

## STAFF PAPER

Week of 20 May 2013

## IASB Meeting

Project	Revenue Recognition		
Paper topic	Due process summary		
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This paper has been prepared by the staff of the IFRS Foundation for discussion at a public meeting of the IASB and does not represent the views of the IASB or any individual member of the IASB. Comments on the application of IFRSs do not purport to set out acceptable or unacceptable application of IFRSs. Technical decisions are made in public and reported in IASB *Update*.

**Purpose and structure of this paper**

1. This paper summarises the due process steps the IASB has taken in developing the revenue recognition standard. This paper also includes three questions for the Board to complete the due process on the project and to allow the staff to finalise the standard. The paper is structured as follows:
  - (a) Adding the project to the IASB agenda (paragraphs 3-6)
  - (b) Compliance with the mandatory due process steps (paragraphs 7-12)
  - (c) Compliance with other non-mandatory due process steps (paragraphs 13-26)
  - (d) Re-exposure, permission to ballot and dissents (paragraphs 27-29)
2. The revenue recognition project is a joint project with the Financial Accounting Standards Board (the FASB). This paper represents the culmination of the IASB's due process and requests the IASB for permission to ballot. The staff note that the FASB will complete their own due process analysis in the next few weeks and, in accordance with their own due process, will also be asked to provide permission for the FASB staff to start their ballot process. Although the analysis of each Board's respective due process is done separately, the final standard will be a joint

standard and the Boards will be asked to approve for publication the substantially same draft Standard at the same time.

### **Why change the requirements for recognising revenue? - Adding the project to the IASB agenda**

3. At the May 2001 Board meeting, the IASB discussed potential topics for projects, citing revenue recognition as a possibility. Subsequent to that discussion, the IASB expanded its description of the topic of revenue recognition into three possible projects, one of which was to establish workable general principles as a basis for determining when revenue should be recognized in the financial statements.
4. In July 2002, the IASB added this topic to its agenda, titling the new project “Revenue—definition and recognition—and related aspects of liabilities.” Shortly thereafter, the IASB and the FASB decided to make the project a joint project. As such, the FASB has completed all of the same due process steps discussed in this paper (and on the same timeline).
5. The objective of the joint project on revenue recognition is to remove inconsistencies and weaknesses in existing standards in both US GAAP and IFRSs. For example, the revenue requirements in IAS 18 *Revenue* and IAS 11 *Construction Contracts* contain limited guidance on some topics, for example, multiple-element arrangements, making the requirements difficult to apply to complex transactions. In addition, the staff is aware of inconsistencies in the application of IFRIC 15 *Agreements for the Construction of Real Estate* because of the difficulty in determining when control of a good transfers over time. In contrast, US GAAP includes numerous and industry-specific requirements that often result in economically similar transactions being accounted for differently.
6. The project also aimed to improve disclosure requirements to make it easier for users to understand how an entity generates revenue and to compare revenue between entities. Users of financial statements commented that, given the importance of revenue, improvements to existing disclosure requirements are of critical importance because existing disclosure requirements are generally inadequate.

## Compliance with the mandatory due process steps

### ***Publication of due process documents***

7. The revenue recognition standard has undergone a lengthy, comprehensive process to ensure that the IASB and the FASB issue a relevant and workable standard.
8. The process began with public discussion of the topic at joint Board meetings (31 staff papers at 13 public Board meetings) culminating in the publication of the Discussion Paper *Preliminary Views on Revenue Recognition in Contracts with Customers* in December 2008 (“the DP”). The DP set out the Boards’ preliminary views on a single, contract-based revenue recognition model that would provide clearer guidance about when an entity should recognise revenue. The DP had a 180 day comment period ending on 19 June 2009. The Boards received 211 comment letters in response.
9. The boards considered and discussed the comment letters and feedback from other outreach undertaken at public joint Board meetings (37 staff papers at 13 meetings). On the basis of this analysis the boards published the Exposure Draft *Revenue from Contracts with Customers* in June 2010 (“the 2010 ED”). The 2010 ED built on the DP and further developed the contract-based revenue recognition model. The 2010 ED was approved by all fifteen members of the IASB. The 2010 ED had a 120 day comment period ending on 22 October 2010. The boards received 974 comment letters in response.
10. Again, the boards considered comment letter responses and feedback from other outreach at public joint Board meetings (50 staff papers at 16 meetings). As a result of these discussions, the boards revised some aspects of the proposals in the 2011 ED. The boards assessed those revisions and decided that they did not warrant re-exposure. Nevertheless, the boards decided to be particularly cautious and to re-expose the proposals because of the pervasiveness of the topic—all entities have revenue, which is a very important indicator of performance. As a result, the Boards published the revised Exposure Draft *Revenue from Contracts with Customers* in November 2011 (“the 2011 ED”). The 2011 ED was approved by fourteen of the fifteen members of the IASB. One member voted against its

publication. (One FASB member also voted against its publication.) The 2011 ED had a 120 day comment period ending on 13 March 2012. After publication of the 2011 ED, the Boards continued to engage stakeholders in the process in over 200 outreach activities between September 2011 and May 2012. The boards received 359 comment letters, which they began considering in public joint Board meetings in May 2012 (41 papers at 10 meetings). The Boards continued to engage preparers, users, auditors and others in the process in over 100 outreach activities during redeliberations between June 2012 and May 2013. The Boards also hosted four disclosure and transition workshops for users and preparers.

