

STAFF PAPER

Week of 15 October 2012

FASB Education Session 10 October 2012

FASB | IASB Meeting

Project	Revenue recognition		
Paper topic	Cover memo – October 2012		
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Introduction

1. This paper:
 - (a) Provides background on recent revenue project activities;
 - (b) Provides an overview of the papers for the October 2012 meeting; and
 - (c) Updates the redeliberations plan and timeline for the revenue project.

Background

2. The Boards published the revised exposure draft *Revenue from Contracts with Customers* in November 2011, with a comment period that ended on March 13, 2012.
3. In May 2012, the staff presented to the Boards a summary of the feedback from comments letters and a project plan for completing the redeliberations of the revenue project and finalizing a common revenue standard for IFRSs and US GAAP.
4. Thereafter, in July and September 2012, the Boards discussed and made tentative decisions on several topics that are summarized on the IASB and FASB websites.

IASB Agenda ref	7
FASB Agenda ref	163

Overview of October 2012 Revenue Recognition papers

5. The staff has prepared the following papers for discussion at the October 2012 joint board meeting.
- (a) **IASB Agenda paper 7A / FASB Board memo 163A – *Contract modifications***. This paper considers possible improvements and clarifications to the proposals for contract modifications (paragraphs 18-22 of the 2011 ED).
 - (b) **IASB Agenda paper 7B / FASB Board memo 163B – *Measuring progress towards complete satisfaction of a performance obligation***. This paper considers possible clarifications and refinements to the proposals on measuring progress towards complete satisfaction of a performance obligation (paragraphs 38-48 of the 2011 ED).

Next Steps

6. The staff expect to continue redeliberations in November 2012, whereby the focus will be on discussing topics such as licenses, constraining the cumulative amount of revenue recognized and collectibility.
7. The project plan and timeline is presented in the following table.

MONTH	REDELIBERATION TOPIC
Discussed	Identification of separate performance obligations (Step 2)
	Satisfaction of performance obligations (Step 5)
	Onerous test
	Time Value of Money (Step 3)
	Contract issues – contract combinations and distribution networks
	Licenses
	Constraining the cumulative amount of revenue recognised (Step 5)
This month	Collectibility (Step 3)
	Contract modifications
	Measures of progress (Step 5)
Upcoming topics	Allocation of the transaction price (Step 4)
	Costs
	Nonfinancial assets
	Scope
	Disclosures
	Transition, effective date & early adoption
	Sweep issues & consequential amendments
	Cost-benefit analysis

To be re-discussed

