	—	112.50	0.9
D	2	250	100	162.50	87.50	0.35	—	—
Total		650	400	650.00	125.00		125.00	1

Return Authorization

The return authorization, created from the sales order, is for half of item A and half of item C from the original sales order.

Item	Qty	Sales Amount	Calculated FV Amount	Revenue Amount	Carve Out	Carve Out Ratio	Carve In	Carve In Ratio
–A	–1	–75	–50	–50	—	—	25	1
–C	–1	–25	–50	–50	25	0.33333	—	—
Total		–100	–100	–010	25		25	1

Merged Arrangement

When you merge the revenue arrangements from the sales order and the return authorization, the elements for related items are linked. The element for –A is linked to the one for A, and the one for –C is linked to the one for C.

- The Calculated FV Amount for the returned items –A and –C are prorated based on their return **quantity**. For more information, see Revenue Allocation for Returns.
- Positive and negative elements are combined to calculate the carve in and carve out ratios for all elements:
  - Combining A and –A results in a net sales amount of £75 and a net revenue amount of £91.66. The carve in for the net A items is £16.66.
  - Combining C and –C results in a net sales amount of £25 and a net revenue amount of £91.66. The carve in for the net C items is £60.
  - Items B and D do not have corresponding negative elements. Their sales and revenue amounts are carried over to the net sales and revenue amounts.
  - The effective carving ratios after combining positive and negative elements are:

    A: Carve in 20%

    B: Carve out 8%

    C: Carve in 80%

    D: Carve out 27%

Item	Qty	Sales Amount	Calculated FV Amount	Revenue Amount	Net Sales Amount	Net Revenue Amount	Carve Out	Carve Out Ratio	Carve In	Carve In Ratio
A	2	150	100	183.33	75	91.66	—	—	16.66	0.20
B	2	200	100	183.33	200	183.33	16.67	0.08	—	—
C	2	50	100	183.33	25	91.66	—	—	66.66	0.80
D	2	250	100	183.33	250	183.33	66.65	0.27	—	—
–A	–1	–75	–50	–91.67	combined with A					
–C	–1	–25	–50	–91.67	combined with C					
Total		550	300	550	550	550.00	83.32		83.32	1

January Partial Billing

An invoice is generated in January, after the merge, for a portion of the sales order. The positive and negative elements are combined into a net item with a single carving ratio.

The carving ratios established with the merge are applied to the invoice. The allocation of the gross billing amount to individual revenue elements is shown in the following table. The amounts for the January carve in/carve out adjustment for each element's deferred revenue account appear in the column on the right. As in the Projected Carve column of the revenue summary window, positive numbers indicate carve in amounts, and negative numbers show carve out amounts.

Item	Invoice Amount	Gross Cumulative Billing	Carve Out	Carve In	Effective Cumulative Billing	Carving Adjustment This Period
A	100	100	—	1.40	101.40	1.40
B	20	20	1.67	—	18.33	–1.67
C	30	30	—	5.60	35.60	5.60
D	20	20	5.33	—	14.67	–5.33
	170	170	7.00	7.00	170.00	0.00

January month-end adjustments, in addition to the carve in/carve out adjustment, are as follows:

- Revenue recognition journal entry (run prior to reclassification)
- Unbilled receivable adjustment for element level reclassification or net contract asset or liability per element for arrangement level

February Activity

In February, a credit memo posts the full amount of the earlier return authorization. Credit memos do not trigger carve in/carve out adjustments during reclassification. The carve out and carve in amounts shown in the following table are cumulative and coincide with the Deferred Revenue Reclassification report.

The negative posting is combined with the historical positive posting to derive the cumulative billing amounts.

Credit Memo

Item	Credit Amount	Gross Cumulative Billing	Carve Out	Carve In	Effective Cumulative Billing	Carving Adjustment This Period
A	–75	25	—	1.40	26.40	0
B	0	20	1.67	—	18.33	0
C	–25	5	—	5.60	10.60	0
D	0	20	5.33	—	14.67	0
Total	–100	70	7.00	7.00	70.00	0

February month-end adjustments are as follows:

- Revenue recognition journal entry (run prior to reclassification)
- Reversal of prior period's unbilled receivable adjustment or net contract asset or liability per element
- Unbilled receivable adjustment

March Activity

In March the remaining amount of the sales order is billed. Again, positive amounts are combined with all historical amounts (both positive and negative) to derive the gross cumulative billing amounts. The gross cumulative billing amount is then allocated based on the carving ratios to calculate the effective cumulative billing amounts.

The March carve in/carve out adjustment amounts for each element's deferred revenue account appear in the column on the right in the following table. Positive numbers indicate carve in amounts, and negative numbers show carve out amounts.

March Final Billing

Item	Invoice Amount	Gross Cumulative Billing	Carve Out	Carve In	Effective Cumulative Billing	Carving Adjustment This Period
A	50	75	—	16.66	91.66	15.26
B	180	200	16.67	—	183.33	–15.00
C	20	25	—	66.66	91.66	61.06
D	230	250	66.65	—	183.35	–61.32
	480	550	83.32	83.32	550.00	0.00

March month-end adjustments are as follows:

- Revenue recognition journal entry (run prior to reclassification)
- Carve in/carve out adjustment
- Reversal of prior period's unbilled receivable adjustment

In April, only the final portion of the revenue remains to be recognized. The reclassification process does not create adjustments.

Carve In/Carve Out Adjustment Example Prospective Merge After Billing

The following example illustrates the carve in/carve out adjustments for a prospective merge after billing. In this example:

- A positive revenue arrangement from a sales order in January is prospectively merged in February with another positive revenue arrangement.
- The first sales order is partially billed in the first period (January).
- All transactions use U.S. dollars for the transaction and base currency.
- All revenue plans divide the revenue equally over three periods.

Activity for each month is as follows. Details are provided only for the carve in/carve out calculations.

- January Activity – Sales order, partial billing, revenue recognition, and reclassification
- February Activity – Sales order, prospective merge, revenue recognition, and reclassification
- March Activity – Final billings, revenue recognition, and reclassification
- April Activity – Revenue recognition and reclassification

January Activity

During January, the following transactions are created:

- Sales order and its revenue arrangement
- Invoice for a portion of the sales order
- Month-end revenue recognition and reclassification of deferred revenue

Sales Order 1 Revenue Arrangement

The sales order includes four items and no discount. Carving details from the revenue arrangement are as follows:

Item	Qty	Sales Amount	Calculated FV Amount	Revenue Amount	Carve Out	Carve Out Ratio	Carve In	Carve In Ratio
A	1	120	100	112.50	7.50	0.0625	—	—
B	1	180	100	112.50	67.50	0.375	—	—
C	1	60	100	112.50	—	—	52.50	0.7
D	1	90	100	112.50	—	—	22.50	0.3
Total		450	400	450.00	75.00		75.00	1

January Invoice 1

In January, the sales order is partially billed. The carving ratios established for the sales order are applied to the invoice. The allocation of the gross billing amount to individual revenue elements is shown in the following table.

The allocation of the gross billing amount to individual revenue elements is shown in the following table. The amounts for the January carve in/carve out adjustment for each element's deferred revenue account appear in the column on the right. As in the Projected Carve column of the revenue summary window, positive numbers indicate carve in amounts, and negative numbers show carve out amounts.

Item	Invoice Amount	Gross Cumulative Billing	Carve Out	Carve In	Effective Cumulative Billing	Carving Adjustment This Period
A	120	120	7.50	—	112.50	–7.50
B	—	—	—	—	—	—
C	60	60	—	5.25	65.25	5.25
D	—	—	—	2.25	2.25	2.25
	180	180	7.50	7.50	180.00	0.00

The carve out for the item B element is skipped because there is no gross cumulative billing amount to carve from.

January month-end adjustments, in addition to the carve in/carve out adjustment, are as follows:

- Revenue recognition journal entry (run prior to reclassification)
- Unbilled receivable adjustment for element level reclassification or net contract asset or liability per element for arrangement level reclassification

February Activity

In February, another sales order is created for one item. The new revenue arrangement is added to the previous revenue arrangement using the prospective merge process.

Sales Order 2 Revenue Arrangement

The sales order is for a single item. When the revenue arrangement is created, it has only one element. Carving applies only to multi-element arrangements. Other values from the revenue arrangement are as follows:

Item	Qty	Sales Amount	Calculated FV Amount	Revenue Amount	Carve Out	Carve Out Ratio	Carve In	Carve In Ratio
E	1	150	100	150	—	—	—	—
Total		150	100	150	—		—	

Prospective Merge Revenue Arrangement 3

A prospective merge adds the revenue arrangement 2 to the residual values from the previous revenue arrangement 1. New revenue elements are created for the new prospective merge revenue arrangement. The discounted sales amount is the difference between the original discounted sales amount and the amount recognized at the end of the previous period. Since no revenue had been recognized for item E, its discounted sales amount is the same as its original discounted sales amount.

The prospective merge process uses a residual ratio to prorate other values in the prospective revenue arrangement. The residual ratio equals the amount recognized prior to the prospective merge divided by the original revenue amount. In the prospective merge arrangement, the quantity is the original quantity × (1 – the residual ratio). The other value in this example that is prorated and updated using a similar formula is the calculated fair value amount. (If the Recalculate Residual Fair Value had been checked, the calculated fair value for each element would be $100.)

The effective date of the prospective merge is February 1. This date is the first day of the first open period.

Item	Qty	Discounted Sales Amount	Calculated FV Amount	Revenue Amount	Carve Out	Carve Out Ratio	Carve In	Carve In Ratio
A	0.6667	82.50	66.67	81.82	0.68	0.0085	—	—
B	0.6667	142.50	66.67	81.82	60.68	0.505667	—	—
C	0.6667	22.50	66.67	81.82	—	—	59.32	0.669224
D	0.6667	52.50	66.67	81.82	—	—	29.32	0.330776
E	1	150.00	100.00	122.72	27.28	0.181867	—	—
Total		450.00	366.68	450.00	88.64		88.64	1

February Carve In/Carve Out Adjustment

After the prospective merge, the original locked revenue arrangement must have the same amounts billed and recognized. To accomplish this, all outstanding deferred revenue and unbilled receivable balances are carried over to the new prospective merge revenue arrangement. The carried-over deferred revenue balances are reallocated for the prospective merge revenue arrangement based on the new carve in and carve out ratios.

The first step in reallocating the deferred revenue balances is to reverse the prior carve in/carve out adjustment. The February carve in/carve out adjustment includes both prior period reversal lines and new lines for the current period. Details for the new lines are shown in the following table:

Item	Invoice Amount	Gross Cumulative Billing	Carve Out	Carve In	Effective Cumulative Billing	Carving Adjustment This Period
A	120	82.50	0.68	—	81.82	–0.68
B	—	–37.50	—	—	–37.50	—
C	60	22.50	—	0.46	22.96	0.46

Item	Invoice Amount	Gross Cumulative Billing	Carve Out	Carve In	Effective Cumulative Billing	Carving Adjustment This Period
D	—	–37.50	—	0.22	–37.28	0.22
E	—	0.00	—	—	0.00	—
	180	30.00	0.68	0.68	30.00	0.00

Note: Although the revenue element for item B has a carve out ratio, it has a negative cumulative billed element and cannot participate in carve out.

February month-end adjustments, in addition to the carve in/carve out adjustment, are as follows:

- Revenue recognition journal entry (run prior to reclassification)
- Unbilled receivable adjustment
- Net contract asset or liability per element for arrangement level reclassification

March Activity

In March the remaining amounts are fully billed. Positive amounts are combined with all historical amounts to derive the gross cumulative billing amounts. The gross cumulative billing amount is then allocated during reclassification based on the carving ratios to calculate the effective cumulative billing amounts.

March Invoices 2 and 3

Item	Invoice Amount	Gross Cumulative Billing	Carve Out	Carve In	Effective Cumulative Billing	Carving Adjustment This Period
A	—	82.50	0.68	—	81.82	—
B	180	142.50	60.68	—	81.82	–60.68
C	—	22.50	—	5.25	81.82	58.86
D	90	52.50	—	2.25	81.82	29.10
E	150	150.00	27.28	—	122.72	–27.28
	420	450.00	88.64	88.64	450.00	0.00

March month-end adjustments, in addition to the carve in/carve out adjustment, are as follows:

- Revenue recognition journal entry (run prior to reclassification)
- Reverse unbilled receivable adjustment and net contract asset or liability per element adjustments

At the end of March, four of the five revenue elements are fully recognized. To complete the revenue arrangement, revenue must be recognized for the element for item E in April.

Foreign Currency Adjustment

The foreign currency adjustment represents the foreign currency gain or loss related to recognized and planned revenue amounts that have been billed. This step of deferred revenue reclassification occurs only when an invoice is related to the revenue arrangement.

The general ledger impact for this adjustment is:

- **For a gain** – Debit deferred revenue and credit revenue.
- **For a loss** – Debit revenue and credit deferred revenue.

The revenue side of the adjustment uses the account designated in the Foreign Currency Adjustment Account field of the item record. This field is on the Revenue Recognition/Amortization subtab. By default, the account is set to use the income account set for the item on the Accounting subtab. You can select any other account with an account type of income, other income, expense, or other expense. The account options include the gain and loss accounts generated by the system after qualifying revaluation transactions.

For more information about the Foreign Currency Adjustment Account field, see Item Configuration for Advanced Revenue Management (Essentials) and (Revenue Allocation).

The variance is calculated for the overlapping foreign currency amounts for billing and revenue recognition for each revenue element. This overlap is multiplied by the difference between the effective billing rate and the effective revenue recognition exchange rate.

- **Overlap** – Equals the lesser of the effective cumulative billing and the cumulative revenue recognition. Overlap amounts are always in transaction (foreign) currency. For example, if the cumulative recognized revenue for an element is 200 and the effective cumulative billing is 300, the overlap amount is 200. If the cumulative recognized revenue is 200 and the effective cumulative billing is 150, the overlap amount is 150.
- **Effective Billing Exchange Rate** – Equals effective cumulative billing amount (base) divided by effective cumulative billing amount (source).
- **Effective Revenue Recognition Exchange Rate** – Equals the cumulative revenue recognition amount (base) before foreign currency adjustments divided by the cumulative revenue recognition amount (source).

  The cumulative revenue recognition amount (base) is affected by the accounting preference Exclude Contract Assets from FX Reclassification. If the preference box is clear, include amounts for prior period adjustments for **foreign currency gain or loss on contract assets** in the total. For more information, see Foreign Currency Gain or Loss on Contract Asset.

The foreign currency adjustment is calculated as follows:

> Overlap × (Effective Billing Exchange Rate – Effective Revenue Recognition Exchange Rate) – previous Foreign Currency Adjustments

This adjustment is always at the line level. All amounts in the calculation are for individual revenue elements.

For an example of foreign current adjustments, see Example of Foreign Currency Adjustments During Reclassification.

Example of Foreign Currency Adjustments During Reclassification

In this example, a company with U.S. dollar (USD) as its base currency enters a contract with customer that does business in euros. The contract is in euros (EUR), the transaction (source or foreign) currency. Revenue recognition is spread evenly over 3 periods.

The accounting preference Exclude Contract Asset from FX Reclassification box is checked. Therefore, reclassification generates only foreign currency adjustments related to recognized and planned revenue amounts that have been billed. Deferred revenue balances may remain after all revenue is recognized.

For an example with both foreign currency adjustments, see Example of Foreign Currency Gain or Loss on Contract Assets.

The details for the three periods are as follows:

- January Activity

- February Activity
- March Activity

January Activity

On January 4, the following records are created in NetSuite:

- A sales order with 4 item lines to represent the contract, which totals €420. The sales order uses a currency exchange rate of 1.10 to convert euros in the transaction to U.S. dollars in the general ledger. No discounts are applicable.
- The system generates a revenue arrangement for the sales order with transaction total and total revenue of €420. The arrangement uses the sales price as the fair value, so the revenue amounts equal the discounted sales amounts from the source sales order. The currency exchange rate for the arrangement is the same as the sales order, 1.10.
- On revenue arrangement creation, the system generates actual revenue plans for the revenue elements in the base currency (USD). All plans use the same revenue recognition rule with recognition spread evenly over 3 periods beginning on the arrangement date and ending March 31. The plan exchange rate of 1.10 is the same as the sales order and revenue arrangement.

Sales Order

Item	Quantity	Rate	Discounted Sales Amount
A	100	0.60	€60
B	12	10	€120
C	45	2	€90
D	6	25	€150
Total			€420

Revenue Recognition Plans

Element	Revenue Amount (Source)	Plan Amount (Base)	Amount per Period (Base)	Amount per Period (Source)
Item A	€60	$66	$22	€20
Item B	€120	$132	$44	€40
Item C	€90	$99	$33	€30
Item D	€150	$165	$55	€50
Total	€420	$462	$154	€140

The company does not invoice the customer during January, but it does create revenue recognition journal entries to recognize revenue according to the plans.

When the company runs the reclassification process, the euro to dollar exchange rate is 1.2. The accounting preference Exclude Contract Asset from FX Reclassification box is checked. Thus, although an unbilled receivable adjustment is posted, a foreign currency gain or loss on contract asset adjustment is not created. Since no billing has occurred, there is no billing exchange rate, and no foreign currency adjustment is created. For information about unbilled receivable adjustments, see Unbilled Receivable Adjustment.

January Month-End Summary and Balances

The following table shows the month-end summary and balances for all the accounts.

January 31				
Account	**Debit (Base)**	**Credit (Base)**	**Starting Balance**	**Ending Balance**
Income 1		22.00	0	–22.00
Income 2		44.00	0	–44.00
Income 3		33.00	0	–33.00
Income 4		55.00	0	–55.00
Deferred Revenue 1	22.00	22.00	0	0.00
Deferred Revenue 2	44.00	44.00	0	0.00
Deferred Revenue 3	33.00	33.00	0	0.00
Deferred Revenue 4	55.00	55.00	0	0.00
Unbilled Receivable	154.00		0	154.00

February Activity

On February 1, the company bills a portion of the sales order. The euro to dollar exchange rate on the invoice is 1.2. Because the fair values are the same as the sales prices for the revenue elements, the gross and effective cumulative billing amounts are the same.

February Invoice

Item	Quantity	Amount (Source)	Amount (Base)
A	50	€30	$36
B	5	€50	$60
C	30	€60	$72
D	1	€25	$30
Total		€165	$198

At the end of the period, the company creates journal entries to recognize revenue according to the revenue plans. Then it runs the reclassification process. The first reclassification journal entry is the foreign currency adjustment

February Foreign Currency Adjustment

Because the accounting preference Exclude Contract Asset from FX Reclassification box is checked, no foreign currency gain or loss on contract asset was recognized in the prior period. If the gain or loss on the contract asset had been recognized, the amounts would have been added to the base cumulative revenue recognized. Consequently, the effective revenue recognition exchange rate would have been different.

The following table shows the calculation for the foreign currency adjustment. FX Rate stands for currency exchange rate. In this example, the adjustment is a gain.

Element	Cumulative Rev Rec (Source)	Effective Cumulative Billing (Source)	Overlap (Source)	Cumulative Rev Rec (Base)	Effective Cumulative Billing (Base)	Effective Rev Rec FX Rate	Effective Billing FX Rate	Foreign Currency Adjustment
Item A	€40	€30	€30	$44	$36	1.1	1.2	30 × (1.2 – 1.1) = $3.00
Item B	€80	€50	€50	$88	$60	1.1	1.2	50 × (1.2 – 1.1) = $5.00
Item C	€60	€60	€60	$66	$72	1.1	1.2	60 × (1.2 – 1.1) = $6.00
Item D	€100	€25	€25	$110	$30	1.1	1.2	25 × (1.2 – 1.1) = $2.50
Total	€280	€165		$308	$198			$16.50

Other reclassification journal entries at the end of February are reversal of the prior period unbilled receivable and a new unbilled receivable adjustment.

February Month-End Summary and Balances

The following tables show the month-end summary and balances for all the accounts.

