1. Identify point of revenue recognition.

The following independent situations require professional judgment for determining when to recognize revenue from the transactions.

Southwest Airlines sells you an advance-purchase airline ticket in September for your flight home at Christmas.

Ultimate Electronics sells you a home theatre on a “no money down, no interest, and no payments for one year” promotional deal.

The Toronto Blue Jays sell season tickets online to games in the Skydome. Fans can purchase the tickets at any time, although the season doesn’t officially begin until April. The major League baseball season runs from April through October.

You borrow money in August from RBC Financial Group. The loan and the interest are repayable in full in November.

In August, you order a sweater from Sears using its online catalog. The sweater arrives in September, and you charge it to your Sears credit card. You receive and pay the Sears bill in October.

**Instructions:**

Identify when revenue should be recognized in each of the above situations.