
Project **Revenue Recognition**

Topic **Cover note**

Papers for discussion during April 12-14 meetings

1. During the board meetings from April 12-14, the Boards will discuss the following papers:
 - (a) **Agenda Paper 2A (FASB Memo 141A) *Determining the transaction price: uncertain consideration*** – This paper considers how an entity should determine the transaction price and recognize revenue when the customer promises an amount of consideration that is uncertain.
 - (b) **Agenda Paper 2B (FASB Memo 141B) *Allocating the transaction price*** – This paper considers improvements to the Exposure Draft’s proposed requirements on how an entity should allocate the transaction price to separate performance obligations in a contract. This paper was originally posted as Agenda Paper 10F (FASB Memo 140F) for the March 2011 board meetings. The Boards did not discuss the paper. Hence, it has been re-distributed without change.
 - (c) **Agenda Paper 2C (FASB Memo 141C) *Licenses and rights to use intangible assets*** – This paper considers improvements to the Exposure Draft’s proposed requirements on the identification and satisfaction of performance obligations (and hence, the pattern of revenue recognition) in contracts in which an entity grants a license to a customer.

This paper has been prepared by the technical staff of the IFRS Foundation and the FASB for discussion at a public meeting of the FASB or the IASB.

The views expressed in this paper are those of the staff preparing the paper. They do not purport to represent the views of any individual members of the FASB or the IASB.

Comments made in relation to the application of U.S. GAAP or IFRSs do not purport to be acceptable or unacceptable application of U.S. GAAP or IFRSs.

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IASB/FASB Staff paper

- (d) **Agenda Paper 2D (FASB Memo 141D) *Fulfillment costs*** – This paper considers improvements to the proposed guidance in the Exposure Draft on accounting for the costs incurred to fulfill a contract with a customer.
- (e) **Agenda Paper 2E (FASB Memo 141E) *Sale and repurchase agreements – put option*** – This paper provides analysis of the accounting for a sale and repurchase agreement when a customer has the ‘unconditional right to require the entity to repurchase the asset (a put option)’ (paragraph B48 of the Exposure Draft *Revenue from Contracts with Customers*). This paper seeks the boards’ views on whether, in some circumstances, put options in a sale and repurchase agreement should be accounted for as a lease.

Next steps

- 2. At their meetings later in April and in May, the Boards will further discuss some issues related to the papers listed above (e.g. impairment of an asset recognized for contract fulfilment costs). In addition, the Boards will consider the following topics:
 - (a) Disclosures,
 - (b) Transition and effective date.