| Project | **Revenue Recognition** |
| Topic | **Cover Note** |

Papers to be discussed at the meeting

1. The Boards will deliberate the following papers:

    (a) **Agenda Paper 3A/Memo 122A** *Background information: Putting the October staff papers in context*. This paper clarifies how the staff's recommendations in October (in particular on segmentation of a contract) affect the proposed revenue recognition model.

    (b) **Agenda Paper 3B/Memo 122B** *Segmenting a contract*. This paper considers how an entity segments a contract when applying the proposed model.

    (c) **Agenda Paper 3C/Memo 122C** *Allocating the transaction price*. This paper explains how an entity allocates consideration to each segment in a contract.

    (d) **Agenda Paper 3D/Memo 122D** *Recognizing revenue in a segment of a contract*. This paper explains how an entity determines the amount of revenue to recognise as it satisfies performances obligations in each contract segment.

2. These four papers cover the core principles of the proposed model relating to the *amount* of revenue to be recognised. (The Boards discussed *when* revenue should be recognised last month.) The staff's recommendations in these papers are intended to clarify how practically an entity would apply the principles proposed in the Discussion Paper.

Tentative decisions reached to date

3.   Because Agenda Paper 3A/Memo 122A contains an overview of the proposed model, the staff has not provided a table of tentative decisions to date in this package. If any board member would like an updated copy of our decision summary prepared for the July Joint Board meeting (*Steps to apply the proposed model*), please contact the staff.

Timetable to the Exposure Draft

4.   The Boards' objective remains to issue a joint revenue recognition standard in June 2011. To achieve that, the staff thinks that the Exposure Draft needs to be issued in Q2 2010.

5.   At the conclusion of the October board meeting, the Boards should have reached tentative decisions about the core recognition and measurement components of the proposed model. Having those components of the model will enable the staff to get more useful input from constituents at the workshops planned for late November and early December.

6.   Having those components will also allow the staff to begin drafting the Exposure Draft. As the boards redeliberate the remaining issues, the draft will continue to develop. Given the tight timetable next year, the staff thinks it is important to have a reasonably complete staff draft by the end of the year.

7.   The staff proposes the following timetable:

November 2009	- Contract acquisition, other upfront costs (and related upfront fees) - Treatment of existing cost guidance in revenue standards - Remaining issues related to determining the transaction price - Remeasurement and onerous performance obligations - Contracts involving licenses of intangible assets
November	*Workshops: London, Tokyo, Melbourne, Norwalk*

December 2009	
December 2009	• Contract issues: contract existence; returns and refunds; loss leaders • Identifying performance obligations, including warranties • Scope of standard • Disclosure
January 2010	• Presentation • Transition • Consequential amendments
February 2010	• Pre-balloting of Exposure Draft
March 2010	• Sweep issues