
STAFF PAPER

Week of 28 January 2013

FASB | IASB Meeting

FASB Education Session 23 January 2013
IASB Education Session 29 January 2013

Project	Revenue recognition		
Paper topic	Cover memo – January 2013		
CONTACT(S)	Kristin Bauer	kdbauer@fasb.org	+1 203 956 3469
	Allison McManus	amcmanus@ifrs.org	+44 (0) 207 246 6462

This paper has been prepared by the staff of the IFRS Foundation and the FASB for discussion at a public meeting of the FASB or IASB. It does not purport to represent the views of any individual members of either board. Comments on the application of US GAAP or IFRSs do not purport to set out acceptable or unacceptable application of U.S. GAAP or IFRSs. The FASB and the IASB report their decisions made at public meetings in FASB *Action Alert* or in IASB *Update*.

Introduction

1. This paper:
 - (a) provides background on recent revenue project activities;
 - (b) provides an overview of the papers for the January 2013 meeting; and
 - (c) updates the redeliberations plan for the revenue project.

Background

2. The Boards published the revised exposure draft *Revenue from Contracts with Customers* in November 2011 (“the 2011 ED”), 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 finalising a common revenue standard for IFRSs and US GAAP.
4. Thereafter, the Boards discussed and made tentative decisions on several topics that are summarised on the IASB and FASB websites.

IASB Agenda ref	7
FASB Agenda ref	166

Overview of January 2013 Revenue Recognition papers

5. The staff has prepared the following papers for discussion at the January 2013 joint Board meeting:

- (a) **IASB Agenda paper 7A / FASB Board memo 166A – *Scope (financial instruments and collaborative arrangements)*** – This paper considers potential improvements to the scope guidance of the 2011 ED, including for collaborative arrangements and financial services contracts.
- (b) **IASB Agenda paper 7B / FASB Board memo 166B – *Repurchase agreements***. This paper considers possible clarifications to the proposed accounting for repurchase agreements in paragraphs IG38—IG48/B38—B48 of the 2011 ED.
- (c) **IASB Agenda paper 7C / FASB Board memo 166C – *The effect of the revenue recognition model on asset managers***. This paper considers possible refinements to the 2011 ED to address concerns raised by some respondents about how the proposals would apply to the asset management industry. Specifically, this paper considers how (a) the constraint on revenue recognized and (b) contract cost proposals in the 2011 ED would affect the asset management industry.
- (d) **IASB Agenda paper 7D / FASB Board memo 166D – *Transfers of assets that are not an output of an entity’s ordinary activities***. This paper considers possible changes to the consequential amendments related to the transfer of non-financial assets that were proposed in the 2011 ED. Those amendments require an entity to apply the proposed requirements on control and measurement in the 2011 ED to the transfer
- (e) of non-financial assets that are not an output of an entity’s ordinary activities to determine when to derecognise the asset and the amount of the gain or loss on derecognition.
- (f) **IASB Agenda paper 7E / FASB Board memo 166E – *Update on outreach regarding disclosure and transition proposals***. This paper

IASB Agenda ref	7
FASB Agenda ref	166

provides a summary of the feedback received on the proposed disclosure and transition requirements in the 2011 ED. This summary includes feedback that was received through comment letters and outreach activities undertaken during both the comment period and the redeliberations period, including the feedback provided in the disclosure and transition workshops held in late 2012. A subsequent paper will ask the Boards for decisions on potential changes on these topics in February 2013.

Next Steps

6. Redeliberations will continue in February 2013. The project plan is presented in the following table:

STATUS	REDELIBERATION TOPIC
Complete	<ul style="list-style-type: none"> • Identification of separate performance obligations (Step 2) • Satisfaction of performance obligations (Step 5) • Onerous test • Time value of money (Step 3) • Contracts with customers that contain nonrecourse, seller-based financing • Contract issues (Step 1) • Contract modifications • Measures of progress (Step 5) • Licenses • Constraining the cumulative amount of revenue recognised (Step 5) • Collectibility (Step 3) • Allocation of the transaction price (Step 4) • Contract costs • Effect of the revenue recognition model on some bundled arrangements • Constraining the cumulative amount of revenue recognised - licenses
This month	<ul style="list-style-type: none"> • Scope and other issues • Non-financial assets • Disclosure and transition outreach update
Upcoming topics	<ul style="list-style-type: none"> • Disclosures • Transition, effective date & early adoption • Sweep issues & consequential amendments • Cost-benefit analysis