February 1				
Account	**Debit (Base)**	**Credit (Base)**	**Starting Balance**	**Ending Balance**
Accounts Receivable	198.00		0.00	198.00
Deferred Revenue 1		36.00	0.00	–36.00
Deferred Revenue 2		60.00	0.00	–60.00
Deferred Revenue 3		72.00	0.00	–72.00
Deferred Revenue 4		30.00	0.00	–30.00

February 28				
Account	**Debit (Base)**	**Credit (Base)**	**Starting Balance**	**Ending Balance**
Deferred Revenue 1	22.00		–36.00	–14.00
Deferred Revenue 2	44.00		–60.00	–16.00
Deferred Revenue 3	33.00		–72.00	–39.00
Deferred Revenue 4	55.00		–30.00	25.00
Income 1		22.00	–22.00	–44.00
Income 2		44.00	–44.00	–88.00
Income 3		33.00	–33.00	–66.00
Income 4		55.00	–55.00	–110.00

February 28				
Account	**Debit (Base)**	**Credit (Base)**	**Starting Balance**	**Ending Balance**
Deferred Revenue 1	3.00		–14.00	–11.00
Deferred Revenue 2	5.00		–16.00	–11.00
Deferred Revenue 3	6.00		–39.00	–33.00

February 28				
Account	**Debit (Base)**	**Credit (Base)**	**Starting Balance**	**Ending Balance**
Deferred Revenue 4	2.50		25.00	27.50
Income 1		3.00	–44.00	–47.00
Income 2		5.00	–88.00	–93.00
Income 3		6.00	–66.00	–72.00
Income 4		2.50	–110.00	–112.50

February 28				
Account	**Debit (Base)**	**Credit (Base)**	**Starting Balance**	**Ending Balance**
Deferred Revenue 1	22.00		–11.00	11.00
Deferred Revenue 2	44.00		–11.00	33.00
Deferred Revenue 3	33.00		–33.00	0.00
Deferred Revenue 4	55.00		27.50	82.50
Unbilled Receivable		154.00	154.00	0.00

February 28				
Account	**Debit (Base)**	**Credit (Base)**	**Starting Balance**	**Ending Balance**
Unbilled Receivable	126.50		0.00	126.50
Deferred Revenue 1		11.00	11.00	0.00
Deferred Revenue 2		33.00	33.00	0.00
Deferred Revenue 3		0.00	0.00	0.00
Deferred Revenue 4		82.50	82.50	0.00

March Activity

On March 1, the company bills the remaining portion of the sales order. The euro to dollar exchange rate on the invoice is 1.25. Because the fair values are the same as the sales prices for the revenue elements, the gross and effective cumulative billing amounts are the same.

March Invoice

Item	Quantity	Amount (Source)	Amount (Base)
A	50	€30	$37.50
B	7	€70	$87.50
C	15	€30	$37.50
D	5	€125	$156.25
Total		€255	$318.75

At the end of the period, the company creates journal entries to recognize the remaining revenue according to the revenue plans. Then it runs the reclassification process. The first reclassification journal entry is the foreign currency adjustment

March Foreign Currency Adjustment

Because the accounting preference Exclude Contract Asset from FX Reclassification box is checked, no foreign currency gain or loss on contract asset was recognized in the prior period. If the gain or loss on the contract asset had been recognized, the amounts would have been added to the base cumulative revenue recognized. Consequently, the effective revenue recognition exchange rate would have been different.

The following table shows the calculation for the foreign currency adjustment. FX Rate stands for currency exchange rate. In this example, the adjustment is a gain.

Element	Cumulative Rev Rec (Source)	Effective Cumulative Billing (Source)	Overlap (Source)	Cumulative Rev Rec (Base)	Effective Cumulative Billing (Base)	Effective Rev Rec FX Rate	Effective Billing FX Rate	Cumulative Gain/ (Loss)	Foreign Currency Adjustment
Item A	€60	€60	€60	$66	$73.50	1.1	1.225	60 × (1.225 – 1.1) = $7.50	7.50 – 3.00= $4.50
Item B	€120	€120	€120	$132	$147.50	1.1	1.22917	120 × (1.22917 – 1.1) = $15.50	15.50 – 5.00 = $10.50
Item C	€90	€90	€90	$99	$109.50	1.1	1.21667	90 × (1.21667 – 1.1) = $10.50	10.50 – 6.00 = $4.50
Item D	€150	€150	€150	$165	$186.25	1.1	1.24167	150 × (1.24167 – 1.1) = $21.25	21.25 – 2.50 = $18.75
Total	€420	€420		$462	$516.75				$38.25

The other reclassification journal entry at the end of March is the reversal of the prior period unbilled receivable.

March Month-End Summary and Balances

The following tables show the month-end summary and balances for all the accounts.

March 1				
Account	**Debit (Base)**	**Credit (Base)**	**Starting Balance**	**Ending Balance**
Accounts Receivable	318.75		198.00	516.75
Deferred Revenue 1		37.50	—	–37.50
Deferred Revenue 2		87.50	—	–87.50
Deferred Revenue 3		37.50	—	–37.50
Deferred Revenue 4		156.25	—	–156.25

March 31				
Account	**Debit (Base)**	**Credit (Base)**	**Starting Balance**	**Ending Balance**
Deferred Revenue 1	22.00		–37.50	–15.50
Deferred Revenue 2	44.00		–87.50	–43.50
Deferred Revenue 3	33.00		–37.50	–4.50

March 31				
Account	**Debit (Base)**	**Credit (Base)**	**Starting Balance**	**Ending Balance**
Deferred Revenue 4	55.00		–156.25	–101.25
Income 1		22.00	–47.00	–69.00
Income 2		44.00	–93.00	–137.00
Income 3		33.00	–72.00	–105.00
Income 4		55.00	–112.50	–167.50

March 31				
Account	**Debit (Base)**	**Credit (Base)**	**Starting Balance**	**Ending Balance**
Deferred Revenue 1	4.50		–15.50	–11.00
Deferred Revenue 2	10.50		–43.50	–33.00
Deferred Revenue 3	4.50		–4.50	0.00
Deferred Revenue 4	18.75		–101.25	–82.50
Income 1		4.50	–69.00	–73.50
Income 2		10.50	–137.00	–147.50
Income 3		4.50	–105.00	–109.50
Income 4		18.75	–167.50	–186.25

March 31				
Account	**Debit (Base)**	**Credit (Base)**	**Starting Balance**	**Ending Balance**
Deferred Revenue 1	11.00		–11.00	0.00
Deferred Revenue 2	33.00		–33.00	0.00
Deferred Revenue 3	0.00		0.00	0.00
Deferred Revenue 4	82.50		–82.50	0.00
Unbilled Receivable		126.50	126.50	0.00

Unbilled Receivable Adjustment

The unbilled receivable adjustment posts revenue recognized in advance of billing to an unbilled receivables account to record the contract asset. The deferred revenue reclassification process reverses prior unbilled receivable adjustments before calculating the current contract asset, if any.

The accounting preference Unbilled Contract Asset account determines which asset account the system uses for the unbilled receivable adjustment.

When cumulative billing is less than cumulative revenue recognition, **the adjustment debits the selected contract asset account and credits the appropriate deferred revenue account**. When cumulative billing is greater than cumulative revenue recognition, no new unbilled receivable is needed. You may, however, see an unbilled receivable adjustment to reverse a prior adjustment.

The Related Records subtab of revenue arrangements displays the same link type for unbilled receivable adjustments and their reversing adjustments.

The memo for detailed unbilled receivable adjustment journal entries includes the phrase "Total Recognized After FX Adjustment." This phrase refers to the fact that the recognized revenue is cumulative. It does not mean that a foreign currency adjustment has been generated.

Two accounting preferences may significantly affect calculations for contract assets:

- **Unbilled Receivable Adjustment Journal Grouping** – enables you to present contract assets and contract liabilities on a net basis in accordance with ASC 606-10-45-1. The preference is book specific. When Multi-Book Accounting is enabled, the preference appears on the accounting book record instead of the Accounting Preferences page.

  The unbilled receivable adjustment may occur separately for each revenue element, for the combined revenue arrangement, or for a group of elements within the arrangement. The choice is controlled by this accounting preference. For details, see Groupings for Unbilled Receivable Adjustment Journal Entries.
- **Exclude Contract Assets from FX Reclassification** – affects only revenue arrangements that are in a foreign currency. It controls whether foreign currency revaluation for contract assets occurs during deferred revenue reclassification.

  If you enabled Advanced Revenue Management (Essentials) after November 11, 2022, this preference is clear by default. If the box is clear, you cannot check it. When the box is clear, NetSuite includes foreign currency revaluation for the contract asset account in the reclassification process. The reclassification process uses the period-end currency exchange rate of the posting period to calculate contract assets. Reclassification creates an adjustment for foreign currency gain or loss on contract assets when a variance occurs. For information about the adjustment, see Foreign Currency Gain or Loss on Contract Asset.

  If you enabled Advanced Revenue Management (Essentials) before November 11, 2022, this preference is checked by default. When the box is checked, reclassification does not include foreign currency revaluation for the contract asset account. The system records the exchange rate used by the first unbilled receivable adjustment journal entry for each revenue element. This fixed exchange rate is used to calculate all subsequent unbilled receivable adjustment journal entries for the revenue element. Any unrealized gain or loss due to exchange rate fluctuation is included in the period-end foreign currency revaluation for the unbilled receivables account. Deferred revenue balances may remain for foreign currency transactions after all revenue is recognized.

  If you clear the box for this preference, you cannot check it again.

If the quantity on a revenue element is null and the source is a journal entry, the revenue element is treated as fully billed. A negative amount is treated as fully credited. For more information, see Creating Revenue Elements from Journal Entries.

Groupings for Unbilled Receivable Adjustment Journal Entries

The accounting preference **Unbilled Receivable Adjustment Journal Grouping** controls whether the unbilled receivable adjustment is element level, arrangement level, or sub-arrangement group level. This preference is book specific. When Multi-Book Accounting is enabled, the preference appears on the accounting book record instead of the Accounting Preferences page.

The grouping options are as follows:

- **Element** – When you select this option, the unbilled receivable adjustment is calculated for each revenue element. Element level adjustments are posted to the deferred revenue account specified on the revenue element. This option is the default value for the accounting preference.
- **Arrangement** – When you select this option, the unbilled receivable adjustment is calculated for the revenue arrangement as a whole. A net amount ratio determines the portion of the contract asset to apply to each revenue element's deferred revenue account. See Net Amount Ratio.

- **Sub-Arrangement Group** – When you select this option, the unbilled receivable adjustment is calculated for each group of revenue elements in an arrangement. A group is identified by the value of the Unbilled Receivable Group field on the revenue element. If no revenue elements in the arrangement have an unbilled receivable group value, the arrangement is treated as one group. A net amount ratio determines the portion of the group's contract asset to apply to each revenue element's deferred revenue account. See Net Amount Ratio.

  The group concept is limited to the revenue arrangement. If revenue elements on two different arrangements share the same group ID, they are calculated separately. When you merge revenue arrangements, the unbilled receivable group values on the individual elements are carried to the new arrangement. All revenue elements in the new arrangement that have the same group ID are calculated together.

  For an example, see Unbilled Receivable Adjustment Sub-Arrangement Grouping Example.

Accounts may need to be adjusted to present remaining obligations as either net assets or liabilities in accordance with ASC 606-10-45-1. When needed, the reclassification process creates a **Net Contract Asset or Liability per Element** adjustment for arrangement or sub-arrangement group level adjustments. The reclassification process reverses this netting journal in the next period before creating another if needed. For more information, see Net Contract Asset or Liability per Element.

You can change the value of the Unbilled Receivable Adjustment Journal Grouping from a smaller grouping to a larger one. However, you cannot change from a larger grouping to a smaller one. For example, you can change from Element to Sub-Arrangement Group or to Arrangement, but you cannot change from Arrangement to Sub-Arrangement Group or Element. The Default Deferred Revenue Reclassification Account must be set to enable arrangement level or sub-arrangement group level adjustments.

When you first run reclassification after switching from element level to another option, previous element level adjustments are reversed at the element level. Subsequently, the new unbilled receivable adjustment, if any, is created at the arrangement or sub-arrangement group level.

The line-level memo fields of detailed unbilled receivable adjustments include information to help you identify the sources for the adjustment. For deferred revenue account lines, this information includes the revenue arrangement, revenue element, group value, and net amount ratio, as appropriate, for the grouping. The net amount ratio is displayed to three decimal places.

Net Amount Ratio

The net amount ratio determines the portion of the total contract asset or liability to apply to each revenue element's deferred revenue account.

The formula for the net amount ratio is element asset (or liability) divided by total element assets (or liabilities) for the arrangement or sub-arrangement group.

The following table shows the calculation of net amount ratios for a revenue arrangement with a net contract asset and mixed element-level assets and liabilities.

Element	Cumulative Revenue Recognized	Effective Cumulative Billing	Element Asset	Element Liability	Contract Net Asset/ Liability	Net Amount Ratio	Element Deferred Revenue
1	35.00	31.50	3.50	—	3.50	3.50 ÷ 38.50 = 0.0909091	3.18
2	35.00	17.50	17.50	—	17.50	17.50 ÷ 38.50 = 0.4545455	15.91
3	35.00	38.50	—	3.50	–3.50	—	—
4	35.00	17.50	17.50	—	17.50	17.50 ÷ 38.50 = 0.4545455	15.91
Total	140.00	105.00	**38.50**	3.50	**35.00**	1	**35.00**

Unbilled Receivable Adjustment Sub-Arrangement Grouping Example

When you select **Sub-Arrangement Group** for the account preference, the unbilled receivable adjustment is calculated for a group of revenue elements in an arrangement. The group is identified by the value of the Unbilled Receivable Group field on the revenue element. Revenue elements within the arrangement that have the same unbilled receivable group value are calculated together. A net amount ratio determines the portion of the group's contract asset to apply to each revenue element's deferred revenue account. See Net Amount Ratio.

The group concept is limited to the revenue arrangement. If you have revenue elements on two different arrangements that share the same group ID, they are not calculated together for the unbilled receivable adjustment. When you merge revenue arrangements, the unbilled receivable group values on the individual elements are carried to the new arrangement. All revenue elements in the new arrangement that have the same group ID are calculated together.

For example, assume you have the following two revenue arrangements:

Arrangement	Element	Unbilled Receivable Group	Revenue Recognized	Effective Billing	Element Asset	Element Liability	Net Asset or Liability
A	A1	X	100	50	50	—	50
A	A2	X	10	50	—	40	–40
A	A3	X	50	45	5	—	5
B	B1	X	10	5	5	—	5
B	B2	Z	20	10	10	—	10
B	B3	Z	35	40	—	5	–5

The unbilled receivable adjustments for the individual revenue arrangements are calculated as follows:

- All elements in arrangement A are included in sub-arrangement group X.

  The net unbilled receivable adjustment for group X is $15. This amount is the sum of the amounts in the Net Asset/Liability column for the arrangement and group combination. The amount is debited to the unbilled receivable account. Amounts are credited to the deferred revenue accounts for elements A1 and A3 according to their net amount ratios. The total element asset amount for group X is $55, and the net amount ratios are 0.909 and 0.091, respectively.
- Element B1 is adjusted alone. Although its sub-arrangement group is X, it is not in the same revenue arrangement.

  The net unbilled receivable adjustment for this element is $5 debited to unbilled receivable and credited to the deferred revenue account for element B1.
- Elements B2 and B3 are included in sub-arrangement group Z.

  The net unbilled receivable adjustment for this group is $5. This amount, the sum of the amounts in the Net Asset/Liability column for the arrangement and group combination, is debited to the unbilled receivable account. The credit goes to the deferred revenue account for element B2 because 100% of the total element asset for group Z is from this element.

Revenue arrangements A and B have the same customer and can be merged to a new arrangement C. Assuming the values are the same for the elements in the new arrangement, the unbilled receivable adjustment after the merge would be calculated as follows:

- Elements CA1, CA2, CA3, and CB1 are all included in sub-arrangement group X because they belong to the same arrangement.

  The prior posting based on group X in arrangement A is reversed. The prior posting for CB1 is also reversed. The net unbilled receivable adjustment for group X from the column Net Asset/Liability is $20. Amounts are credited to the deferred revenue accounts for elements CA1, CA3, and CB1 according to their net amount ratios. The total element asset amount for group X in arrangement C is $60, and the net amount ratios are 0.833, 0.083, and 0.083, respectively. A required adjustment for rounding is applied to the last line, element CB1.

- Element CB2 and CB3 still belong to group Z.

  The prior posting is reversed, and a new unbilled receivable adjustment is created with the same values as the previous adjustment.

Difference Between Element Level and Arrangement Level Grouping

The accounting preference **Unbilled Receivable Adjustment Journal Grouping** controls whether the unbilled receivable adjustment is element level, arrangement level, or sub-arrangement group level. When Multi-Book Accounting is enabled, the preference is book specific. Then it appears in the header of the accounting book records.

When you select the element level option, the unbilled receivable adjustment is calculated for each revenue element in the arrangement separately.

When you select the arrangement level option, the unbilled receivable adjustment is calculated for the revenue arrangement as a whole. A net amount ratio determines the portion of the contract asset to apply to each revenue element's deferred revenue account. The process creates an adjustment at the end when required to present remaining obligations as either assets or liabilities in accordance with ASC 606-10-45-1. For details, see Net Amount Ratio and Net Contract Asset or Liability per Element.

The following example shows the difference between element level and arrangement level unbilled receivable adjustments.

Example Scenario

The accounts receivable specialist creates a sales order with four different items, each with their own income and deferred revenue accounts. The revenue arrangement generated from the sales order has four revenue elements. The discounted sales amount for all elements is the same as the revenue amount. The transaction currency is the same as the base currency. No allocation or foreign currency adjustments are required. The sales order is partially billed.

The following table shows key amounts for the end of the first period after revenue recognition journal entries are created. The designated income and deferred revenue accounts are also provided.

Item	Total Revenue	Recognized	Billed	Income Account	Deferral Account
1	60	10	12	Income 1	Deferred Revenue 1
2	120	20	10	Income 2	Deferred Revenue 2
3	90	15	38	Income 3	Deferred Revenue 3
4	150	25	25	Income 4	Deferred Revenue 4
Total	420	70	85		

For purposes of this example, the same account is used for all items for accounts receivable. Before reclassification, the account balances from the trial balance are as follows:

Account	Debit	Credit
Accounts Receivable	85	

Account	Debit	Credit
Income 1		10
Income 2		20
Income 3		15
Income 4		25
Deferred Revenue 1		2
Deferred Revenue 2	10	
Deferred Revenue 3		23
Deferred Revenue 4	0	

Reclassification Process

For the **element level** grouping, the process creates an unbilled receivable adjustment for the element for item 2 as shown in the following table. Item 2 is the only element whose Billed amount (10) is less than its Recognized amount (20).

Account	Debit	Credit	Memo
Unbilled Receivable	10.00		Unbilled Receivable Adjustment Debit for Revenue Arrangement #, Element: # Total Billed After Carve (Base Currency): 10.00 Total Recognized After FX Adjustment (Base Currency): 20.00
Deferred Revenue 2		10.00	Unbilled Receivable Adjustment Credit for Revenue Arrangement #, Element: # Total Billed After Carve (Base Currency): 10.00 Total Recognized After FX Adjustment (Base Currency): 20.00

For **arrangement level** grouping, the process does **not** create an unbilled receivable adjustment because the Billed amount (85) is greater than the Recognized amount (70). The process **does** create Net Contract Asset or Liability per Element adjustment to present remaining obligations as net liabilities in accordance with ASC 606-10-45-1. This netting adjustment is shown in the following table.

Account	Debit	Credit	Memo
Deferred Revenue 1	0.80		Net Contract Asset or Liability per Element Debit for Revenue Arrangement #, Element #
Deferred Revenue 2		10.00	Net Contract Asset or Liability per Element Debit for Revenue Arrangement #, Element #
Deferred Revenue 3	9.20		Net Contract Asset or Liability per Element Debit for Revenue Arrangement #, Element #

The account balances from the trial balance after reclassification by the two methods are shown in the following table. The income and accounts receivable account are not affected and are not included.

