
Project **Revenue Recognition**

Topic **Cover note**

Papers for discussion during March 21-23 meetings

1. During the board meetings from March 21-23, the Boards will discuss six papers that focus on the measurement of revenue in the proposed revenue model. The following five papers focus on determining the transaction price:
 - (a) **Agenda Paper 10A (FASB Memo 140A) *Collectibility*** – This paper seeks the Boards’ views on how an entity should account for the effects of a customer’s credit risk, and changes in that risk, in a contract with a customer.
 - (b) **Agenda Paper 10B (FASB Memo 140B) *Time value of money*** – This paper seeks the Boards’ views on when and how an entity should adjust the promised amount of consideration in a contract to reflect the effects of the time value of money.
 - (c) **Agenda Paper 10C (FASB Memo 140C) *Uncertain consideration – existence of a right*** – This paper discusses the accounting for uncertain consideration; specifically it addresses some concerns raised by respondents to the Exposure Draft about whether a right to an uncertain amount of consideration should exist before an entity would be required to measure that right.

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.

The tentative decisions made by the FASB or the IASB at public meetings are reported in FASB *Action Alert* or in IASB *Update*. Official pronouncements of the FASB or the IASB are published only after each board has completed its full due process, including appropriate public consultation and formal voting procedures.

IASB/FASB Staff paper

- (d) **Agenda Paper 10D (FASB Memo 140D) *Uncertain consideration – measurement*** – This paper seeks the Boards’ views on how an entity should measure the transaction price. Specifically, it asks the Boards to reconsider the proposal in the Exposure Draft that an entity should measure the transaction price using a probability-weighted estimate.
 - (e) **Agenda Paper 10E (FASB Memo 140E) *Uncertain consideration – constraint*** – This paper considers whether and how an entity should constrain the amount of revenue recognized when the customer promises an uncertain amount of consideration.
2. The sixth paper relates to how an entity should allocate the transaction price:
- (a) **Agenda Paper 10F (FASB Memo 140F) *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.

Next steps

3. In April, the Boards will consider the following topics:
- (a) Costs of fulfilling a contract,
 - (b) Licenses and rights to use,
 - (c) Disclosures, and
 - (d) Scope.