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**International
Accounting Standards
Board**

This document is provided as a convenience to observers at IASB meetings, to assist them in following the Board's discussion. It does not represent an official position of the IASB. Board positions are set out in Standards.

These notes are based on the staff papers prepared for the IASB. Paragraph numbers correspond to paragraph numbers used in the IASB papers. However, because these notes are less detailed, some paragraph numbers are not used.

INFORMATION FOR OBSERVERS

Board Meeting: January 2008, London

Project: Revenue Recognition

Subject: Customer Consideration model – Covering memo (Agenda paper 2A)

OBJECTIVES FOR THE BOARD MEETING

1. At the October joint meeting, the staff presented a summary of both the Measurement and the Customer Consideration models. The summary of the Customer Consideration model was presented as Agenda Paper 5C / Memo 92 at that meeting.
2. Agenda Paper 4B / Memo 96, presented to the Boards in November, laid a foundation for both the Measurement and Customer Consideration models by explaining why the Boards decided to pursue a revenue recognition model that focused on changes in assets and liabilities. In addition, it proposed a tentative definition of revenue, which has since been explored by both models. In November and December, the Boards examined a more extensive description of the Measurement model. The objective of this month's meeting is to provide you with a similar opportunity to examine a more extensive description of the Customer Consideration model.

OVERVIEW OF PAPERS FOR MEETING

3. The materials for this meeting are as follows:
 - *Agenda Paper 2B / Memo 103 - Measurement.* This paper considers the reasons for developing a revenue recognition model in which the initial measure of the rights is allocated to the obligations. It next explains why the customer consideration, or transaction price, has been

selected as the measurement approach of this model. It then explains how the customer consideration is allocated to identified performance obligations. Finally, it explains that performance obligations are not re-measured subsequently, unless the contract is judged to be onerous.

- *Agenda Paper 2C / Memo 104 - Performance obligations.* This paper considers how the definition of revenue in the Customer Consideration model is dependent on the satisfaction of performance obligations. It next considers the definition of performance obligations and how performance obligations are identified. It then considers three examples where the identification of performance obligations has been problematic in the past. Finally, this paper explains and illustrates how performance obligations are satisfied.
- *Agenda Paper 2D / Memo 105 - Revenue recognition examples.* This paper contains the same three examples that were included in the October joint board paper but this time compares the customer consideration model with current practice. In addition, we have added a fourth example, a simple return right. The fact sets for these examples are identical to those presented at the November and December Boards in illustration of the Measurement model.