Account	Balance After Element Level		Balance After Arrangement Level	
	Debit	Credit	Debit	Credit
Unbilled Receivable	10.00		0	
Deferred Revenue 1		2.00		1.20

Account	Balance After Element Level		Balance After Arrangement Level	
	Debit	Credit	Debit	Credit
Deferred Revenue 2	0		0	
Deferred Revenue 3		23.00		13.80
Deferred Revenue 4	0		0	

Foreign Currency Gain or Loss on Contract Asset

This adjustment records the foreign currency gain or loss for the recognized but unbilled portion of foreign currency transactions (the contract asset). The adjustment is created only when the accounting preference Exclude Contract Asset from FX Reclassification box is clear. If the box is checked, deferred revenue balances may remain for foreign currency transactions after all revenue is recognized.

On the Related Records subtab of the revenue arrangement, the journal entry for this adjustment is called Foreign Currency Gain Loss on Contract Asset.

The liability effective billing rate and revaluation rate are used to calculated the foreign currency gain or loss on contract asset.

Liability Effective Billing Rate – Equals the effective cumulative billing amount (base currency) divided by the effective cumulative billing amount (transaction currency) for liability elements only. For more information, see Deferred Revenue Reclassification Report.

Revaluation Rate – Equals the effective billing exchange rate or the effective revenue recognition exchange rate. If the absolute value of the total foreign currency amount billed is greater than the total foreign currency amount recognized, then we use the effective billing exchange rate. If the absolute value of the total foreign currency amount billed is less than the total foreign currency amount recognized, then we use the effective revenue recognition exchange rate. For more information, see Foreign Currency Adjustment.

The gain or loss is calculated at the element level as follows:

Foreign Currency Gain (Loss) =

Unbilled Receivable (transaction currency) x (Period End Exchange Rate – Revaluation Rate)

+ Total Contract Liability for Arrangement (transaction currency) x (Net Amount Ratio) x (Liability Effective Billing Rate – Revaluation Rate)

The effective revenue recognition exchange rate equals the cumulative effective revenue recognition amount (base currency) divided by the cumulative revenue recognition amount (transaction currency).

The cumulative effective revenue recognition amount (base currency) includes prior foreign currency gain or loss on contract assets but not foreign currency adjustments for invoiced and recognized amounts.

For an explanation of the net amount ratio, see Net Amount Ratio.

The general ledger impact for the adjustment for foreign currency gain loss on contract asset is the same as for the foreign currency adjustment:

- For a gain: Debit deferred revenue and credit revenue.
- For a loss: Debit revenue and credit deferred revenue.

For examples, see Example of Foreign Currency Gain or Loss on Contract Assets.

Example of Foreign Currency Gain or Loss on Contract Assets

This example uses the same scenario as in Example of Foreign Currency Adjustments During Reclassification. The difference is that the accounting preference Exclude Contract Asset from FX Reclassification box is clear. Thus, reclassification generates foreign currency adjustments for both recognized and planned revenue amounts that have been billed and for gain or loss on contract assets. Deferred revenue balances are zeroed out after all revenue is recognized.

The scenario is that a company with U.S. dollar (USD) as its base currency enters a contract with customer that does business in euros. The contract is in euros (EUR), the transaction (source or foreign) currency. Revenue recognition is spread evenly over 3 periods.

The details for the three periods are as follows:

- January Activity
- February Activity
- March Activity

January Activity

On January 4, the following records are created in NetSuite:

- A sales order with 4 item lines to represent the contract, which totals €420. The sales order uses a currency exchange rate of 1.10 to convert euros in the transaction to U.S. dollars in the general ledger. No discounts are applicable.
- The system generates a revenue arrangement for the sales order with transaction total and total revenue of €420. The arrangement uses the sales price as the fair value, so the revenue amounts equal the discounted sales amounts from the source sales order. The currency exchange rate for the arrangement is the same as the sales order, 1.10.
- On revenue arrangement creation, the system generates actual revenue plans for the revenue elements in the base currency (USD). All plans use the same revenue recognition rule with recognition spread evenly over 3 periods beginning with January and ending in March. The plan exchange rate of 1.10 is the same as the sales order and revenue arrangement.

Sales Order

Item	Quantity	Rate	Discounted Sales Amount
A	100	0.60	€60
B	12	10	120
C	45	2	90
D	6	25	150
Total			€420

Revenue Recognition Plans

Element	Revenue Amount (Source)	Plan Amount (Base)	Amount per Period (Base)	Amount per Period (Source)
Item A	€60	$66	$22	€20
Item B	€120	$132	$44	€40
Item C	€90	$99	$33	€30

Element	Revenue Amount (Source)	Plan Amount (Base)	Amount per Period (Base)	Amount per Period (Source)
Item D	€150	$165	$55	€50
Total	€420	$462	$154	€140

The company does not invoice the customer during January, but it does create revenue recognition journal entries to recognize revenue according to the plans.

When the company runs the reclassification process, the euro to dollar exchange rate is 1.2. Since no billing has occurred, there is no billing exchange rate, and no foreign currency adjustment is created. The accounting preference Exclude Contract Asset from FX Reclassification box is clear. Thus, after the unbilled receivable adjustment is posted, an adjustment is created for foreign currency gain or loss on contract asset.

January Foreign Currency Gain or Loss on Contract Asset

The following table shows the calculation for the adjustment for foreign currency gain or loss on contract asset. FX Rate in the table stands for currency exchange rate. In this example, the adjustment is a gain. The contract asset is recorded by the unbilled receivable adjustment. For information about this adjustment, see Unbilled Receivable Adjustment.

In January, Contract Asset (Source), shown in the table, is equal to Cumulative Rev Rec (Source), not shown. The revenue arrangement has no contract liability in this period, so that portion of the calculation for the foreign currency gain (loss) is omitted.

Element	Contract Asset (Source)	Cumulative Rev Rec (Base)	Effective Rev Rec FX Rate	Period End FX Rate	Foreign Currency Gain or Loss on Contract Asset
Item A	€20	$22	22 ÷ 20 = 1.1	1.2	20 × (1.2 – 1.1) = $2.00
Item B	€40	$44	44 ÷ 40 = 1.1	1.2	40 × (1.2 – 1.1) = $4.00
Item C	€30	$33	33 ÷ 30 = 1.1	1.2	30 × (1.2 – 1.1) = $3.00
Item D	€50	$55	55 ÷ 50 = 1.1	1.2	50 × (1.2 – 1.1) = $5
Total	€140	$154			$14

February Activity

On February 1, the company bills a portion of the sales order. The euro to dollar exchange rate on the invoice is 1.2. Because the fair values are the same as the sales prices for the revenue elements, the gross and effective cumulative billing amounts are the same.

February Invoice

Item	Quantity	Amount (Source)	Amount (Base)
A	50	€30	$36
B	5	€50	$60
C	30	€60	$72
D	1	€25	$30

Item	Quantity	Amount (Source)	Amount (Base)
Total		€165	$198

At the end of the period, the company creates journal entries to recognize revenue according to the revenue plans. Then it runs the reclassification process. The first reclassification journal entry is the foreign currency adjustment

February Foreign Currency Adjustment

Because Exclude Contract Asset from FX Reclassification is false, foreign currency gain or loss on contract assets was recognized in the prior period. Those amounts have been added to the Cumulative Rev Rec (Base) amounts to calculate the effective revenue recognition exchange rate.

The following table shows the calculation for the foreign currency adjustment. FX Rate stands for currency exchange rate. In this example, the adjustment is a gain.

Element	Cumulative Rev Rec (Source)	Effective Cumulative Billing (Source)	Overlap (Source)	Cumulative Rev Rec (Base)	Effective Cumulative Billing (Base)	Effective Rev Rec FX Rate	Effective Billing FX Rate	Foreign Currency Adjustment
Item A	€40	€30	€30	44 + 2 = $46	$36	46 ÷ 40 = 1.15	1.2	30 × (1.2 – 1.15) = $1.50
Item B	€80	€50	€50	88 + 4 = $92	$60	92 ÷ 80 = 1.15	1.2	50 × (1.2 – 1.15) = $2.50
Item C	€60	€60	€60	66 + 3 = $69	$72	69 ÷ 60 = 1.15	1.2	60 × (1.2 – 1.1) = $3.00
Item D	€100	€25	€25	110 + 5 = $115	$30	115 ÷ 100 = 1.15	1.2	25 × (1.2 – 1.15) = $1.25
Total	€280	€165		308 + 14 = $322	$198			$8.25

February Foreign Currency Gain or Loss on Contract Asset

The following table shows the calculation for the adjustment for foreign currency gain or loss on contract asset. FX Rate in the table stands for currency exchange rate. In this example, the adjustment is a gain. The contract asset is recorded by the unbilled receivable adjustment. For information about this adjustment, see Unbilled Receivable Adjustment.

The revenue arrangement has no contract liability in this period, so that portion of the calculation for the foreign currency gain (loss) is omitted.

Element	Contract Asset (Source)	Cumulative Rev Rec (Source)	Cumulative Rev Rec (Base)	Effective Rev Rec FX Rate	Period End FX Rate	Foreign Currency Gain or Loss on Contract Asset
Item A	€10	€40	44 + 2 = $46	46 ÷ 40 = 1.15	1.25	10 × (1.25 – 1.15) = $1.00
Item B	€30	€80	88 + 4 = $92	92 ÷ 80 = 1.15	1.25	30 × (1.25 – 1.15) = $3.00
Item C	—	€60	66 + 3 = $69	69 ÷ 60 = 1.15	1.25	—
Item D	€75	€100	110 + 5 = $115	115 ÷ 100 = 1.15	1.25	75 × (1.25 – 1.15) = $7.50
Total	€115	€280	308 + 14 = $322			$11.50

Other reclassification journal entries at the end of February are reversal of the prior period unbilled receivable and a new unbilled receivable adjustment.

March Activity

On March 1, the company bills the remaining portion of the sales order. The euro to dollar exchange rate on the invoice is 1.25. Because the fair values are the same as the sales prices for the revenue elements, the gross and effective cumulative billing amounts are the same.

March Invoice

Item	Quantity	Amount (Source)	Amount (Base)
A	50	€30	$37.50
B	7	€70	$87.50
C	15	€30	$37.50
D	5	€125	$156.25
Total		€255	$318.75

At the end of the period, the company creates journal entries to recognize the remaining revenue according to the revenue plans. Then it runs the reclassification process. The first reclassification journal entry is the foreign currency adjustment

March Foreign Currency Adjustment

Because Exclude Contract Asset from FX Reclassification is false, foreign currency gain or loss on contract assets was recognized in prior periods. Those amounts have been added to the Cumulative Rev Rec (Base) amounts to calculate the effective revenue recognition exchange rate.

The following table shows the calculation for the foreign currency adjustment. FX Rate stands for currency exchange rate. In this example, the adjustment is a gain.

Element	Cumulative Rev Rec (Source)	Effective Cumulative Billing (Source)	Overlap (Source)	Cumulative Rev Rec (Base)	Effective Cumulative Billing (Base)	Effective Rev Rec FX Rate	Effective Billing FX Rate	Cumulative Gain or Loss (Base)	Foreign Currency Adjustment
Item A	€60	€60	€60	66 + 2 + 1 = $69	$73.50	69 ÷ 60 = 1.15	1.225	60 × (1.225 – 1.15) = $4.50	4.50 – 1.50= $3.00
Item B	€120	€120	€120	132 + 4 + 3 = $139	$147.50	139 ÷ 120 = 1.1583	1.22917	120 × (1.22917 – 1.1583) = $8.50	8.50 – 2.50 = $6.00
Item C	€90	€90	€90	99 + 3 = $102	$109.50	102 ÷ 90 = 1.1333	1.21667	90 × (1.21667 – 1.1333) = $7.50	7.50 – 3.00 = $4.50
Item D	€150	€150	€150	165 + 5 + 7.50 = $177.50	$186.25	177.50 ÷ 150 = 1.1833	1.24167	150 × (1.24167 – 1.1833) = $8.75	8.75 – 1.25 = $7.50
Total	€420	€420		$462	$516.75			$29.25	$21.00

The other reclassification journal entry at the end of March is the reversal of the prior period unbilled receivable.

Net Contract Asset or Liability per Element

The Net Contract Asset or Liability per Element journal entry adjusts account balances to present remaining obligations as either contract assets or contract liabilities. NetSuite evaluates revenue arrangements for this adjustment (called netting entry for short) only when unbilled receivables are grouped at the arrangement or sub-arrangement group level. The reclassification process reverses any netting entries in the next period.

The netting entry adjusts each element's deferred revenue accounts so no element is a liability when the group is a net asset, and vice versa. After the unbilled receivable adjustment is created, NetSuite evaluates whether the elements appear as contract assets or contract liabilities. The adjustment reverses the amounts that cause any elements not to match the net for the group. The total of the reversed amounts are apportioned to other elements according to their net amount ratios. For an example of the net amount ratio calculation for contract assets, see Net Amount Ratio.

The following examples illustrate the Net Contract Asset or Liability per Element calculations for a contract asset and a contract liability.

Net Contract Asset

The following table uses the net amount ratios from Net Amount Ratio to produce the amounts for the netting entry. The adjustment reverses the element liability amount of 3.50, and applies the balancing credits to the asset lines according to their net amount ratios.

Element	Cumulative Revenue Recognized	Effective Cumulative Billing	Element Asset	Element Liability	Net Amount Ratio	Netting Entry Debit or Credit
1	35	31.50	3.50	—	3.50 ÷ 38.50 = 0.0909091	–0.32
2	35	17.50	17.50	—	17.50 ÷ 38.50 = 0.4545455	–1.59
3	35	38.50	—	3.50	—	**3.50**
4	35	17.50	17.50	—	17.50 ÷ 38.50 = 0.4545455	–1.59
Total	140	105.00	38.50	**3.50**	1	0.00

Net Contract Liability

The following table shows the calculations that support the netting entry in the example provided in Difference Between Element Level and Arrangement Level Grouping. In that example, when arrangement level grouping was applied, the result was a net liability, rather than a contract asset. The adjustment reverses the element asset amount of 10, and applies the balancing debits to the liability lines according to their net amount ratios.

Element	Cumulative Revenue Recognized	Effective Cumulative Billing	Element Asset	Element Liability	Net Amount Ratio	Netting Entry Debit or Credit
1	10	12	—	2	2 ÷ 25 = 0.08	0.80
2	20	10	10	—	—	**–10.00**
3	15	38	—	23	23 ÷ 25 = 0.92	9.20
4	25	25	—	—	—	—
Total	70	85	**10**	25	1	0.00

Defining Assets and Liabilities

The Net Contract Asset or Liability per Element journal entry adjusts account balances to present remaining obligations as either contract assets or contract liabilities. The reclassification process reverses any netting entries in the next period. Revenue arrangements with a combination of positive and negative elements are either assets or liabilities.

When the element is a return, the element is treated as an asset or liability per the conditions in the following table:

Positive Billed Amount			Zero Billed Amount			Negative Billed Amount		
Positive Recognized Amount	**Zero Rec ognized Amount**	**Negative Recognize d Amount**	**Positive R ecognize d Amount**	**Zero Rec ognized Amount**	**Negative Recognize d Amount**	**Positive R ecognize d Amount**	**Zero Rec ognized Amount**	**Negative Recognized Amount**
If the recognized amount – the billed amount > zero, it is an asset. If the recognized amount – billed amount is < zero, it is a liability.	Liability	Asset	Liability	Neither an asset or a liability	Asset	Liability	Liability	If the recognized amount – billed amount is > zero, it is a liability. If the recognized amount – billed amount is < zero, it is an asset.

When the element is not a return or all the elements in a reclass group are returns, the element is treated as an asset or liability per the conditions in the following table:

Positive Billed Amount			Zero Billed Amount			Negative Billed Amount		
Positive Recognized Amount	**Zero Rec ognized Amount**	**Negative Recognize d Amount**	**Positive R ecognize d Amount**	**Zero Rec ognized Amount**	**Negative Recognize d Amount**	**Positive R ecognize d Amount**	**Zero Rec ognized Amount**	**Negative Recognized Amount**
If the recognized amount – the billed amount is > zero, it is an asset. If the recognized amount – billed amount is < than zero, it is a liability.	Liability	Liability	Asset	Neither an asset or a liability	Liability	Asset	Liability	If the recognized amount – billed amount is > zero, it is a liability. If the recognized amount – billed amount is < zero, it is an asset.

Reclassification Examples

The topics for the various types of reclassification journal entries include examples. You can find these examples using the following links:

- Carve In/Carve Out Adjustment Example Retrospective Merge Before Billing
- Carve In/Carve Out Adjustment Example Prospective Merge After Billing
- Example of Foreign Currency Adjustments During Reclassification
- Unbilled Receivable Adjustment Sub-Arrangement Grouping Example
- Example of Foreign Currency Gain or Loss on Contract Assets
- Net Contract Asset or Liability per Element

Recalculating Revenue Forecast Plans

You can recalculate revenue forecast plans to align them with the recognized and planned revenue of the **actual** revenue plans for the revenue element. If the actual plan has not yet been created, the amount for the period is 0.

When you recalculate, NetSuite adjusts the revenue **forecast** plans to match the actual plan amounts as of the selected period. The adjustment is applied according to the reforecast method on the revenue forecast plan. For a description of the reforecast methods, see Reforecast Method.

At month end, generate revenue recognition and reclassification journal entries **before** you recalculate your revenue forecast plans. To ensure that your forecast reports are accurate, always recalculate revenue forecast plans before you run your reports.

For example, consider a revenue element with a revenue amount of $300. The element has an actual revenue recognition plan with a start date of January 1 and an end date of April 30 in the same year. The revenue forecast plan starts January 1 and ends March 31. Both plans use the straight-line, by even periods recognition method. The plans are created on revenue arrangement creation as follows:

Revenue Plan Type	Jan	Feb	Mar	Apr	Total
Actual	75	75	75	75	300
Forecast	100	100	100		300

On January 31, you post the revenue recognition journal entry and run deferred revenue reclassification. The following table shows the results of forecast recalculation for the reforecast method options when the Recalculate as of Period is set to January. The Recalculation Adjustment Period Offset for the Manual method is 3.

Revenue Plan Type	Jan	Feb	Mar	Apr	Total
Actual	75	75	75	75	300
Forecast – Next Period	75	125	100		300
Forecast – Remaining Periods	75	112.50	112.50		300
Forecast – Last Period	75	100	125		300
Forecast – Manual, Offset 3	75	100	100	25	300

Forecast plans, except those for return transactions, may not begin or end with negative amounts. When you recalculate forecast plans, the beginning and ending periods are adjusted as follows:

- When the Reforecast Method is **Next Period** and the **first** period amount is negative, the negative amount is included in the next period. The first period is always positive. For example:
  - If January is negative, the negative amount is added to February's amount.
  - If February is then negative, February's negative amount is added to March's amount.
- When the Reforecast Method is **Last Period** or **Manual** and the **last** period amount is negative, the negative amount is included in the prior period. The last period is always positive. For example:
  - If March is negative, the negative amount is added to February's amount.
  - If February is then negative, February's negative amount is added to January's amount.

Forecast plans for return transactions follow the reverse logic. The first and last periods may not begin or end with positive amounts.

Note: Be sure accounting periods are set up for all the periods in your forecast plans and any offsets before you submit the plans for recalculation. If accounting periods are missing, the process ends with an error.

Create revenue recognition and reclassification journal entries before you recalculate revenue forecast plans to ensure that forecast reports are properly updated. For more information, see Revenue Recognition Forecast Summary Report and Revenue Recognition Forecast Detail Report.

To recalculate revenue forecast plans:

1. Go to Revenue > Revenue Recognition Plans > Recalculate Revenue Forecast Plans.
2. Select a period from the **Recalculate as of Period** list. Revenue forecast plans are aligned with actual revenue plans through the period you select.
3. Filter the list of revenue forecast plans as desired. The filters you select become your default for this page.

