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This document is provided as a convenience to observers at the Global Preparers Forum meeting, to assist them in following the discussions. It does not represent an official position of the IASB. Board positions are set out in Standards.

Note: These notes are based on the staff papers prepared for the GPF meeting. Paragraph numbers correspond to paragraph numbers used in the GPF agenda paper.

INFORMATION FOR OBSERVERS

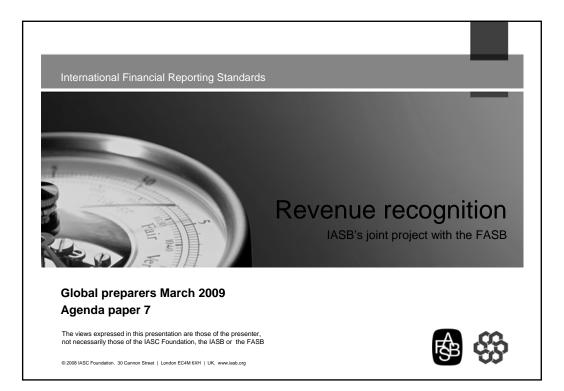
GPF Meeting:

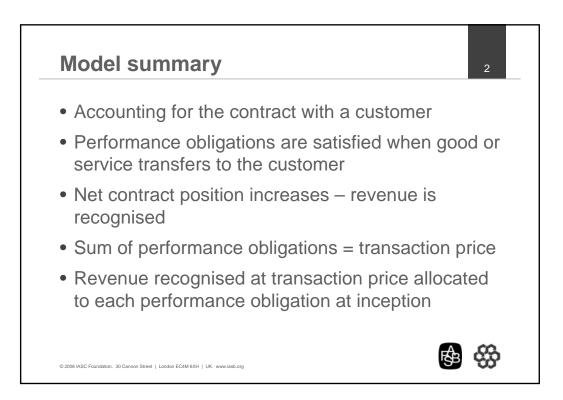
March 2009, London

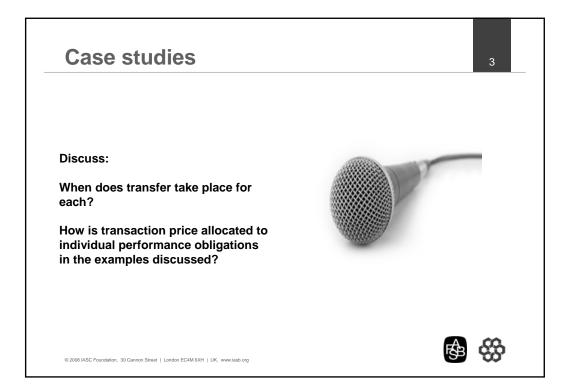
Project:

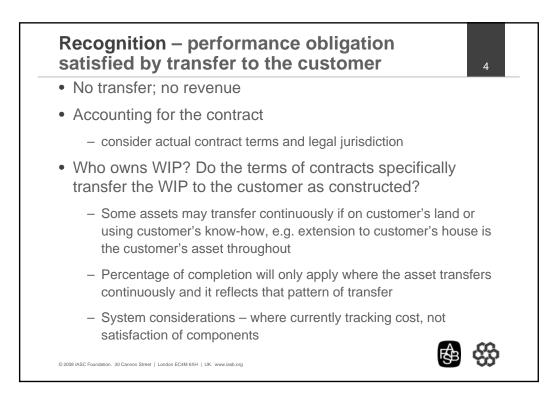
Revenue recognition

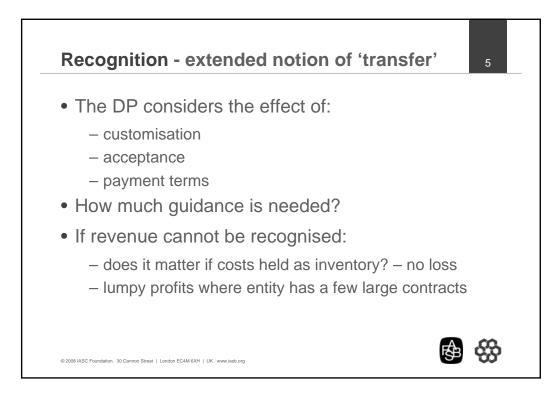
(Agenda Paper 7)

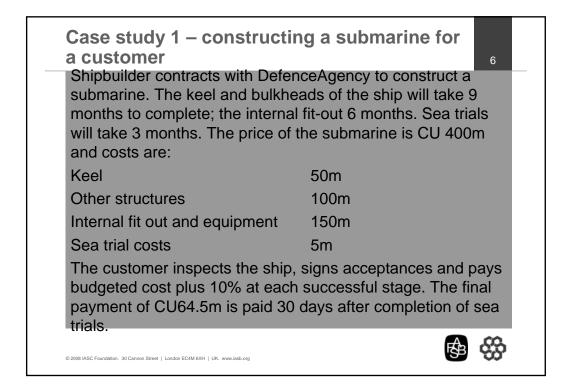


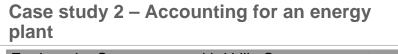








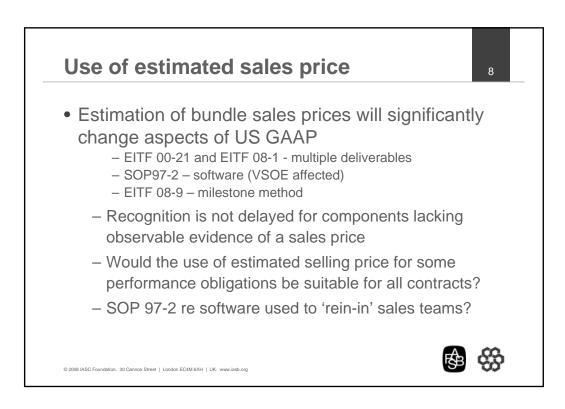




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EngineeringCo contracts with UtilityCo to construct a power station. It is specially designed for that customer, but design is controlled by EngineeringCo who has the specialist knowledge required. The price is CU 750 m. Construction takes place at two principal sites – EngineeringCo's machine shop where plant such as turbines are constructed and also at the customer's designated site for the energy plant where the engine halls and cooling towers are constructed prior to installation of the generating equipment. The cost of the plant and equipment is CU 350m and the power station building CU 250m. It is a turn-key project -EngineeringCo install and test the completed plant; the customer has specified rejection clauses and terms.

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Case study 3 – Accounting for a software product with post-delivery services

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SoftwareCo provides Customer with an application to run its payroll. The package includes the application itself, access to a help line for the next year and a promise to upgrade the software should any changes to payroll taxes come into effect. The total selling price of this package is CU 850. SoftwareCo never sells the application without the help desk and tax patches, but it does sell subsequent years of combined helpline support and upgrades at CU 100 pa.

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