### ***Reporting to IFRS Foundation bodies***

11. The revenue recognition project was regularly mentioned at the general session on the work plan at each meeting of the Advisory Council. IASB staff and members also discussed the project specifically with the Advisory Council in November 2007, June 2009 and October 2011. In each case, the staff provided updates on the latest staff thinking and sometimes sought comments about the proposed model.
12. The Trustees and the Due Process Oversight Committee have also been regularly updated at their meetings on the status and progress of the project.

### **Compliance with other non-mandatory due process steps**

13. Other non-mandatory activities are generally undertaken to:
  - (a) raise awareness of the proposals (generally “public hearings”);
  - (b) make sure that the proposals are clear and complete (generally “work with consultative groups and other specialist advisory groups”); and
  - (c) improve the IASB’s understanding of issues raised by the proposals, observe if any unintended consequences have been identified and identify whether the proposals can be applied in a way that effectively communicates to users of financial statements the economic substance of an entity’s contracts with customers (generally “fieldwork”).

14. The remaining paragraphs in this section detail the outreach conducted in each of these categories in two parts—one leading up to the publication of the 2011 ED and one leading up to the publication of the final standard.

### ***Public hearings***

15. The staff and the Board completed extensive outreach during the development of all the due process documents (the DP, the 2010 ED and the 2011 ED), as well as during the finalisation of the standard. These are summarised here as follows:

#### *Activities leading up to the publication of the 2011 ED*

- (a) Presentations at events, conferences and online
  - (i) IFRS conferences in London, Tokyo, Cape Town and Toronto.
  - (ii) Conferences hosted by large accounting firms, including general financial reporting conferences as well as conferences focused on specific industries (eg technology and construction).
  - (iii) Conferences hosted by other organizations such as The Institute of Chartered Accountants in England and Wales (ICAEW) and the American Institute of Certified Public Accountants (AICPA).
  - (iv) Webcasts and podcasts: Communicating the key messages after the publication of the due process documents to as many interested parties as possible.
- (b) Four roundtable meetings: London, United Kingdom; Kuala Lumpur, Malaysia; Norwalk, Connecticut, USA; Palo Alto, California, USA.
- (c) Discussion forums and other outreach events
  - (i) Sao Paulo, Bangalore, Delhi, Mumbai, Seoul, Taiwan, Melbourne, Tokyo, Hong Kong, Brussels, Madrid, Paris, Frankfurt, Singapore, Oslo and Copenhagen

- (d) Communications of activities
  - (i) Press coverage: the staff gave interviews and responded to press inquiries to improve press coverage of the due process documents.
  - (ii) Email alerts: The staff set up and used the email alert function to communicate information about outreach events and other news on the revenue project.

*Activities leading up to the publication of the final IFRS on revenue recognition*

- (a) Presentations at events, conferences and online
  - (i) IFRS conferences in Melbourne, Frankfurt, Dubai and Sao Paulo.
  - (ii) Conferences hosted by large accounting firms, including general financial reporting conferences as well as conferences focused on specific industries (eg technology and construction).
  - (iii) Conferences hosted by other organizations such as the ICAEW and the AICPA.
  - (iv) Webcasts and podcasts: Communicating the key messages and frequently asked questions after the publication of the 2011 ED to as many interested parties as possible. The staff also participated in various webcasts hosted by accounting firms and other trade associations to deliver similar messages about the due process document and reach different audiences.
- (b) Five roundtable meetings: one in Tokyo, Japan; two in London, United Kingdom; and two in Norwalk, Connecticut, USA.
- (c) Discussion forums and other outreach events
  - (i) Mexico City and Kuala Lumpur.
- (d) Communications of activities
  - (i) Press coverage: the staff gave interviews and responded to press inquiries to improve press coverage of the due process documents.

- (ii) Email alerts: The staff continued to use the email alert function to communicate information about outreach events and other news on the revenue project.