   Click **Reset** to restore the filters to their status when you opened the page.

   Completed revenue forecast plans and those without a reforecast method are automatically excluded from the list.
4. Check or clear the **Select Individual Plans** box:
   - When you check the box, only the revenue forecast plans you check in the **Select** column are recalculated. When there are multiple pages of plans and you click **Mark All** or **Unmark All**, only the plans on the current page are affected.
   - When you clear the box, the list of plans displayed is limited to 50.
5. Click **Submit** to begin the recalculation process. The Process Status page opens automatically.

The Revert to Original button recreates revenue forecast plans based on the current revenue element information. This information include revenue amount, revenue recognition forecast rule, and forecast start and end dates if applicable.

Run and Save the Deferred Revenue Waterfall Report

As part of your month-end routine, you should run the Deferred Revenue Waterfall report.

- Run the report as of the current period. Contents of the report can change over time.
- Run this report after you create the month-end revenue recognition and deferred revenue reclassification journal entries.
- Save the results for future review.

For more information, see Deferred Revenue Waterfall Summary Report and Deferred Revenue Waterfall Detail Report.

Reports for Advanced Revenue Management

Reports for Advanced Revenue Management are available from Reports > Revenue menu, and the Revenue group on the Reports page. For those with the Revenue Accountant or Revenue Manager roles, the reports are also available from the Revenue tab and the Revenue page. Many of the reports are the same as those available for the classic revenue recognition features. When both Advanced Revenue Management and the classic features are enabled, results are displayed for both in the shared reports.

Administrators can add the Revenue Recognition Reports permission to custom roles to grant access to the reports for Advanced Revenue Management.

The following reports are designed for revenue reconciliation purposes. The balances in these reports tie directly to the general ledger account balances.

- Deferred Revenue by Customer Report
- Deferred Revenue by Item Report
- Revenue by Customer Report
- Revenue by Item Report

- Billing and Revenue Summary Report
- Deferred Revenue Rollforward Report
- Deferred Revenue Waterfall Summary Report
- Deferred Revenue Waterfall Detail Report

The following reports are designed for expense reconciliation purposes and require the Deferred Expense Reports permission. Use these reports when the accounting preference Enable Advanced Cost Amortization is checked. The balances in these reports tie directly to the general ledger account balances.

- Deferred Expense Waterfall Summary Report
- Deferred Expense Waterfall Detail Report
- Deferred Expense Rollforward Report

The following reports are designed to forecast revenue. These reports are based on revenue recognition plans and **do not** link directly to posted general ledger transactions. Direct posting to deferred revenue or revenue accounts may cause these plan-based reports to differ from general ledger account balances.

- Revenue Recognition Forecast Summary Report
- Revenue Recognition Forecast Detail Report

The following reports provide detailed information about revenue recognition, billing, foreign currency adjustments, and revenue reclassification. Use these reports to monitor and audit reclassification activities associated with recognizing revenue separate from billing.

- Deferred Revenue Reclassification Activity Report
- Deferred Revenue Reclassification Report

Deferred Revenue by Customer Report

The Deferred Revenue by Customer report shows deferred revenue amounts grouped by customer. The customer name is derived from the posted transaction line. This report can be used for revenue recognition reconciliation as its balances tie directly to general ledger account balances. The Amount column shows the Recognition Amount.

To see this report:

1. Go to Revenue > Revenue Reports > Deferred Revenue By Customer.
2. Select a value in the **As of** filter.
3. Select a value in the **Subsidiary Context** filter if you have a OneWorld account and access to multiple subsidiaries.
4. Select a value in the **Accounting Book** filter if you are using Multi-Book Accounting and have access to multiple accounting books.
5. Click **Refresh** to apply your filters.

Deferred Revenue by Item Report

The Deferred Revenue by Item report shows deferred revenue amounts grouped by item. This report can be used for revenue recognition reconciliation as its balances tie directly to general ledger account balances. The Amount column shows the Recognition Amount.

To see this report:

1. Go to Revenue > Revenue Reports > Deferred Revenue By Item.
2. Select a value in the **As of** filter.
3. Select a value in the **Subsidiary Context** filter if you have a OneWorld account and access to multiple subsidiaries.
4. Select a value in the **Accounting Book** filter if you are using Multi-Book Accounting and have access to multiple accounting books.
5. Click **Refresh** to apply your filters.

Revenue by Customer Report

The Revenue by Customer report shows recognized revenue amounts grouped by customer. This report can be used for revenue recognition reconciliation. Its balances tie directly to the income statement.

To see this report:

1. Go to Revenue > Revenue Reports > Revenue By Customer.
2. Select a value in the **Period** filter.

   The **From** and **To** values update automatically.
3. Select a value in the **Subsidiary Context** filter if you have a OneWorld account and access to multiple subsidiaries.
4. Select a value in the **Accounting Book** filter if you are using Multi-Book Accounting and have access to multiple accounting books.
5. Click **Refresh** to apply your filters.

Revenue by Item Report

The Revenue by Item report shows recognized revenue amounts grouped by item. This report can be used for revenue recognition reconciliation. Its balances tie directly to the income statement.

To see this report:

1. Go to Revenue > Revenue Reports > Revenue By Item.
2. Select a value in the **Period** filter.

   The **From** and **To** values update automatically.
3. Select a value in the **Subsidiary Context** filter if you have a OneWorld account and access to multiple subsidiaries.
4. Select a value in the **Accounting Book** filter if you are using Multi-Book Accounting and have access to multiple accounting books.
5. Click **Refresh** to apply your filters.

Deferred Revenue Waterfall Summary Report

The Deferred Revenue Waterfall Summary report reconciles the deferred revenue account balance on the balance sheet and provides a forecast of the expected revenue stream. Run this report after you create revenue recognition and deferred revenue reclassification journal entries for the current period. For more information, see Month-End Revenue Processing.

The Deferred Revenue Waterfall report divides deferred revenue into the following categories:

- **Prior Unrecognized** – Deferred revenue planned for recognition by the end of the current period but not yet recognized. If you have **not** completed the month-end revenue recognition journal entries for the current period, those amounts are included. When all amounts have been recognized, this column is not displayed.
- **Short-term deferred revenue** – Deferred revenue planned for recognition in the short term. This category is further divided into columns for each of the months. The number of months is determined by the accounting preference Number of Short-Term Revenue Periods. The default is 12.
- **Long-term deferred revenue** – Deferred revenue planned for recognition after the number of months set for short-term deferred revenue. This is the **Thereafter** column of the report.
- **Unplanned deferred revenue** – Billed, unrecognized, and not yet in actual revenue plans. This amount is usually equal to the deferred revenue balance minus the total unrecognized amount. The total unrecognized amount is the prior unrecognized plus the short-term deferred revenue and the long-term deferred revenue. The maximum unplanned deferred revenue is capped at the total revenue amount for each element.

The report includes the following additional columns:

- Deferred Revenue Account
- Revenue Account
- Deferred Revenue Balance

Report results are summarized by deferred revenue account and by revenue account.

To view this report:

1. Go to Revenue > Revenue Reports > Deferred Revenue Waterfall.
2. Accept the default value in the **As of** filter. The default is the current period.

   The accounting preference **Number of Short-Term Expense Periods** determines the maximum number of months displayed after this period. For example, for the current period December 2021 with 12 short-term expense periods, the 12 months shown are January 2022 – December 2022. You see fewer months if schedules and plans do not extend through all the possible months.
3. Select a value in the **Subsidiary Context** filter if you have a OneWorld account and access to multiple subsidiaries.
4. Select a value in the **Accounting Book** filter if you are using Multi-Book Accounting and have access to multiple accounting books.
5. Click **Refresh** to apply your filters.

Deferred Revenue Waterfall Detail Report

The Deferred Revenue Waterfall Detail report reconciles the deferred revenue account balance on the balance sheet and provides a forecast of the expected revenue stream. Run this report after you create revenue recognition and deferred revenue reclassification journal entries for the current period. For more information, see Month-End Revenue Processing.

The Deferred Revenue Waterfall Detail report divides deferred revenue into the following categories:

- **Prior Unrecognized** – Deferred revenue planned for recognition by the end of the current period but not yet recognized. If you have **not** completed the month-end revenue recognition journal entries for the current period, those amounts are included. When all amounts have been recognized, this column is not displayed.

- **Short-term deferred revenue** – Deferred revenue planned for recognition in the short term. This category is further divided into columns for each of the months. The number of months is determined by the accounting preference Number of Short-Term Revenue Periods. The default is 12.
- **Long-term deferred revenue** – Deferred revenue planned for recognition after the number of months set for short-term deferred revenue. This is the **Thereafter** column of the report.
- **Unplanned deferred revenue** – Billed, unrecognized, and not yet in actual revenue plans. This amount is usually equal to the deferred revenue balance minus the total unrecognized amount. The total unrecognized amount is the prior unrecognized plus the short-term deferred revenue and the long-term deferred revenue. The maximum unplanned deferred revenue is capped at the total revenue amount for each element.

The report includes the following additional columns:

- Customer (from the revenue element on the revenue arrangement)
- Unbilled Receivable Group
- Currency (when the Multiple Currencies feature is enabled). This is the transaction currency. Amounts are in base currency.
- Source Document #
- Source Type
- Item
- Deferred Revenue Account
- Revenue Account
- Deferred Revenue Balance

Only revenue elements with a deferred revenue balance appear in this report. Click the values in the Customer and Transaction Number columns to open the associated records.

Report results are grouped by customer.

You can identify the source type in the report and drill down to the original source. The following table shows how the source type in the report is derived from transactions.

Transactions	1st Level Parent	2nd Level Parent	3rd Level Parent	Source Type
Sales Order	Sales Order			—
Invoice created from a Sales Order	Invoice	Sales Order		Sales Order **Note:** The source type is the sales order if you have not updated the revenue arrangement.
Revenue Arrangement created from a Invoice and Sales Order	Revenue Arrangement	Invoice	Sales Order	Revenue Arrangement
Return Authorization	Return Authorization			—
Credit Memo created from a Return Authorization	Credit Memo	Return Authorization		Return Authorization
Invoice	Invoice			Invoice

Transactions	1st Level Parent	2nd Level Parent	3rd Level Parent	Source Type
				Note: The source type is the invoice if you have not updated the revenue arrangement.
Revenue Arrangement created from a Invoice	Revenue Arrangement	Invoice		Revenue Arrangement
Journal entry	Journal entry			Journal **Note:** The source type is the journal entry if you have not updated the revenue arrangement.
Revenue Arrangement created from a Journal Entry	Revenue Arrangement	Journal Entry		Revenue Arrangement
Credit Memo	Credit Memo			Credit Memo **Note:** The source type is the credit memo if you have not updated the revenue arrangement.
Revenue Arrangement created from a Credit Memo	Revenue Arrangement	Credit Memo		Revenue Arrangement
Cash Sale	Cash Sale			Cash Sale **Note:** The source type is the cash sale if you have not updated the revenue arrangement.
Revenue Arrangement created from a Cash Sale	Revenue Arrangement	Cash Sale		Revenue Arrangement
Cash Refund	Cash Refund			Cash Refund **Note:** The source type is the cash refund if you have not updated the revenue arrangement.
Revenue Arrangement created from a Cash Refund	Revenue Arrangement	Cash Refund		Revenue Arrangement

To view this report:

1. Go to Revenue > Revenue Reports > Deferred Revenue Waterfall > Detail.

2. Accept the default value in the **As of** filter. The default is the current period.

   The accounting preference **Number of Short-Term Expense Periods** determines the maximum number of months displayed after this period. For example, for the current period December 2021 with 12 short-term expense periods, the 12 months shown are January 2022 – December 2022. You see fewer months if schedules and plans do not extend through all the possible months.
3. Select a value in the **Subsidiary Context** filter if you have a OneWorld account and access to multiple subsidiaries.
4. Select a value in the **Accounting Book** filter if you are using Multi-Book Accounting and have access to multiple accounting books.
5. Click **Refresh** to apply your filters.

Revenue Recognition Forecast Summary Report

The Revenue Recognition Forecast Summary report shows the amounts of deferred and recognized revenue for customer obligations. You can use this report to view the totals for deferred revenue and the periods when revenue recognition is planned. Be sure to recalculate your revenue forecast plans before you run this report. For instructions, see Recalculating Revenue Forecast Plans.

> **Note:** This report is based on forecast revenue recognition and does not link directly to posted general ledger transactions. Its balances may not match general ledger balances. Other reports are better suited for reconciliation purposes. For a listing of these reports, see Reports for Advanced Revenue Management.

When you disable forecast plan creation, this report no longer includes forecasted lines. The accounting preference Disable Creation of Forecast Plans controls whether revenue recognition forecast plans are created. For information, see Setting Advanced Revenue Management (Essentials) Preferences.

The report is grouped by customer and source document. It includes the following columns:

- **Source Document** – Click the values in this column to open the associated records.
- **Currency**
- **Source Document Type** – Click the values in this column to open the associated records.
- **Element** – Click the values in this column to open the associated records.
- **Type** – Indicates whether the row is Revenue, Contract Acquisition Cost, Item Resale Cost, or Item Labor Cost.
- **Deferred Revenue Account** – Click the values in this column to open the account register.
- **Revenue Account** – Click the values in this column to open the account register.
- **Is Recognized** – Indicates whether the number in the Amount column has been recognized (T) or is planned (F).
- **Status** – Each line from the source document may have up to three rows in the report. The number of rows depends on the revenue status and the number of periods included in the report. Only rows with non-zero values are displayed.
  - **Forecasted** – Amount in forecast revenue plans less amount already recognized and amounts planned in the actual revenue plan.
  - **Planned** – Unrecognized amount in actual revenue plans.
  - **Planned on hold** – Unrecognized amount in actual revenue plans on hold. A line cannot have both the status Planned and Planned on hold.

- **Recognized** – Amount recognized through revenue recognition and deferred revenue reclassification journal entries.
- **Projected Foreign Currency Revenue Variance** – Shows the potential foreign exchange (FX) gain or loss in future revenue entries. The gain or loss is calculated based on the difference between the revenue plan FX rate and the average billing FX rate.
- **Amount**

To view this report:

1. Go to Reports > Revenue > Revenue Recognition Forecast.
2. Select a value in the **Period** filter.

   The **From** and **To** values update automatically.
3. Use these additional filters as needed:
   - If you have a OneWorld account, select a value in the **Subsidiary Context** filter to access multiple subsidiaries.
   - If you are using Multi-Book Accounting, select a value in the **Accounting Book** filter to access different accounting books.
   - Use the **Forecasting Components** multi-select filter to choose the type of components displayed in the report. The options are Revenue Recognition, Contract Acquisition Cost, Item Resale Cost, and Labor Cost. Options are included in the filter only when the results include components of that type. If the **Forecasting Components** filter is not visible, click the More icon MORE to show the filter.
4. Click **Refresh** to apply your filters.

Revenue Recognition Forecast Detail Report

The Revenue Recognition Forecast Detail report shows the amounts of deferred and recognized revenue for revenue arrangements. You can use this report to view details about deferred revenue and the periods when revenue recognition is planned. Be sure to recalculate your revenue forecast plans before you run this report. For instructions, see Recalculating Revenue Forecast Plans.

> **Note:** This report is based on forecast revenue recognition and does not link directly to posted general ledger transactions. Its balances may not match general ledger balances. Other reports are better suited for reconciliation purposes. For a listing of these reports, see Reports for Advanced Revenue Management.

When you disable forecast plan creation, this report no longer includes forecasted lines. The accounting preference Disable Creation of Forecast Plans controls whether revenue recognition forecast plans are created. For information, see Setting Advanced Revenue Management (Essentials) Preferences.

The report includes the same columns as the Revenue Recognition Forecast Summary Report, but it is not grouped. It includes the following additional columns:

- Customer:Job
- Date
- Item Name

You can click these additional columns to open the associated records.

To view this report:

1. Go to Reports > Revenue > Revenue Revenue Recognition Forecast.
2. Select a value in the **Period** filter.

   The **From** and **To** values update automatically.
3. Use these additional filters as needed:
   - If you have a OneWorld account, select a value in the **Subsidiary Context** filter to access multiple subsidiaries.
   - If you are using Multi-Book Accounting, select a value in the **Accounting Book** filter to access different accounting books.
   - Use the **Forecasting Components** multi-select filter to choose the type of components displayed in the report. The options are Revenue Recognition, Contract Acquisition Cost, Item Resale Cost, and Labor Cost. Options are included in the filter only when the results include components of that type. If the **Forecasting Components** filter is not visible, click MORE to show the filter.
4. Click **Refresh** to apply your filters.

Billing and Revenue Summary Report

The Billing and Revenue Summary report displays billing, revenue recognition, and revenue deferral data for sales transactions and projects. The report includes the following columns:

- Date
- Source Document Number
- Source Type
- Revenue Arrangement
- Customer
- Amount
- Total Amount Billed
- Total Amount Planned
- Total Amount Recognized
- Total Amount Deferred

Click the values in the first four columns to open the associated records.

Note: Invoice is displayed as the source type for charge-based projects.

To see this report:

1. Go to Revenue > Revenue Reports > Billing and Revenue Summary.
2. Adjust the values for **Date**, **To**, and **From**.
3. Select a value in the **Subsidiary Context** filter if you have a OneWorld account and access to multiple subsidiaries.
4. Select a value in the **Accounting Book** filter if you are using Multi-Book Accounting and have access to multiple accounting books.

5. Click **Refresh** to apply your filters.

If you are customizing this report, you can find source transaction fields, including custom header fields, under Source Transactions in the Add Fields list. For additional information about customizing this and other reports, see the help topic Report Customization.

Deferred Revenue Reclassification Activity Report

The Deferred Revenue Reclassification Activity Report shows a detailed log of all related revenue transactions including:

- Billing transactions
- Revenue recognition journal entries
- Billing amount allocation journal entries
- Foreign currency gain/loss adjustments
- Unbilled receivable adjustments

Use this report to reconcile deferred revenue and unbilled receivable balances on the balance sheet from the prior month value to the current month value. The report shows the activities that created the current account balances. The sum of all amounts for an account on this report equals the amount on the balance sheet for that account.

Report results are grouped by customer, revenue arrangement, and individual revenue element. Negative elements for transactions, such as return authorizations and credit memos, are reported in combination with their linked positive element. Stand-alone negative elements for posting transactions are listed at the end of the customer group.

You can filter this report for a range of transaction activity dates. Customize the report to add additional filters such as currency, customer, and deferred revenue account.

This report includes the following columns:

- Line Number
- Transaction ID
- Transaction Date
- Transaction Type
- Unbilled Receivable Group
- Source Transaction Currency
- Deferred Revenue Account
- Deferred Revenue Amount (Tran Curr)
- Deferred Revenue Amount (Base Curr)
- Offsetting Account
- Offsetting Amount (Tran Curr)
- Offsetting Amount (Base Curr)

To view this report:

1. Go to Revenue > Revenue Reports > Deferred Revenue Reclassification Activity

2. Set the filters for the report.
   - For the **Date, From,** and **To** fields, select a date range for the reclassification activities you want to see.
   - Select a value in the **Subsidiary Context** filter if you have a OneWorld account and access to multiple subsidiaries.
   - Select a value in the **Accounting Book** filter if you are using Multi-Book Accounting and have access to multiple accounting books.
   - Select **More** to expand the filter and set additional filters.
3. Click **Refresh** to apply your filters.

Deferred Revenue Reclassification Report

Use this report to audit the reclassification activities shown in the Deferred Revenue Reclassification Activity Report. It provides detailed information about how the reclassification journal entry amounts are calculated for each order line. You can also use this report to forecast the recognition periods for current outstanding deferred revenue balances.

When you run this report, NetSuite stores a snapshot of the values in the accounts. You must run the reclassification process before you run the report to get the latest status for the period. For information, see Creating Reclassification Journal Entries.

