

STAFF PAPER

Week of 22 July 2013

FASB | IASB Meeting

IASB Ed Session – 23 July 2013

FASB Ed Session – 17 July 2013

Project	Revenue recognition		
Paper topic	Cover memo – July 2013		
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Introduction

1. This paper provides:
 - (a) background on the status of the revenue recognition project; and
 - (b) an overview of the papers for the July 2013 meeting.

Background

2. In early 2013, the Boards substantially completed their redeliberations on the revised exposure draft *Revenue from Contracts with Customers*, which was issued in November 2011 (“the 2011 ED”). Since completing the redeliberations, the staff have been completing the remaining steps in each Board’s respective due process requirements and drafting the forthcoming final revenue standard.
3. In May 2013, the IASB considered the due process steps they have taken in developing the revenue recognition standard. During this meeting the IASB decided that it was not necessary to re-expose the draft standard and granted the staff permission to ballot. The FASB expects to complete a similar due process step in the coming weeks. Additionally, the staff will complete an analysis of the costs and benefits of the final revenue standard and its potential effects.

The IASB is the independent standard-setting body of the IFRS Foundation, a not-for-profit corporation promoting the adoption of IFRSs. For more information visit www.ifrs.org

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IASB Agenda ref	7
FASB Agenda ref	173

Overview of July 2013 revenue recognition papers

4. The staff identified the July topics to discuss with the Boards during the drafting process, which included considering the feedback on an external review draft. If necessary, the staff will bring to the Boards any additional “sweep issues” that arise during drafting.
5. The staff have prepared the following papers for discussion at the July 2013 joint Board meeting:
 - (a) **IASB Agenda paper 7A / FASB Board memo 173A – *Collectibility*.**
This paper considers how assessments of a customer’s credit risk should be reflected in accounting for contracts with customers without a significant financing component.
 - (b) **IASB Agenda paper 7B / FASB Board memo 173B – *Accounting for contracts that do not meet Step 1 of the revenue model*.** This paper considers the accounting for contracts that cannot qualify to apply the revenue model because they do not meet the criteria in Step 1, *Identify the Contract*, as outlined in paragraph 14 of the 2011 ED (as revised).
 - (c) **IASB Agenda paper 7C / FASB Board memo 173C – *Constraint – minimums requirements*.** This paper considers the application of the constraint, specifically how the requirements to include some (but not all) of the amount of variable consideration in the transaction price should be applied (“the minimums’ requirements”).