Report results are grouped by customer, revenue arrangement, and individual revenue element. You can filter this report for a range of transaction dates, and select the effective date for the transaction report results. Customize the report to add filters such as currency and customer.

Some columns appear only if the Advanced Revenue Management (Revenue Allocation) feature is enabled. For information about enabling this feature, see Enabling the Advanced Revenue Management (Revenue Allocation) Feature.

This report includes the following columns:

- **Line Number**
- **Element Number**
- **Currency**
- **Total Amount (Tran Curr)** – Total amount for the line from sales order in transaction currency
- **Total Revenue Allocation Amount (Tran Curr)** – Revenue amount for the line from revenue arrangement. This column appears only when the Advanced Revenue Management (Revenue Allocation) feature is enabled.
- **Gross Cumulative Billing Amount (Tran Curr)** – Total cumulative amount billed in transaction currency.
- **Carve Out Amount (Tran Curr)** – Deferred revenue amount required to reduce the gross cumulative billing amount to the effective cumulative billing amount in transaction currency. This column appears only when the Advanced Revenue Management (Revenue Allocation) feature is enabled.
- **Carve In Amount (Tran Curr)** – Deferred revenue amount required to increase the gross cumulative billing amount to the effective cumulative billing amount in transaction currency. This column appears only when the Advanced Revenue Management (Revenue Allocation) feature is enabled.
- **Effective Cumulative Billing Amount (Tran Curr)** – Gross cumulative billing amount plus the carve in/carve out amount in transaction currency
- **Gross Cumulative Billing Amount (Base Curr)** – The total cumulative amount billed in base currency

- **Carve Out Amount (Base Curr)** – Deferred revenue amount required to reduce the gross cumulative billing amount to the effective cumulative billing amount in base currency. This column appears only when the Advanced Revenue Management (Revenue Allocation) feature is enabled.
- **Carve In Amount (Base Curr)** – Deferred revenue amount required to increase the gross cumulative billing amount to the effective cumulative billing amount in base currency. This column appears only when the Advanced Revenue Management (Revenue Allocation) feature is enabled.
- **Effective Cumulative Billing Amount (Base Curr)** – Gross cumulative billing amount plus carve in/ carve out amount in base currency
- **Average Billing FX Rate** – Effective Cumulative Billing Amount (Base Curr) ÷ Effective Cumulative Billing Amount (Tran Curr)
- **Current Period Deferred Revenue Adjustment (Base Curr)** – Amount posted by the carve in/carve out calculation in this period to reach the effective cumulative billing amount
- **Deferred Revenue Account**
- **Cumulative Rev Rec Amount (Tran Curr)**
- **Cumulative Rev Rec Amount Before FX Adjustment (Base Curr)** – Includes previous adjustments for foreign currency gain or loss on contract assets if applicable. These adjustments occur only when the box is clear for the Exclude Contract Asset from FX Reclassification accounting preference.
- **Average Rev Rec Rate** – Weighted average revenue recognition exchange rates
- **Overlapping Amount (Tran Curr)**
- **Cumulative Gain/Loss** – Equals the (Average Billing FX Rate – Average Rev Rec Rate) × Overlapping Amount
- **Current Period FX Adjustment**
- **Cumulative Rev Rec Amount After FX Adjustment (Base Curr)**
- **Revenue Account**
- **Unbilled Receivable Group** – Populated only when the corresponding field on the revenue element contains a value
- **Cumulative Unbilled Receivable Amount (Tran Curr)**
- **Cumulative Unbilled Receivable Amount (Base Curr)**

This report may include an Unbilled Receivable Adjustment row for some revenue arrangements. Prior to 2021.1, when revenue arrangements or sub-arrangement groups had an unbilled receivable adjustment, the report included an Unbilled Receivable Adjustment row. This row showed the amount posted to the contract asset account determined by the accounting preference **Unbilled Contract Asset Account**. For periods prior to your upgrade to 2021.1, you see this row if the arrangement included an unbilled receivable adjustment. Any unbilled receivable adjustments that were not reversed prior to 2021.1 also use this row when the adjustment is reversed.. For additional information, see Groupings for Unbilled Receivable Adjustment Journal Entries.

> **Note:** Rounding may introduce small errors in this report for foreign currency transactions. This report rounds the Overlapping Amount (Tran Curr), Cumulative Gain/Loss, and Cumulative Rev Rec Amount After FX Adjustment (Base Curr) columns to two decimal places. The rounding may cause a small difference between the Effective Cumulative Billing Amount (Base) and the Cumulative Rev Rec Amount After FX Adjustment (Base). Actual account balances are not affected.

To view this report:

1. Go to Revenue > Revenue Reports > Deferred Revenue Reclassification
2. Select **More** to expand the footer.

- For the **Date**, **From**, and **To** fields, select a date range that includes the date of the transactions you want to run the report for. For example, to view revenue reclassification activity for a revenue arrangement dated 7/15/2021, you must enter a date range that includes 7/15/2021.
- For the **As of** date, select the ending period date for the report. The report returns the deferred revenue reclassification activity through this date.
- Select a value in the **Subsidiary Context** filter if you have a OneWorld account and access to multiple subsidiaries.
- Select a value in the **Accounting Book** filter if you are using Multi-Book Accounting and have access to multiple accounting books.

3. Click **Refresh** to apply your filters.

Deferred Revenue Rollforward Report

The Deferred Revenue Rollforward Report consolidates components of the Deferred Revenue by Customer, Revenue by Customer, and Billing and Revenue Summary reports. It is designed to help reconcile the movement of revenue from the balance sheet to the income statement. It starts with the beginning deferred revenue balance and displays the activities for the selected period range to arrive at the ending deferred balance.

In OneWorld accounts, this report is intended to be run at each subsidiary level. When run as a consolidated report, the calculation of the Variance column is different. For an explanation of the difference, see Deferred Revenue Rollforward Summary Report.

The report displays the results of all transactions to users with permission to see it, regardless of any role restrictions on transactions. The Revenue Recognition Reports permission is required.

The Deferred Revenue Rollforward Report consists of three linked reports:

- Deferred Revenue Rollforward Summary Report
- Deferred Revenue Rollforward Customer Summary Report
- Deferred Revenue Rollforward Transaction Detail Report

The Deferred Revenue Rollforward reports always report by period regardless of the setting in your Analytics preferences.

Deferred Revenue Rollforward Summary Report

The Deferred Revenue Rollforward Summary report includes the following columns:

- **Deferred Revenue Account** – All deferred revenue accounts are included. The deferred revenue account is derived either from the item record or from the deferral account specified on the revenue account record. In the summary report, you can click through from this column to the deferred revenue register report.
- **Beginning Balance** – The total in this column ties to the deferred revenue balance on the balance sheet at the end of the previous period.
- **New Transactions** – This column includes new invoices, credit memos, cash sales, and cash refunds posted to the deferred revenue account during the selected date range.
- **Adjustments** – Adjustments include debits and credits to the deferred revenue balance that do not impact revenue accounts. This includes deferred revenue reclassification journal entries. Adjustments also include manual journal entries from deferred revenue to revenue.

- **Revenue** – This column is the amount posted to revenue accounts as revenue is recognized during the selected date range. It includes system-generated revenue recognition journal entries and foreign currency revaluation entries generated from deferred revenue reclassification. It also includes manual journal entries that debit or credit revenue. The total in this column ties to the income statement revenue balance for the same date range.
- **Variance** – This column includes foreign currency gain and loss adjustments from the second step of the reclassification process. If you select a consolidated subsidiary context in OneWorld instead of the intended individual subsidiary context, the value is different. In a consolidated context, the variance is calculated as equal to Ending Balance – (Beginning Balance + New Transactions + Adjustments + Revenue).
- **Ending Balance** – This is the deferred revenue balance. It ties to the deferred revenue balance on the balance sheet for the same period.

An unlabeled line in this report includes transactions with items that do not have an associated deferred revenue account.

To view this report:

1. Go to Revenue > Revenue Reports > Deferred Revenue Rollforward.
2. Adjust the values for **Date**, **To**, and **From**.
3. Select a single subsidiary value (not consolidated) in the **Subsidiary Context** filter if you have a OneWorld account and access to multiple subsidiaries. When you run a consolidated report, the calculation of the Variance column is different.
4. Select a value in the **Accounting Book** filter if you are using Multi-Book Accounting and have access to multiple accounting books.
5. Click **Refresh** to apply your filters.

Deferred Revenue Rollforward Customer Summary Report

> **Note:** If you have a large number of transactions, schedule this report to run in the background during off-peak hours and alert you when finished. For information, see the help topic Scheduling a Report.

The Deferred Revenue Rollforward By Customer Summary report adds detail to the Deferred Revenue Rollforward Summary Report by including a Customer column. The customer name is derived from the revenue element.

Any line labeled Unassigned in this report includes transactions with items that do not have an associated deferred revenue account.

To view this report:

1. Go to Revenue > Revenue Reports > Deferred Revenue Rollforward > Customer Summary.
2. Adjust the values for **Date**, **To**, and **From**.
3. Select a single subsidiary value (not consolidated) in the **Subsidiary Context** filter if you have a OneWorld account and access to multiple subsidiaries. When you run a consolidated report, the calculation of the Variance column is different.
4. Select a value in the **Accounting Book** filter if you are using Multi-Book Accounting and have access to multiple accounting books.
5. Click **Refresh** to apply your filters.

Deferred Revenue Rollforward Transaction Detail Report

Note: If you have a large number of transactions, schedule this report to run in the background during off-peak hours and alert you when finished. For information, see the help topic Scheduling a Report.

The Deferred Revenue Rollforward Transaction Details report adds Source Document Type and Source Document Number columns. The other columns shown are the same as in the Deferred Revenue Rollforward Customer Summary Report. This report is grouped by Source Document Number, Customer, and Deferred Revenue Account.

For the classic revenue recognition features, return authorizations appear on separate lines from their related sales orders and invoices. Credit memos are also displayed on different lines than their related invoices.

Any line labeled Unassigned in this report includes transactions with items that do not have an associated deferred revenue account.

You can identify the source document type in the report and drill down to the original source. The following table shows how the source document type in the report is derived from transactions.

Transactions	1st Level Parent	2nd Level Parent	3rd Level Parent	Source Document Type
Sales Order	Sales Order			—
Invoice created from a Sales Order	Invoice	Sales Order		Sales Order **Note:** The source document type is the sales order if you have not updated the revenue arrangement.
Revenue Arrangement created from a Invoice and Sales Order	Revenue Arrangement	Invoice	Sales Order	Revenue Arrangement
Return Authorization	Return Authorization			—
Credit Memo created from a Return Authorization	Credit Memo	Return Authorization		Return Authorization
Invoice	Invoice			Invoice **Note:** The source document type is the invoice if you have not updated the revenue arrangement.
Revenue Arrangement created from a Invoice	Revenue Arrangement	Invoice		Revenue Arrangement
Journal Entry	Journal Entry			Journal

Transactions	1st Level Parent	2nd Level Parent	3rd Level Parent	Source Document Type
				Note: The source document type is the journal entry if you have not updated the revenue arrangement.
Revenue Arrangement created from a Journal Entry	Revenue Arrangement	Journal Entry		Revenue Arrangement
Credit Memo	Credit Memo			Credit Memo **Note:** The source document type is the credit memo if you have not updated the revenue arrangement.
Revenue Arrangement created from a Credit Memo	Revenue Arrangement	Credit Memo		Revenue Arrangement
Cash Sale	Cash Sale			Cash Sale **Note:** The source document type is the cash sale if you have not updated the revenue arrangement.
Revenue Arrangement created from a Cash Sale	Revenue Arrangement	Cash Sale		Revenue Arrangement
Cash Refund	Cash Refund			Cash Refund **Note:** The source document type is the cash refund if you have not updated the revenue arrangement.
Revenue Arrangement created from a Cash Refund	Revenue Arrangement	Cash Refund		Revenue Arrangement

To view this report:

1. Go to Revenue > Revenue Reports > Deferred Revenue Rollforward > Detail.
2. Adjust the values for **Date**, **To**, and **From**.
3. Select a single subsidiary value (not consolidated) in the **Subsidiary Context** filter if you have a OneWorld account and access to multiple subsidiaries. When you run a consolidated report, the calculation of the Variance column is different.

4. Select a value in the **Accounting Book** filter if you are using Multi-Book Accounting and have access to multiple accounting books.
5. Click **Refresh** to apply your filters.

> **Note:** Report data is truncated when the number of transactions in the report period exceeds 100,000.

Deferred Expense Waterfall Summary Report

The Deferred Expense Waterfall Summary report is available when either of these features is enabled:

- Amortization
- Advanced Revenue Management (Essentials)

The Deferred Expense Waterfall Summary report reconciles the deferred expense account balance on the balance sheet and provides a forecast of the expected expense stream. The report displays the results of all transactions to users with permission to see it, regardless of any role restrictions on transactions. The report is accessible to those whose role includes the Deferred Expense Reports permission.

Run this report after the following processes:

- Revenue recognition journal entry creation if you use Advanced Revenue Management (Essentials) with the Enable Advanced Cost Amortization accounting preference checked
- Amortization journal entry creation if you use Amortization

Manual journal entries posted directly to a deferred expense account are included regardless of whether automated amortization or revenue recognition journal entries have been generated.

The Deferred Expense Waterfall report divides deferred expense into the following categories:

- **Prior Unrecognized** – Deferred expense planned for recognition by the end of the current period but not yet recognized. If you have **not** completed the month-end revenue recognition or amortization journal entries for the current period, those amounts are included. When all amounts have been recognized, this column is not displayed.
- **Short-term deferred expense** – Deferred expense planned for recognition in the short term. This category is further divided into columns for each of the months. The number of months is determined by the accounting preference Number of Short-Term Expense Periods. The default is 12.
- **Long-term deferred expense** – Deferred expense planned for recognition after the number of months set for short-term deferred expense. This is the **Thereafter** column of the report.
- **Unplanned deferred expense** – Billed, unrecognized, and not yet in actual cost amortization plans or amortization schedules.

The report includes the following additional columns:

- Deferred Expense Account
- Expense Account
- Deferred Expense Balance

Report results are summarized by deferred expense account and by expense account.

To view this report:

1. Go to Reports > Financial > Deferred Expense Waterfall.

2. Accept the default value in the **As of** filter. The default is the current period.

   The accounting preference Number of Short-Term Expense Periods determines the maximum number of months displayed after this period. For example, for the current period December 2021 with 12 short-term expense periods, the 12 months shown are January 2022 – December 2022. You see fewer months if schedules and plans do not extend through all the possible months.
3. Select a value in the **Subsidiary Context** filter if you have a OneWorld account and access to multiple subsidiaries.
4. Select a value in the **Accounting Book** filter if you are using Multi-Book Accounting and have access to multiple accounting books.
5. Click **Refresh** to apply your filters.

Deferred Expense Waterfall Detail Report

The Deferred Expense Waterfall Detail report is available when either of these features is enabled:

- Amortization
- Advanced Revenue Management

The Deferred Expense Waterfall Detail report reconciles the deferred expense account balance on the balance sheet and provides a forecast of the expected expense stream. The report displays the results of all transactions to users with permission to see it, regardless of any role restrictions on transactions. The report is accessible to those whose role includes the Deferred Expense Reports permission.

Run this report after the following processes:

- Revenue recognition journal entry creation if you use Advanced Revenue Management (Essentials) with the Enable Advanced Cost Amortization accounting preference checked
- Amortization journal entry creation if you use Amortization

Manual journal entries posted directly to a deferred expense account are included regardless of whether automated amortization or revenue recognition journal entries have been generated.

The Deferred Expense Waterfall Detail report divides deferred expense into the following categories:

- **Prior Unrecognized** – Deferred expense planned for recognition by the end of the current period but not yet recognized. If you have **not** completed the month-end revenue recognition or amortization journal entries for the current period, those amounts are included. When all amounts have been recognized, this column is not displayed.
- **Short-term deferred expense** – Deferred expense planned for recognition in the short term. This category is further divided into columns for each of the months. The number of months is determined by the accounting preference Number of Short-Term Expense Periods. The default is 12.
- **Long-term deferred expense** – Deferred expense planned for recognition after the number of months set for short-term deferred expense. This is the **Thereafter** column of the report.
- **Unplanned deferred expense** – Billed, unrecognized, and not yet in actual cost amortization plans or amortization schedules.

The report includes the following additional columns:

- Entity – For rows from amortization schedules, the entity is the vendor. For rows from cost amortization plans, the entity is the customer.
- Currency (when the Multiple Currencies feature is enabled). This is the transaction currency. Amounts are in base currency.
- Source Document #

- Source Type
- Item
- Deferred Expense Account
- Expense Account
- Deferred Expense Balance

Click the values in the Source Document # and Item columns to open the associated records.

Report results are grouped by entity.

You can identify the source type in the report and drill down to the original source. The following table shows how the source type in the report is derived from transactions.

Transactions	1st Level Parent	2nd Level Parent	3rd Level Parent	Source Type
Bill Credit	Bill Credit			Bill Credit
Vendor Bill	Vendor Bill			Bill **Note:** A vendor bill appears as Bill in the Source Type column.
Bill Credit created from a Vendor Bill	Bill Credit	Vendor Bill		Bill Credit
Amortization Journal Entry created from a Vendor Bill	Amortization Journal Entry	Vendor Bill		—
Amortization Journal Entry created from a Bill Credit and Vendor Bill	Amortization Journal Entry	Bill Credit	Vendor Bill	—
Journal Entry	Journal Entry			Journal
Vendor Return Authorization	Vendor Return Authorization			—
Bill Credit created from a Vendor Return Authorization	Bill Credit	Vendor Return Authorization		Vendor Return Authorization
Amortization Journal Entry created from a Bill Credit and Vendor Return Authorization	Amortization Journal Entry	Bill Credit	Vendor Return Authorization	Vendor Return Authorization
Vendor Bill created from a Purchase Order	Vendor Bill	Purchase Order		Bill **Note:** A vendor bill appears as Bill in the Source Type column.
Amortization Journal Entry created from a Vendor Bill and Purchase Order	Amortization Journal Entry	Vendor Bill	Purchase Order	Bill Purchase Order

Transactions	1st Level Parent	2nd Level Parent	3rd Level Parent	Source Type
				Note: The transactions appear on two lines in the Source Type column.

To view this report:

1. Go to Reports > Financial > Deferred Expense Waterfall > Detail.
2. Accept the default value in the **As of** filter. The default is the current period.

   The accounting preference Number of Short-Term Expense Periods determines the maximum number of months displayed after this period. For example, for the current period December 2021 with 12 short-term expense periods, the 12 months shown are January 2022 – December 2022. You see fewer months if schedules and plans do not extend through all the possible months.
3. Select a value in the **Subsidiary Context** filter if you have a OneWorld account and access to multiple subsidiaries.
4. Select a value in the **Accounting Book** filter if you are using Multi-Book Accounting and have access to multiple accounting books.
5. Click **Refresh** to apply your filters.

Deferred Expense Rollforward Report

The Deferred Expense Rollforward report is available when either the Amortization or the Advanced Revenue Management feature is enabled.

You can use the Deferred Expense Rollforward report to help reconcile the movement of costs from the balance sheet to the income statement. The report starts with the beginning balance and displays the activities for the selected period range to arrive at the ending balance.

In OneWorld accounts, this report is intended to be run at each subsidiary level in the base currency of the subsidiary. For an explanation of the Variance column, see Deferred Expense Rollforward Summary Report.

The report displays the results of all transactions to users with permission to see it, regardless of any role restrictions on transactions. The report is accessible to those whose role includes the Deferred Expense Reports permission.

The Deferred Expense Rollforward Report consists of three linked reports:

- Deferred Expense Rollforward Summary Report
- Deferred Expense Rollforward by Entity Summary Report
- Deferred Expense Rollforward Transaction Details Report

The Deferred Expense Rollforward reports always report by period regardless of the setting in your Analytics preferences.

Deferred Expense Rollforward Summary Report

The Deferred Expense Rollforward Summary report includes the following columns:

- **Deferred Expense Account** – All deferred expense accounts are included. The deferred expense account is derived either from the item record or from the deferral account specified on the expense account record. In the summary report, you can click through from this column to the deferred expense register report.

- **Beginning Balance** – The total in this column ties to the deferred expense balance on the balance sheet at the end of the previous period.
- **New Transactions** – This column includes all new vendor bills and vendor credits posted to the deferred expense account during the selected date range.
- **Adjustments** – Adjustments include debits and credits to the deferred expense balance that do not impact expense accounts. When the Enable Advanced Cost Amortization accounting preference is checked for Advanced Revenue Management, this includes the cost deferral journal entries on revenue arrangements. Adjustments also include manual journal entries from deferred expense to expense.
- **Expense** – This column is the amount posted to expense accounts as costs are amortized during the selected date range. This column includes system-generated amortization journal entries. When the Enable Advanced Cost Amortization accounting preference is checked for Advanced Revenue Management (Essentials), the expense amortization portion of revenue recognition journal entries are included. Manual journal entries that debit or credit expense also appear in this column. The total in this column ties to the income statement balance for expense and other expense accounts for the same date range.
- **Variance** – The value in this column is 0 when the intended individual subsidiary content is used. When you select a consolidated subsidiary context in NetSuite OneWorld, the calculation used is Ending Balance – (Beginning Balance + New Transactions + Adjustments + Expense).
- **Ending Balance** – This is the deferred expense balance. It ties to the deferred expense balance on the balance sheet for the same period.

An unlabeled line in this report includes transactions with items that do not have an associated deferred expense account.

To view this report:

1. Go to Reports > Financial > Deferred Expense Rollforward.
2. Adjust the values for **Date**, **To**, and **From**.
3. Select a single subsidiary value (not consolidated) in the **Subsidiary Context** filter if you have a NetSuite OneWorld account and access to multiple subsidiaries. When you run a consolidated report, the calculation of the Variance column is different.
4. Select a value in the **Accounting Book** filter if you are using Multi-Book Accounting and have access to multiple accounting books.
5. Click **Refresh** to apply your filters.

Deferred Expense Rollforward by Entity Summary Report

> **Note:** If you have a large number of transactions, schedule this report to run in the background during off-peak hours and alert you when finished. For information, see the help topic Scheduling a Report.

The Deferred Expense Rollforward By Entity Summary report adds detail to the Deferred Expense Rollforward Summary report by including an Entity column.

Any line labeled Unassigned in this report includes transactions with items that do not have an associated deferred expense account.

To view this report:

1. Go to Reports > Financial > Deferred Expense Rollforward > Entity Summary.

2. Adjust the values for **Date**, **To**, and **From**.
3. Select a single subsidiary value (not consolidated) in the **Subsidiary Context** filter if you have a NetSuite OneWorld account and access to multiple subsidiaries. When you run a consolidated report, the calculation of the Variance column is different.
4. Select a value in the **Accounting Book** filter if you are using Multi-Book Accounting and have access to multiple accounting books.
5. Click **Refresh** to apply your filters.

Deferred Expense Rollforward Transaction Details Report

> **Note:** If you have a large number of transactions, schedule this report to run in the background during off-peak hours and alert you when finished. For information, see the help topic Scheduling a Report.

The Deferred Expense Rollforward Transaction Details report adds Source Document Type and Source Document Number columns. The other columns in the report are the same as in the Deferred Expense Rollforward Entity report. This report is grouped by Source Document Number, Entity, and Deferred Expense Account.

Vendor credits are displayed on different lines than their related vendor bills.

Any line labeled Unassigned in this report includes transactions with items that do not have an associated deferred expense account.

You can identify the source document type in the report and drill down to the original source. The following table shows how the source document type in the report is derived from transactions.

Transactions	1st Level Parent	2nd Level Parent	3rd Level Parent	Source Document Type
Bill Credit	Bill Credit			Bill Credit
Amortization Journal Entry created from a Bill Credit	Amortization Journal Entry	Bill Credit		Bill Credit
Vendor Bill	Vendor Bill			Bill **Note:** A vendor bill appears as Bill in the Source Document Type column.
Bill Credit created from a Vendor Bill	Bill Credit	Vendor Bill		Bill Credit
Amortization Journal Entry created from a Vendor Bill	Amortization Journal Entry	Vendor Bill		Bill **Note:** A vendor bill appears as Bill in the Source Document Type column.
Amortization Journal Entry created from a Bill Credit and Vendor Bill	Amortization Journal Entry	Bill Credit	Vendor Bill	Bill Credit and Bill

Transactions	1st Level Parent	2nd Level Parent	3rd Level Parent	Source Document Type
				Note: A vendor bill appears as Bill in the Source Document Type column.
Journal Entry	Journal Entry			Journal
Vendor Return Authorization	Vendor Return Authorization			—
Bill Credit created from a Vendor Return Authorization	Bill Credit	Vendor Return Authorization		Vendor Return Authorization
Amortization Journal Entry created from a Bill Credit and Vendor Return Authorization	Amortization Journal Entry	Bill Credit	Vendor Return Authorization	Vendor Return Authorization
Vendor Bill created from a Purchase Order	Vendor Bill	Purchase Order		Purchase Order
Amortization Journal Entry created from a Vendor Bill and Purchase Order	Amortization Journal Entry	Vendor Bill	Purchase Order	Purchase Order

To view this report:

1. Go to Reports > Financial > Deferred Expense Rollforward > Detail.
2. Adjust the values for **Date**, **To**, and **From**.
3. Select a single subsidiary value (not consolidated) in the **Subsidiary Context** filter if you have a NetSuite OneWorld account and access to multiple subsidiaries. When you run a consolidated report, the calculation of the Variance column is different.
4. Select a value in the **Accounting Book** filter if you are using Multi-Book Accounting and have access to multiple accounting books.
5. Click **Refresh** to apply your filters.

Revenue Recognition Approval Workflow

The Revenue Recognition Approval Workflow manages the validation and approval routing of revenue arrangements before they are further processed. You can assign revenue recognition limits to determine if an arrangement requires approval and to identify the designated approver. You can set up an approval hierarchy by designating a series of approvers, each with an assigned maximum approval limit. You can also customize the workflow to add and remove features based on your business requirements.

The Revenue Recognition Approval Workflow validates an arrangement based on the maximum total revenue limits that are assigned to reviewers and approvers. For example, an arrangement is created with a total revenue amount of 17,800. The default General Limit of the workflow is set to 10,000. The reviewer and approver limits are set up as follows:

Role	Revenue Recognition Limit / Approval Limit
Revenue Accountant (Reviewer)	15,000
Revenue Manager 1 (Approver 1)	30,000
Revenue Manager 2 (Approver 2)	50,000

The arrangement is routed to Revenue Manager 1 for approval due to the following:

- The total revenue amount exceeds the general limit.
- The total revenue amount exceeds the Revenue Accountant's limit.
- Revenue Manager 1 has an approval limit that can cover the total revenue amount.
- The arrangement is not routed to Revenue Manager 2 because the total revenue amount does not exceed the previous approver's limit.

Availability

The Revenue Recognition Approval Workflow is available to users of the Advanced Revenue Management module.

Limitations

Be aware of the following limitations of the Revenue Recognition Approval Workflow:

- The Multiple Currencies feature is not supported. Approval limits align with the base currency of the account. No conversion is made for cases where transaction amounts do not use the base currency.
- The Multi-Book Accounting feature is not supported because the workflow only supports single currency transactions.

> **Note:** The SuiteFlow conditions used for Bulk Approvals for records using custom approvals have been updated for the revenue recognition record. Prior to 2016.2, both the workflow button's condition and the Next Approver condition were used to filter records for bulk approvals for the revenue recognition record. The Next Approver condition checks that the **Next Approver** field on the record contains the current logged in user. Beginning in 2016.2, the Next Approver condition is no longer used to filter records for bulk approvals for this record. Records are now filtered for bulk approvals using only the workflow button's condition. If you would like to continue to filter records based on the **Next Approver** field, you must add the condition to the workflow button condition. If you require assistance, contact Customer Support.

Setup Requirements for the Revenue Recognition Approval Workflow

Prerequisites

Before installing the Revenue Recognition Approval Workflow, be sure to enable the following features and preference:

- Go to Setup > Company > Enable Features, and enable the following:
  - On the **Accounting** subtab, check the **Advanced Revenue Management (Essentials)** box.
  - On the **Employees** subtab, check the **Approval Routing** box.
  - On the **SuiteCloud** tab, check the **SuiteFlow** box.

    For guidelines when using the SuiteFlow feature, see the help topic Enabling SuiteFlow.
- Go to Setup > Accounting > Accounting Preferences, and on the **Approval Routing** subtab, check the **Revenue Arrangements** box.

For more information about enabling features and preferences, see the help topic Enabling Features.

Installing the Advanced Revenue Recognition SuiteApp

The Revenue Recognition Approval Workflow is included in the Advanced Revenue Recognition SuiteApp. To install, go to Customization > SuiteBundler > Search & Install Bundles. On the Search & Install Bundles page, look for the SuiteApp with the following details:

- Bundle Name – **Advanced Revenue Recognition**
- Bundle Id – **92373**

This is a managed SuiteApp that is automatically updated whenever there are upgrades. Issue fixes and enhancements are available after the SuiteApp is updated in your account.

For more information about installing a SuiteApp, see the help topic Installing a Bundle.

Roles and Permissions

Roles for the Revenue Recognition Approval Workflow are based on those used in the Advanced Revenue Management:

- **Revenue Accountant** – Revenue arrangements can be submitted for approval using this role only. You must assign this role to reviewers of revenue arrangements.

- **Revenue Manager** – By default, the ability to approve revenue arrangements is enabled for this role. However, the option to approve revenue arrangements is not limited to users with this role.

To assign either of the roles to existing users, see the help topic Assigning Roles to an Employee.

To enable approval of revenue arrangements, you can set up the permission on the Role record. Go to Setup > Users/Roles > Manage Roles, and then edit the Role record. On the Role page, click the **Permissions** subtab to add the following permission:

- Permission – **Revenue Arrangement**
- Subtab – Transactions
- Minimum Permission – Edit

This permission enables users of the role to approve and reject revenue arrangements. For more information about assigning permissions, see the help topic Setting Permissions.

The Revenue Recognition Approval Workflow also adds the following custom fields on Employee records:

- Revenue Recognition Approver
- Revenue Recognition Limit
- Revenue Recognition Approval Limit

The values in these fields are used as validation criteria for the approval routing. By default, the fields are displayed when you create new custom Employee forms. To view or add the fields on your custom Employee form, go to Customization > Forms > Entry Forms, and then click the Edit link for the custom form. On the Custom Entry Form page, click the **Fields** subtab. Look for the **Human Resources: Revenue Recognition** subtab that contains the list of the revenue recognition fields. In the **Show** column, verify that the box for each field is checked. For more information about the custom fields, see Setting Up Employee Records for Approval Routing.

Setting Up the Revenue Recognition Approval Workflow

Setting Up Employee Records for Approval Routing

You must set up the following requirements on the Employee record of an approver or reviewer:

- Assign an email address for each reviewer and approver.
- Designate an approver for each reviewer. To set up an approval hierarchy chain, designate a next approver to each approver in the chain.
- Set the revenue recognition limit for each reviewer.
- Set the revenue approval limit for each approver.

To set up employee records for approval routing:

1. Go to Lists > Employees.
2. On the Employees list, click the Edit link for the employee record to be updated.
3. On the Employee page, verify that the email address is current and active.

   > **Note:** Notifications for approval requests and the approval status are sent through email.

4. On the **Human Resources** subtab, click the **Revenue Recognition** subtab.

5. Select or enter the values in the following fields:
   - **Revenue Recognition Approver** – Select the designated approver for the employee. If the employee is an approver and is part of the approval hierarchy, assign the next approver in this field.
   - **Revenue Recognition Limit** – Enter the revenue recognition amount that an employee can cover without requiring approval of the transaction. This limit is used to determine whether or not the arrangement requires initial approval.
   - **Revenue Recognition Approval Limit** – Enter the maximum revenue recognition amount that enables the approver to approve a transaction. This limit is used for the initial or further approval, if the approver is part of the approval hierarchy.

   > **Note:** If a limit field is not defined or left blank, its value is considered as zero.

6. Click **Save**.

Running the Revenue Recognition Approval Workflow

After installing or creating your custom Revenue Recognition Approval Workflow, you have to run it by updating the release status.

To run the Revenue Recognition Approval Workflow:

1. Go to Customization > Scripting > Workflows.
2. On the list of workflows, click the Edit link for Invoice Approval Workflow.
3. On the right navigation pane, click the pencil icon for the **Workflow** tab.
4. On the Workflow page, select **Released** in the **Release Status** field.
5. Click **Save**.

After running the workflow, when you return to the list of workflows, the release status for Revenue Recognition Approval Workflow should display **Released**. For more information about running a workflow, see the help topic Release Status.

Using the Revenue Recognition Approval Workflow

Read the following topics for information about how revenue arrangement transactions are processed by the workflow.

- Revenue Recognition Approval Workflow States
- Resubmitting Revenue Arrangements for Approval
- Viewing the Status of an Arrangement

Revenue Recognition Approval Workflow States

The Revenue Recognition Approval Workflow is initiated upon the update and submission of a revenue arrangement. The arrangement is validated and processed, depending on the conditions that are set for each state.

> **Note:** The workflow uses the total revenue amount as the default for all amount validations. You have the option of using the total carve-out amount by customizing the workflow. For more information, see Setting the Amount Validation Field.

Entry

In the Entry state, the workflow verifies that the **Approval Routing** feature is enabled in the account where the arrangement is created. If the feature is enabled, the arrangement moves to the General Limit Check state. For more information about the required features and preferences, see Prerequisites.

General Limit Check

In the General Limit Check state, the total revenue amount on the arrangement is compared with the predefined General Limit of 10,000. An arrangement with a total revenue amount that exceeds the General Limit moves to the Pending Approval state. Otherwise, the arrangement transfers to either of the following states:

- **Approved** – The arrangement is automatically approved if the total revenue amount is equal to or does not exceed the General Limit. For more information about this state, see Approved.
- **Rejected** – Arrangements with a blank total revenue amount cannot be validated. They are automatically rejected by the workflow to ensure that only valid transactions are processed. This applies to merging where revenue elements of the merged arrangements are transferred to the new arrangement.

Pending Approval

Arrangements that require initial or further approval transfers or returns to the Pending Approval state. The approval status of the transaction is set to Pending Approval. The **Submit for Approval** button is enabled only for the reviewer or Revenue Accountant who created the transaction. When the reviewer submits the transaction, it transfers to the Check Reviewer Limit state. If the transaction requires approval, it goes through a series of approval states. Based on the approval routing setup, the workflow determines the initial and next approver of the transaction. For more information about the approval setup, see Setting Up Employee Records for Approval Routing.

> **Note:** If an arrangement in Pending Approval status is deleted, the workflow notifies the approver about the deletion through email.

After an approver has been assigned, the transaction returns to the Pending Approval state. The transaction transfers to one of the following states based on specific conditions:

- **Rejected** – When a transaction for approval returns to the Pending Approval state, the workflow sends the notification email to the approver. It enables the **Approve** and **Reject** buttons on the transaction, which can be accessed only by the current approver. If the approver rejects the transaction, it transfers to the Rejected State. For more information about this state, see Rejected.
- **Check Approver Limit** – If a transaction requires initial or further approval, the workflow validates the approval limit of the designated approver. For more information about this state, see Check Approver Limit.
- **Resubmit** – Transactions that have not been approved remain on Pending Approval status. The transaction can be resubmitted by the same or another reviewer. If a transaction is resubmitted, the workflow verifies that the total revenue amount has been changed. The current approver is sent a notification email. This informs the approver of the cancelled request for approval because it has been resubmitted. For more information about this state, see Resubmit.

Check Reviewer Limit

In the Check Reviewer Limit state, the total revenue amount is compared with reviewer's limit. If the total revenue amount is equal to or has not exceeded the limit, the transaction is automatically approved. If the total revenue amount exceeds the limit, the transaction transfers to the Get Highest Approver Limit state.

> **Note:** If the reviewer's limit has not been set or is left blank, the zero value is assigned when the transaction enters the Check Reviewer Limit state. For information about the revenue recognition limits, see Setting Up Employee Records for Approval Routing.

Get Highest Approver Limit

An arrangement can transfer to this state either from the Check Reviewer Limit or Check Approver Limit state. In the Get Highest Approver Limit state, the workflow identifies the highest approval limit in the approval hierarchy. The highest limit is compared with the total revenue amount on the transaction. This validation determines if any of the approvers has the capacity to approve the transaction. The transaction is processed based on the following conditions:

- If the total revenue amount exceeds the highest limit, the transaction transfers to the Rejected state. For more information about this state, see Rejected.
- If the total revenue amount is equal to or does not exceed the limit, the transaction moves to the Set Next Approver state.

Set Next Approver

In the Set Next Approver state, the workflow identifies and assigns the approver of the transaction. For initial approval, the designated revenue recognition approver of the reviewer is assigned as the approver. For further approval, the designated revenue recognition approver of the previous approver is assigned as the approver. For information about the revenue recognition approver, see Setting Up Employee Records for Approval Routing.

Check Approver Limit

In the Check Approver Limit state, the workflow determines if the arrangement requires initial or further approval. The approval limit of the current approver is compared with the total revenue amount. The transaction is processed based on the following conditions:

- If the total revenue amount is equal to or is lower than the approval limit, the transaction transfers to the Approved state.
- If the total revenue amount exceeds the approval limit, the transaction returns to the Get Highest Approver Limit state. The transaction requires further approval by another approver with a higher limit than the previous one. This cycle continues until the transaction is approved by the approver who has sufficient limit to cover the total revenue amount. For more information, see Get Highest Approver Limit.

Approved

Approved arrangements are transferred from any of the following states:

- **General Limit Check State** – Arrangements transferred from this state have a total revenue amount that does not exceed the General Limit.
- **Check Reviewer Limit** – Arrangements transferred from this state have a total revenue amount that does not exceed the reviewer's limit.

- **Check Approver Limit** – Arrangements transferred from this state have been manually approved by one or more approvers, and does not require further approval.

Approved arrangements that are resubmitted transfer to the Resubmit state. The workflow verifies that the total revenue amount has changed before transferring the transaction.

In the Approved state, the workflow sends an email to the reviewer who submitted the arrangement to confirm the approval. For cases where a resubmitted transaction is already attached to a pending request for approval, the pending request is cancelled. The approver of the pending request is informed of the cancellation through email. For more information about resubmissions, see Resubmitting Revenue Arrangements for Approval.

Rejected

Rejected arrangements are transferred from any of the following states:

- **General Limit Check** – Arrangements transferred from this state do not have a total revenue amount.
- **Get Highest Approver Limit** – Arrangements transferred from this state do not have an approver with a limit that can cover the total revenue amount. The workflow displays a message to inform the reviewer that no approver in the hierarchy can cover the total revenue amount.
- **Pending Approval** – Arrangements transferred from this state have been manually rejected by the initial or next approver. The workflow sends the reviewer an email regarding the rejection of the transaction.

Rejected arrangements that are resubmitted transfer to the Resubmit state. The workflow verifies that the total revenue amount has changed before transferring the transaction.

In the Rejected state, the workflow sends an email to the reviewer to confirm the rejected transaction. For cases where a resubmitted transaction is already attached to a pending request for approval, the pending request is cancelled. The approver of the pending request is informed of the cancellation through email. For more information about resubmissions, see Resubmitting Revenue Arrangements for Approval.

Resubmit

Arrangements that transfer to the Resubmit state can be any of the following: approved, rejected, or pending approval. In this state, the transaction is prepared before it transfers to the Entry state where it re-enters the workflow. For more information about resubmissions, see Resubmitting Revenue Arrangements for Approval.

Resubmitting Revenue Arrangements for Approval

Arrangements in Pending Approval status can be resubmitted by any user, with the Revenue Accountant role, who has access to the record. The workflow verifies that the amount of the arrangement has been changed before it can process the resubmission.

Resubmitting unapproved revenue arrangements

Arrangements that have not been approved or rejected can be resubmitted by the same or another reviewer. The **Submit for Approval** button remains enabled on the Revenue Arrangement transaction. If the arrangement has existing requests for approval, only the most recent request is processed. The other requests for approval are automatically cancelled. Approvers of previous requests are notified of the cancelled request for approval through email. For more information, see Pending Approval.

Resubmitting approved revenue arrangements

For cases where the total amount of a sales transaction has been updated, the reviewer may have to generate the arrangement again. If the arrangement has been previously approved and the total amount has changed, it reenters the workflow and is processed as follows:

- The workflow validates the updated amount against the general limit.
  - If the updated amount is equal to or does not exceed the general limit, the arrangement is automatically approved.
  - If the updated amount exceeds the general limit, the arrangement becomes available for resubmission. It is set to Pending Approval status and it displays the **Submit for Approval** button.
- Arrangements that are available for resubmission can be submitted for approval by the same or another reviewer. The approval routing is based on the limit and approver of the reviewer. For more information about the workflow process, see Revenue Recognition Approval Workflow States.

Resubmitting merged arrangements

Arrangements can be merged at any time, except if they have already been rejected. When one or more arrangements are merged, both the new and existing arrangements are automatically processed by the workflow. The arrangements are processed according to the following conditions:

- All existing arrangements are automatically validated by the workflow.
  - If the arrangement is completely merged, all existing arrangements are rejected. The workflow automatically rejects arrangements with a blank amount, which happens when all revenue elements are transferred to the new arrangement. For more information, see General Limit Check.
  - If the arrangement is partially merged or split, existing arrangements be validated based on their updated amount. An arrangement amount may be decreased due to one or more transferred revenue elements. If the resulting amount exceeds the general limit, the arrangement becomes available for resubmission.
- The new arrangement that results from a merge is also automatically processed by the workflow based on its amount. If the amount is equal to or does not exceed the general limit, it is automatically approved. If the amount exceeds the general limit, the arrangement becomes available for resubmission. The reviewer can manually submit it again, for approval.

Viewing the Status of an Arrangement

When you submit an arrangement for approval, you can verify the current status and approver on the Revenue Arrangement page.

To view the status of an arrangement:

1. Go to Transactions > Financial > Revenue Arrangements.
2. On the Revenue Arrangements list, click the View link for the specific record.
3. On the Revenue Arrangement page, you can verify the following:
   - In the **Approval Status** field, you can view current status of the arrangement.
     - **Pending Approval** – Arrangements in this status have been submitted or resubmitted for approval. It remains in this status while awaiting the approval of the designated approver.
     - **Approved** – Arrangements in this status have been manually approved by the designated approver. Also, arrangements with a total amount that does not exceed the general limit and reviewer's limit are automatically approved.

  - **Rejected** – Arrangements in this status have been manually rejected by the designated approver. Also, arrangements for approval with a total amount that cannot be covered by any approver in the approval hierarchy are automatically rejected. This is true for resubmitted arrangements with no total amount, as a result of a merge, which are automatically set to Rejected status.
- In the **Next Approver** field, you can view the name of the currently assigned approver of the arrangement.

  For information about setting the approver, see Setting Up Employee Records for Approval Routing.

Customizing the Revenue Recognition Approval Workflow

You can customize the Revenue Recognition Approval Workflow by enabling only the features that suit your business requirements. You can change the email notification and add substitute approvers to the approval routing. If you want to update the amount validation criteria, use either the total revenue amount or total carve-out to compare with the limits. You can also add components, conditions, and triggers that alter the approval routing process. When planning your customization, you can review the workflow process in the following topics:

- Revenue Recognition Approval Workflow States
- Resubmitting Revenue Arrangements for Approval

Making a Copy of the Revenue Recognition Approval Workflow

To begin your customization, you must create a copy of the workflow.

To make a copy of the workflow:

1. Go to Customization > Scripting > Workflows.
2. From the workflows list, click the link for the Revenue Recognition Approval Workflow.
3. On the workflow page, point to the More link and then select Make Copy.

   The default workflow states, actions, and other components are copied to your custom workflow. For detailed instructions, see the help topic Copying a Workflow.

After completing your customization, you can run the workflow in testing or released mode. Before releasing your custom workflow, ensure that the original Revenue Recognition Approval Workflow is not running. For more information, see Running the Revenue Recognition Approval Workflow.

The instructions in the following sections show you how to update components specific to the Revenue Recognition Approval Workflow. For topics about adding or changing workflow components, see the help topic Working with Workflows. For detailed instructions to customize each workflow component, you can view the topics for states, conditions, actions, and custom fields.

Setting the Amount Validation Field

Revenue arrangements can be validated using its total revenue or total carve-out amount. By default, the amount validation field uses the total revenue amount. You can change the default on workflow states that run the actions and transitions for the amount validation.

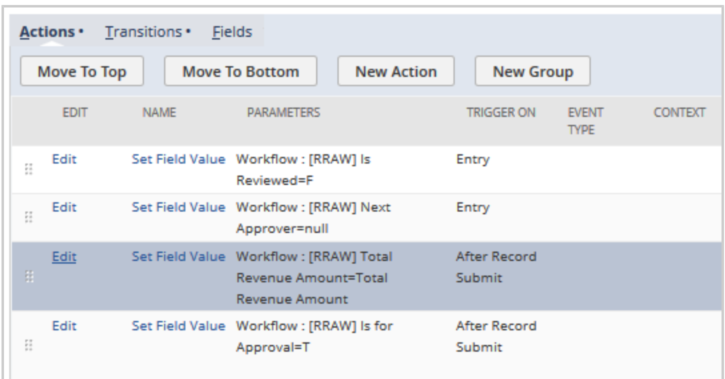
 ORACLE NETSUITE

> **Note:** If you change the amount validation field for the action, you must also change the field for the transitions of all affected states.

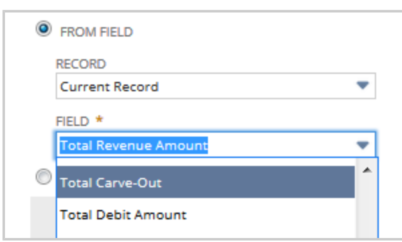
The following instructions are only applicable to the General Limit Check state, which runs the action for the amount validation.

To set the amount validation field for an action:

1. On the workflow diagram, double-click the **General Limit Check** state.
2. On the Workflow State page, click the **Actions** subtab.
3. In the list of actions, click the Edit link for the **Set Field Value** action with the following parameters: **[RRAW] Total Revenue Amount = Total Revenue Amount.**



4. On the Workflow Action page, in the Value section, select your option in the **Field** field: **Total Carve-Out** or **Total Revenue Amount**.



5. Click **Save**.

The following instructions are only applicable to the following states that run the transition for the amount validation: Pending Approval, Approved, and Rejected.

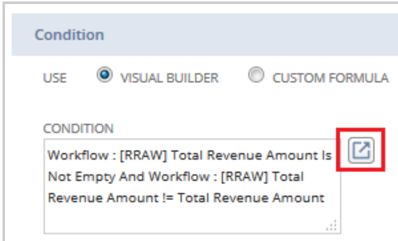
To set the amount validation field for a transition:

1. On the workflow diagram, double-click the state to be updated.

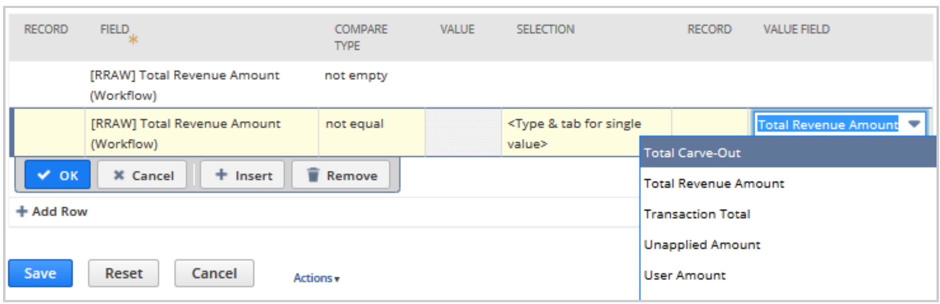
   > **Note:** You must update the field for the three states that run the amount validation.

2. On the Workflow State page, click the **Transitions** subtab.
3. In the list of transitions, click the Edit link for the **Resubmit** transition.
4. On the Workflow Transition page, in the Condition section, point to the area beside the **Condition** field, and then click the Open icon.

This opens Visual Builder where you can select the amount validation field for the condition of the transition.

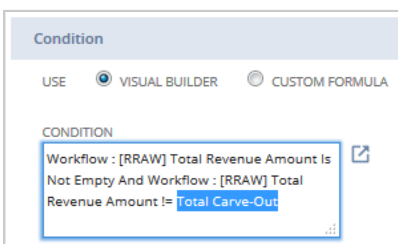


5. On the Workflow Condition page, do the following:
   1. In the **Field** column, look for the **[RRAW] Total Revenue Amount (Workflow)** field.
   2. In the **Value Field** column, select **Total Carve-Out** or **Total Revenue Amount**.

   3. Click **OK** to save your selection.
   4. Click **Save** to save the updated condition.

      The **Condition** field shows your updated selection for the amount validation field.

6. Click **Save** to save the updated workflow transition.

Changing the General Limit

Upon entry of a revenue arrangement, the workflow validates its amount using the general limit. The limit is set to 10000 by default. You can set your own limit by updating the **General Limit** field on your custom workflow.

To change the general limit:

1. In the context panel of the workflow, click the **Workflow** tab, and then click the **Fields** view.
2. From the list of fields, select **General Limit** to open its record.
3. On the Workflow Field page, click the **Validation & Defaulting** subtab.
4. In the **Default Value** field, enter the new value for the general limit.

5. Click **Save**.

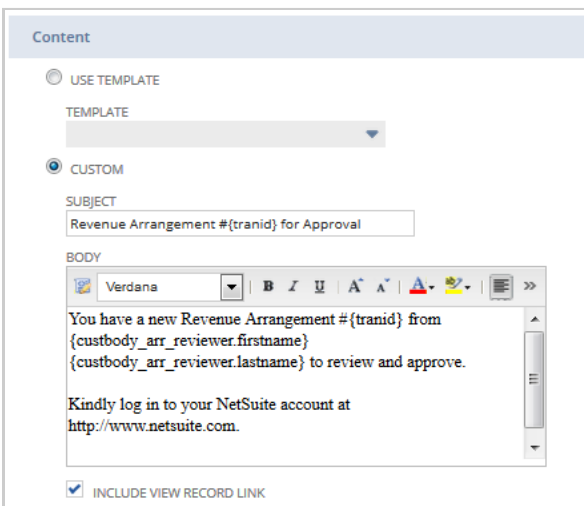
   The new general limit is applied to transactions submitted after your update. An existing transaction in Pending Approval status would have already been validated against the old general limit. However, if the transaction is resubmitted after the update, it is validated against the new general limit.

Updating an Email Notification

You can change the content of the approval or rejection email on any of the following states: Pending Approval, Rejected, Approved. To find out which state to update, click a state from the workflow diagram. Review the details of the state in the context panel. Look for the **Send Email** action row and display its parameters by hovering over the row.

To update an email notification:

1. On the workflow diagram, double-click the state.
2. On the Workflow State page, click the **Actions** subtab.
3. In the list of actions, click the Edit link for the **Send Email** action that contains the message to be updated.
4. In the Content section, you can edit the body and subject of the email in their appropriate fields.

   For more information about updating workflow emails, see the help topic Send Email Action.
5. Click **Save**.

Rule-Based Recognition Treatment

The Rule-Based Recognition Treatment feature adds flexibility to Advanced Revenue Management (Essentials) and Advanced Revenue Management (Revenue Allocation) features. This feature enables you to define recognition attributes for revenue elements based on specified criteria.

The Revenue Recognition/Amortization subtab on the item record contains the default values for the recognition attributes of a revenue element. With Rule-Based Recognition Treatment, you can specify different values for the following recognition attributes. Consequently, the same item can have different attribute values in different revenue elements.

- Create Revenue Plans On
- Revenue Recognition Rule
- Rev Rec Forecast Rule
- Allocation Type
- Revenue Allocation Group

For details about the recognition attributes on the item record, see Revenue Recognition/Amortization Subtab.

Rule-Based Recognition Treatment adds two records to the Setup > Accounting menu under Revenue:

- **Recognition Treatment** – a collection of values for recognition attributes. The Recognition Treatment permission, under Lists, controls access to this record.
- **Recognition Treatment Rule** – the criteria that determine whether NetSuite applies a recognition treatment. The Recognition Treatment Rule permission, under Lists, controls access to this record.

For example, you may want the values of Create Plans On and Revenue Recognition Rule for return transactions to be different from sales transactions. With this feature, you can create a recognition treatment rule that uses the Transaction Type criterion with return transaction types. The recognition treatment you associate with your rule contains the attribute values for Create Plans On and Revenue Recognition Rule to use for returns. You do not need to edit the revenue arrangement for the return transaction to change the attribute values. NetSuite automatically applies the correct recognition treatment as a result of the recognition treatment rule lookup process.

The recognition treatment rule lookup process occurs as part of the revenue arrangement creation and merge processes. You can also start the process from a revenue arrangement to apply a new recognition treatment. For details, see Running the Recognition Treatment Lookup Process Manually.

After the initial setup, recognition treatments and recognition treatment rules should change only when your accounting policies change. Documentation for the Rule-Based Recognition Treatment feature consists of two major topic areas:

- Setup for Rule-Based Recognition Treatment – contains instructions to enable the feature and manage recognition treatment records and rules, including roles and permissions
- Operation of Rule-Based Recognition Treatment – contains instructions to look up recognition treatment rules and apply recognition treatments, exclude revenue elements from recognition treatment lookup, and view recognition treatments and recognition treatment rules

Navigation paths for procedures for this feature use the NetSuite classic interface. For information, see the help topics Personal Preferences for Appearance, and look for the option Use Classic Interface.

Setup for Rule-Based Recognition Treatment

Setup for the Rule-Based Recognition Treatment feature includes the following topics:

- Enabling the Rule-Based Recognition Treatment Feature
- Roles and Permissions for Rule-Based Recognition Treatment
- Recognition Treatment Management
  - Creating a Recognition Treatment
  - Editing a Recognition Treatment
  - Deleting a Recognition Treatment
- Recognition Treatment Rule Management
  - Defining a Recognition Treatment Rule
  - Prioritizing Recognition Treatment Rules
  - Editing a Recognition Treatment Rule
  - Deleting a Recognition Treatment Rule

Enabling the Rule-Based Recognition Treatment Feature

You cannot enable Rule-Based Recognition Treatment without the Accounting Periods and Advanced Revenue Management (Essentials) features. You cannot disable the Advanced Revenue Management (Essentials) feature after you enable it. For information, see Advanced Revenue Management (Essentials) and (Revenue Allocation).

To enable the Rule-Based Recognition Treatment feature:

1. Go to Setup > Company > Setup Tasks > Enable Features.
2. Click the **Accounting** subtab, and check the **Rule-Based Recognition Treatment** box.

   You cannot check this box unless the **Advanced Revenue Management (Essentials)** box is also checked.
3. Click **Save**.

You cannot disable this feature when your account has recognition treatment rules or recognition treatment records.

Roles and Permissions for Rule-Based Recognition Treatment

Two permissions are associated with this feature. Administrators can add these permissions to custom roles as needed.

- **Recognition Treatment** – list permission that controls access to the recognition treatment record
- **Recognition Treatment Rule** – list permission that controls access to the recognition treatment rule record

NetSuite includes these permissions in standard roles at the following levels:

Standard Role	Permission Level
A/R Clerk	View
Accountant	View
Accountant Reviewer	View

Standard Role	Permission Level
CFO	View
CEO	View
Revenue Accountant	Edit
Revenue Manager	Full
Administrator	Full

For general information about NetSuite roles and permissions, see the help topic NetSuite Users & Roles.

Recognition Treatment Management

A recognition treatment is a collection of recognition attributes, plus a required name and description. The attributes include some, but not all, of the revenue recognition attributes on the Revenue Recognition/Amortization subtab of the item record.

A recognition treatment record can include values for the following attributes:

- Create Revenue Plans On
- Revenue Recognition Rule
- Rev Rec Forecast Rule
- Allocation Type
- Revenue Allocation Group

For descriptions of these attributes, see Item Configuration for Advanced Revenue Management (Essentials) and (Revenue Allocation).

The list permission Recognition Treatment controls access to the recognition treatment record. For more information, see Roles and Permissions for Rule-Based Recognition Treatment.

You can create recognition treatments before you define the recognition treatment rules that use the recognition treatments. However, you can add a recognition treatment if needed while you define a recognition treatment rule.

After initial setup, you should modify recognition treatments only when your accounting policies change. For information about the day-to-day use of recognition treatments and recognition treatment rules, see Operation of Rule-Based Recognition Treatment.

Recognition treatment management includes the following procedures:

- Creating a Recognition Treatment
- Editing a Recognition Treatment
- Deleting a Recognition Treatment

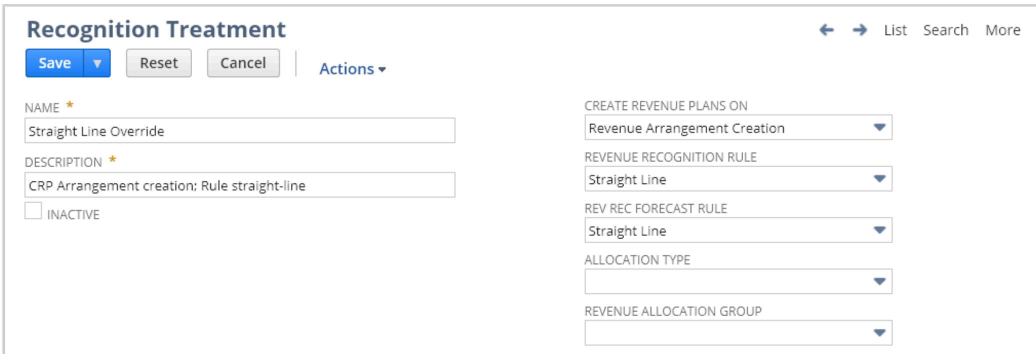
Creating a Recognition Treatment

If you plan to have many recognition treatments, you should develop a naming convention for them. Recognition treatment names appear in a dropdown list on recognition treatment rules. You can create the recognition treatments you need in advance and add new recognition treatments as you define your recognition treatment rules.

To create a recognition treatment record:

1. Go to Setup > Accounting > Revenue > Recognition Treatments > New.
2. In the **Name** field, enter a unique name for the recognition treatment.
3. In the **Description** field, enter a longer description to help identify the recognition treatment.
4. Leave the **Inactive** box clear unless you want to prevent the treatment from being assigned to a recognition treatment rule.

   When you check the **Inactive** box, the recognition treatment does not appear in Recognition Treatment list for recognition treatment rules.



5. Set the attribute values you want for the recognition treatment in the remaining fields.

   You can set values for the following attributes. If you leave an attribute value blank, the recognition treatment does not affect that attribute value on the revenue element. The attribute retains the value it had before the recognition treatment was applied.

   - **Create Revenue Plans On** – The available values for this attribute include Revenue Arrangement Creation and Billing. Other values are available depending on the features enabled in your account.
   - **Revenue Recognition Rule** – The available values for this attribute depend on the revenue recognition rules you have created for your account.
   - **Rev Rec Forecast Rule** – The same values are available for this attribute as for **Revenue Recognition Rule**. The values you select for these attributes do not need to match.
   - **Allocation Type** – The available values for this attribute are **Normal**, **Exclude**, and **Software**. This field appears only when the Advanced Revenue Management (Revenue Allocation) feature is enabled. For information about enabling this feature, see Enabling the Advanced Revenue Management (Revenue Allocation) Feature.
   - **Revenue Allocation Group** – The available values for this attribute are configured during setup to meet the specific needs of your company. Revenue allocation group is used in GroupSum functions in fair value formulas. This field appears only when the Advanced Revenue Management (Revenue Allocation) feature is enabled.

   For more information about these attributes, see Item Configuration for Advanced Revenue Management (Essentials) and (Revenue Allocation), Revenue Recognition/Amortization Subtab

6. Click **Save**.

Editing a Recognition Treatment

Changes in recognition treatments only affect revenue elements to which the treatments are applied in the future. If changes to the revenue arrangement source trigger an update of the revenue arrangement, changes to the treatment are applied during update. You can also apply recognition treatments manually to update the treatment on an element and pick up changes. See Running the Recognition Treatment Lookup Process Manually.

After initial setup, you should modify recognition treatments only when your accounting policies change. For information about the day-to-day use of recognition treatments, see Operation of Rule-Based Recognition Treatment.

To edit a recognition treatment record:

1. Go to Setup > Accounting > Revenue > Recognition Treatments.
2. In the row of the recognition treatment you want to modify, click **Edit**.
3. Edit the recognition treatment as needed.

   If you check the **Inactive** box and an active recognition treatment rule uses the treatment, you cannot save the change. The message you receive when you try to save includes the active rules that use the treatment.
4. Click **Save**.

Your changes appear in the System Notes subtab after you save the record.

Deleting a Recognition Treatment

You cannot delete recognition treatments that have been assigned to revenue elements or used in active recognition treatment rules. If a recognition treatment is not used in a active recognition treatment rule, you can edit the treatment and make it inactive, even if it has been assigned to a revenue element.

To delete a recognition treatment record:

1. Go to Setup > Accounting > Revenue > Recognition Treatments
2. In the row of the recognition treatment you want to delete, click **Edit**.
3. From the **Actions** list, select **Delete**.

   After you confirm that you want to delete, you get an error message if the treatment is assigned to revenue elements or used in recognition treatment rules.

Recognition Treatment Rule Management

A recognition treatment rule defines the criteria that must match on a revenue element before NetSuite applies the recognition treatment. Each recognition treatment rule must specify a recognition treatment. The treatment rule lookup process evaluates the rules to determine whether to apply a recognition treatment to a revenue element.

The list permission Recognition Treatment Rule controls access to the recognition treatment rule record. For more information, see Roles and Permissions for Rule-Based Recognition Treatment.

You must create the recognition treatment before you can complete the definition of the recognition treatment rule that applies the recognition treatment.

After initial setup, recognition treatment rules should rarely change. For information about the day-to-day use of recognition treatment rules, see Operation of Rule-Based Recognition Treatment.

Recognition treatment rule management includes the following procedures:

- Defining a Recognition Treatment Rule
- Prioritizing Recognition Treatment Rules
- Editing a Recognition Treatment Rule

- Deleting a Recognition Treatment Rule

Defining a Recognition Treatment Rule

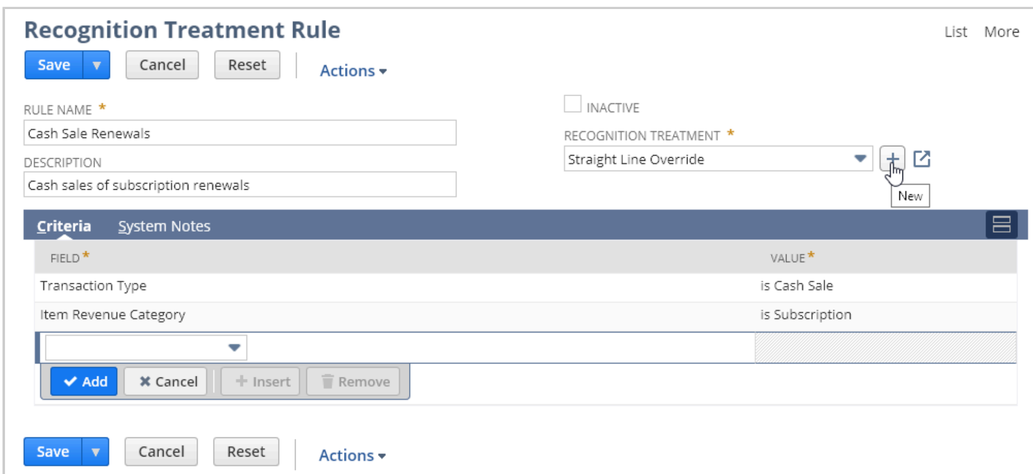
You define recognition treatment rules on the Recognition Treatment Rule page. Each rule specifies the recognition treatment to apply to a revenue element when it matches the criteria.

The rule criteria consist of a set of attributes of a revenue element or its linked item record. Each recognition treatment rule must have a unique set of criteria.

During revenue arrangement creation, a lookup process compares each revenue element to the recognition treatment rules in order of rule priority. When the process finds a matching rule, it applies the recognition treatment for that rule to the element and evaluation ends. If a revenue element does not match any recognition treatment rule, recognition attribute values come from the source item.

To define a recognition treatment rule:

1. Go to Setup > Accounting > Recognition Treatment Rules > New.



2. In the **Rule Name** field, enter a unique name for the rule.

   Your rule name should include enough information for you to identify it in a list if you need to change the priority of your rules. You can include symbols in addition to letters and numbers.
3. In the **Description** field, enter a short description of the rule. The description is optional.
4. Select the **Recognition Treatment** to apply when this rule matches a revenue element.

   If the recognition treatment you want to use does not appear in the list, click the plus icon to create a new recognition treatment. For information, see Creating a Recognition Treatment.
5. Check the **Inactive** box if you want to disable the rule.
6. In the **Criteria** subtab, select the fields and values that must match for the rule to apply the recognition treatment to a revenue element.

   Unless you include a field and value, the field is not considered for matching.

   - **Accounting Book** – Multi-select list. The accounting book associated with the source and revenue element. This field is available only when the Multi-Book Accounting feature is enabled. For information, see the help topic Using Multi-Book Accounting.
   - **Date** – Date. Refers to the date on the revenue arrangement.
   - **Item Revenue Category** – Multi-select list. The item revenue category of the item in the revenue element.

- **Source Type** – Multi-select list. The type of source for the revenue element. **Transaction Line** is always an option. Other options depend on the features enabled in your account.
- **Subsidiary** – Multi-select list. The subsidiary associated with the source and revenue element.
- **Transaction Type** – Multi-select list. The type of transaction the source is. Options include
  - Sales Orders
  - Invoices (not created from sales orders)
  - Cash Sales
  - Cash Refunds
  - Return Authorizations
  - Credit Memos

  You can use this field without including a **Source Type**. Transaction type refers only to transaction lines.

  The treatment lookup process does not consider revenue elements that are sourced from journal entries.

7. When you have added all criteria needed to apply the recognition treatment, click **Save**.

After you have created your recognition treatment rules, review their priority. Order of creation determines the initial priority. The first recognition treatment rule you create takes precedence over the next one you create, and so on. For instructions, see Prioritizing Recognition Treatment Rules.

Prioritizing Recognition Treatment Rules

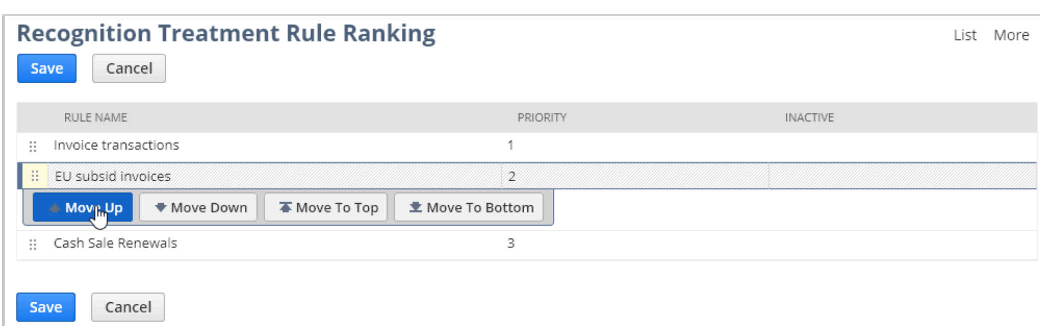
The priority numbers of recognition treatment rules determine the recognition treatment that a revenue element gets. The treatment rule lookup process begins with the highest priority rule (priority number 1) and continues until it finds a rule that matches the element. When the process finds a match, it ends. If the process does not find a match, the revenue element retains the values it had before the lookup.

To be considered, a rule that is an exception to a general rule must have a higher priority (lower number) than the general rule. For example, if you have a general rule for a specific transaction type, and also have subsidiary-specific rules for that transaction type, make the subsidiary-specific rules higher priority.

To change the priority of recognition treatment rules

1. Go to Setup > Accounting > Revenue > Recognition Treatment Rules, and click **Prioritize Rules**.
2. On the Recognition Treatment Rule Ranking page, use the buttons for each row to adjust the position of the row in the list. On this page, the rules appear in priority ranking order.

   For example, to make the rule for EU subsidiary invoices rank higher than the general invoice rule, select the EU subsid invoices row and click **Move Up**. The EU subsid invoices rule then becomes Priority 1, and Invoice transactions becomes Priority 2.



You can also click the row handle (the six dots before the rule name) and move the row to the position you want.

3. When you are satisfied with the ranking, click **Save**.

Editing a Recognition Treatment Rule

Changes in recognition treatment rules only affect future treatment rule lookup results. Your rule edits do not change the treatments that have already been applied to revenue elements.

To edit a recognition treatment rule:

1. Go to Setup > Accounting > Revenue > Recognition Treatment Rules, and click **Edit** for the rule you want to edit.

   By default, the Recognition Treatment Rules page lists rule in alphabetical order by Rule Name.
2. Edit the recognition treatment rule as needed.
3. Click **Save**.

Your changes appear in the System Notes subtab after you save the rule.

Deleting a Recognition Treatment Rule

You cannot delete recognition treatment rules that are associated with revenue elements. You can, however, edit the recognition treatment rule and check the Inactive box to prevent the rule from being used again until you clear the box.

To delete a recognition treatment rule:

1. Go to Setup > Accounting > Revenue > Recognition Treatment Rules, and click **Edit** for the rule you want to delete.

   By default, the Recognition Treatment Rules page lists rule in alphabetical order by Rule Name.
2. From the **Actions** list, select **Delete**.

   After you confirm that you want to delete, you get an error message if the recognition treatment rule is assigned to revenue elements.

Operation of Rule-Based Recognition Treatment

The recognition treatment lookup process is part of the process that creates and updates revenue arrangements. The treatment lookup occurs prior to allocation when new revenue arrangements are created or merged. If revenue arrangements are not compliant, the lookup process runs again when revenue arrangements are updated. For more information, see Compliant Indicator for Revenue Arrangements.

The treatment lookup process evaluates treatment rules to determine whether to apply a recognition treatment to a revenue element. The process begins with the highest priority rule (priority number 1) and continues until it finds a rule that matches the element. When the process finds a match, it ends. If the process does not find a matching rule for the revenue element, NetSuite does not apply a recognition treatment to the element.

The treatment lookup process does not consider revenue elements that are sourced from journal entries.

Recognition treatments and recognition treatment rules should rarely change. For information about adjusting the initial setup, see Setup for Rule-Based Recognition Treatment.

The following topics contain instructions for working with recognition treatments and rules after the initial setup:

- Running the Recognition Treatment Lookup Process Manually
- Excluding Revenue Elements from Treatment Lookup
- Viewing Recognition Treatments
- Viewing Recognition Treatment Rules

Running the Recognition Treatment Lookup Process Manually

The recognition treatment lookup process runs automatically prior to allocation when new revenue arrangements are created or merged. You can also run the lookup process manually to apply recognition treatments to the elements of a specific revenue arrangement using the Apply Treatments button. The Advanced Revenue Management (Revenue Allocation) feature must be enabled as a prerequisite for running this process. For information about enabling this feature, see Enabling the Advanced Revenue Management (Revenue Allocation) Feature.

The Apply Treatments button does not appear on compliant revenue arrangements or when the Exclude from Treatment Lookup box is checked on all revenue elements. To apply treatments to revenue arrangements, the Compliant box on the header of the arrangement and at least one revenue element's Exclude from Treatment Lookup box must be clear. For more information, see Compliant Indicator for Revenue Arrangements and Excluding Revenue Elements from Treatment Lookup.

To run the treatment lookup process manually:

1. Go to Transactions > Financial > Transaction Creation > Revenue Arrangements, and click **View** next to the revenue arrangement to which you want to apply the recognition treatment.
2. If the **Compliant** box is checked on the revenue arrangement:
   a. Click **Edit**.
   b. Clear the **Compliant** box, and click **Save**.
3. Click **Apply Treatments** and wait for the process to run.
4. Click **Allocate**.

   When the allocation process is complete, you should see a check in the **Compliant** box again. If the box remains clear, allocation has failed. Investigate the error on the **Revenue Arrangement Message** subtab, correct the problem, and click **Allocate** again.
5. Click **Update Revenue Plans** to ensure your revenue plans include any changes.

Excluding Revenue Elements from Treatment Lookup

Use the Exclude from Treatment Lookup box on a revenue element to prevent changes to revenue recognition attributes due to future treatment lookup. When you exclude an element from the lookup process, the treatment rule and treatment associated with the element, if any, remain unchanged. The Exclude from Treatment Lookup box appears only when the Advanced Revenue Management (Revenue Allocation) feature is enabled. For information about this feature, see Enabling the Advanced Revenue Management (Revenue Allocation) Feature.

The treatment lookup process automatically excludes revenue elements that are sourced from journal entries.

The usual reason for excluding elements from lookup is to preserve edits you have made manually to the element's revenue recognition attributes. You can continue to edit revenue elements manually after you exclude them from lookup. For information about which attributes you can edit, see Revenue Element Field Reference.

To exclude revenue elements from treatment lookup:

1. Go to Transactions > Financial > Revenue Arrangements, and click **Edit** next to the revenue arrangement with the revenue elements you want to exclude.
2. Check the **Exclude from Treatment Lookup** box on each revenue element whose attributes you want to preserve.
3. Click **Save**.

You can use the Exclude from Treatment Lookup field as a criteria filter and results field in revenue element advanced searches. For general instructions, see the help topic Defining an Advanced Search.

Viewing Recognition Treatments

To view recognition treatments, you need the lists permission Recognition Treatment at the View level or higher. For more information, see Roles and Permissions for Rule-Based Recognition Treatment.

NetSuite provides several ways to view recognition treatments.

- From the Menu
- From a Recognition Treatment Rule
- From a Revenue Element
- From Search Results

From the Menu

From the menu, you can see a complete list of the recognition treatment records in your account and view individual records as needed.

To view a recognition treatment from the menu:

1. Go to Setup > Accounting > Revenue > Recognition Treatments.

   In Accounting Center, go to Revenue > Setup > Recognition Treatments.

   In the Executive Center, go to Setup > Other Setup > Recognition Treatments.
2. Click **View** next to the recognition treatment you want to view.
3. Click **Back** or **List** to return to the Recognition Treatments list page.

From a Recognition Treatment Rule

When you are creating or editing a recognition treatment rule, you can view recognition treatments in a popup window.

To view a recognition treatment from a recognition treatment rule:

1. With the recognition treatment rule in edit mode, select a **Recognition Treatment** from the list.
2. Click the open icon to the right of the list.

   The Recognition Treatment page opens in a new browser tab.

From a Revenue Element

When the lookup process applies a recognition treatment to a revenue element, it adds a link to the treatment on the element record.

You need the following additional permissions to access a recognition treatment from a revenue element using this procedure:

- Lists permission Revenue Element, View level or higher
- Transactions permission Revenue Arrangement, View level or higher

To view a recognition treatment from a revenue element:

1. Go to Transactions > Financial > Revenue Arrangements, and click **View** next to the revenue arrangement with the revenue element whose treatment you want to view.
2. On the **Revenue Element** subtab of the **Revenue Elements** subtab, click the link in the **Revenue Element** column.
3. On the Revenue Element page, click the link in the **Recognition Treatment** field.

   If the **Recognition Treatment** field is empty, no recognition treatment is associated with the element.

From Search Results

You can create a search for recognition treatments at Setup > Accounting > Revenue > Recognition Treatments > Search or from the Search link in the top right of the Recognition Treatment page.

You can use a revenue element advanced search or saved search to view recognition treatments in the context of revenue elements. Both the criteria filters and the results fields include Recognition Treatment.

For help with advanced search and saved search, see the help topics Defining an Advanced Search and Defining a Saved Search.

To view a recognition treatment with revenue elements from search results:

1. Go to Lists > Search > Saved Searches.
2. If desired, click **Create Saved Search**.
3. Complete header fields and add criteria filters as desired.
4. On the **Results** subtab, add **Recognition Treatment** to the fields and order the fields as desired.
5. Complete sorting and output fields in the header of the subtab as desired.
6. Click **Submit** (or **Preview** in a saved search) to see your results.
7. Click **View** for the revenue element that includes the recognition treatment you want to see.
8. On the Revenue Element page, click the link in the **Recognition Treatment** field.

   If the **Recognition Treatment** field is empty, no recognition treatment is associated with the element.

You can use similar steps to access a recognition treatment from a Transaction search for the Revenue Arrangement type. Revenue Element Fields are near the bottom of the list of results fields, and Recognition Treatment is included.

Viewing Recognition Treatment Rules

To view recognition treatment rules, you need the list permission Recognition Treatment Rule at the View level or higher. For more information, see Roles and Permissions for Rule-Based Recognition Treatment.

NetSuite provides several ways to view recognition treatment rules.

- From the Menu
- From a Revenue Element
- From Search Results

From the Menu

From the menu, you can see a complete list of the recognition treatment rules in your account and view individual records as needed.

To view a recognition treatment rule from the menu:

1. Go to Setup > Accounting > Revenue > Recognition Treatment Rules.

   In Accounting Center, go to Revenue > Setup > Recognition Treatment Rules.

   In the Executive Center, go to Setup > Other Setup > Recognition Treatment Rules.
2. Click **View** next to the recognition treatment rule you want to view.
3. Click **Back** or **List** to return to the Recognition Treatment Rules list page.

From a Revenue Element

When the lookup process applies a recognition treatment rule to a revenue element, it adds a link to the treatment rule on the element record.

You need these additional permissions to access a recognition treatment rule from a revenue element using this procedure:

- Lists permission Revenue Element, View level or higher
- Transactions permission Revenue Arrangement, View level or higher

To view a recognition treatment rule from a revenue element:

1. Go to Transactions > Financial > Revenue Arrangements, and click **View** next to the revenue arrangement with the revenue element whose treatment you want to view.
2. On the **Revenue Element** subtab of the **Revenue Elements** subtab, click the link in the **Revenue Element** column.
3. On the Revenue Element page, click the link in the **Recognition Treatment Rule** field.

   If the **Recognition Treatment Rule** field is empty, no recognition treatment rule is associated with the element.

From Search Results

You can use a revenue element advanced search or saved search to view recognition treatment rules. Both the criteria filters and the results fields include Recognition Treatment Rule.

For help with advanced search and saved search, see the help topics Defining an Advanced Search and Defining a Saved Search.

To view a recognition treatment rule from search results:

1. Go to Lists > Search > Saved Searches.
2. If desired, click **Create Saved Search**.
3. Complete header fields and add criteria filters as desired.
4. On the **Results** subtab, add **Recognition Treatment Rule** to the fields and order the fields as desired.
5. Complete sorting and output fields in the header of the subtab as desired.
6. Click **Submit** (or **Preview** in a saved search) to see your results.
7. Click **View** for the revenue element that includes the recognition treatment rule you want to see.
8. On the Revenue Element page, click the link in the **Recognition Treatment Rule** field.

   If the **Recognition Treatment Rule** field is empty, no recognition treatment is associated with the element.

You can use similar steps to access a recognition treatment rule from a Transaction search for the Revenue Arrangement type. Revenue Element Fields are near the bottom of the list of results fields, and Recognition Treatment Rule is included.