***Work with Consultative and other specialist advisory groups***

*Activities leading up to the publication of the 2011 ED*

- 16. The revenue project started before the establishment of a working group was a formal due process consideration. However, the staff and the IASB considered creating a working group, but thought that it would be difficult to create a sensibly sized group from the various industries that would ideally be represented. Given the very different industries covered by the project, the IASB thought it would be more productive to utilise existing industry groups when specialist input was needed.
- 17. During the developments of the DP, the 2010 ED and the 2011 ED, the staff and the IASB consulted various existing industry groups as mentioned above, as well as appointed advisory groups to ensure that the proposals were clear and complete. These consultations are summarised here as follows:
  - (a) **Investor groups: Capital Markets Advisory Group (CMAC) and the FASB’s corresponding group, the Investors Technical Advisory Committee (ITAC)** – Staff regularly provided updates and requested input from this group of users of financial statements.
  - (b) **Preparer groups: Global Preparers’ Forum (GPF) and the FASB’s corresponding group, Financial Executives International (FEI)** – Staff regularly provided updates and requested input from this group of preparers of financial statements.
  - (c) **Other industry groups** – The Board and staff regularly met with groups representing specific industries, for example UK Constructors, telecommunications companies, European pharmaceutical companies, the European Software Accounting Group and national business associations. These meetings included discussions regarding the clarity and applicability of the proposals.

- (d) **Regulators and other standard-setters** – The staff and boards also met with regulators, such as the SEC staff and ESMA, to update them on the boards’ proposals. In addition, views were exchanged frequently with other standard-setters.
- (e) **Accounting firms** – The staff and boards regularly meet with members of the audit and technical departments from accounting firms to discuss issues.

*Activities leading up to the publication of the final IFRS on revenue recognition*

18. During the developments of the final standard, the staff and the Board have consulted various existing industry groups as mentioned above, as well as appointed advisory groups to ensure that the proposals in the 2011 ED are clear and complete. These consultations are summarised here as follows:

- (a) **Investor groups**– Staff regularly provided updates and requested input from this group of users of financial statements.
  - (i) **CMAC**—In addition to regular updates, the staff requested input from this group on topics such as the onerous test (June 2012), collectibility (October 2012) and licenses (March 2013).
  - (ii) **ITAC**—In addition to regular updates, the staff requested input from this group on topics such as the onerous test (June 2012).
- (b) **Preparer groups** – Staff regularly provided updates and requested input from this group of preparers of financial statements.
  - (i) **GPF**—Staff regularly provided updates and requested input from this group of preparers of financial statements on topics such as the onerous test (June 2012), collectibility (November 2012) and licenses (March 2013).
  - (ii) **FEI**—Staff regularly provided updates and requested input from this group of preparers of financial statements on topics such as licenses, the constraint and the time value of money (August 2012; March and April 2013);



- (c) **Other industry groups** – The Board and staff regularly met with industry groups to discuss the clarity and applicability of the proposals in the 2011 ED. These groups included, for example:
- (i) **European pharmaceutical group**—February 2012; March 2013.
  - (ii) **European Software Accounting Group**—March 2012, February 2013.
- (d) **Regulators and other standard-setters**—The staff and boards also met with regulators, such as the SEC staff and ESMA, after publication and ad hoc on specific issues as they arose. In addition, views were exchanged frequently with other standard-setters, for example EFRAG (April, May 2013).
- (e) **Accounting firms** – The staff and boards regularly meet with members of the audit and technical departments from accounting firms to discuss issues (December 2012, January 2013, and March 2013).

### **Fieldwork**

19. The staff and the Board engaged many stakeholders to improve understanding of issues and any unintended consequences that may result from the application of the proposals, and to identify whether the proposals could be applied in a way that effectively communicates to users of financial statements the economic substance of an entity's contracts with customers. Outreach activities were designed to collect information about the issues that would arise from applying the proposals across a wide range of transactions, industries and jurisdictions.
20. For the workshops and some of the individual meetings, the staff and participants generally coordinated in advance of the meeting date to prepare materials that would facilitate the discussion. The materials generally included:
- descriptions of specific transactions that were used to test the proposed guidance;
  - a description of the current accounting for those transactions; and
  - an explanation of the participant's understanding of the accounting that would result from applying the proposed guidance.

Consequently, participants were very familiar with the proposals and were prepared to discuss implementation topics related to their industry and some cost/benefit analyses.

*Activities leading up to the publication of the 2011 ED*

21. Fieldwork occurred during the development of the 2010 ED and the 2011 ED. The Board and staff conducted workshops with constructors and long-term manufacturers, as well as with entities in the telecommunications industry. The Board and staff also participated in meetings and calls with many individual entities to discuss how the proposals would apply to different businesses.

*Activities leading up to the publication of the final IFRS on revenue recognition*

22. Fieldwork also occurred during finalisation of the revenue standard, summarised as follows:
- (a) Discussions of specific issues and testing of aspects of the 2011 ED in industry workshops as follows:
    - (i) over 50 industry-specific gatherings, which typically included between 2 and 10 industry organizations and up to 30 participants (not including FASB and IASB members and staff). The staff also spoke with large accounting firms to discuss any issues arising from their own consultations with clients.
    - (ii) workshops conducted by the European Financial Reporting Advisory Group (EFRAG) to test the revised revenue proposals in the 2011 ED by applying the proposals to some of the participants' contracts and discussing the findings from those tests with the other workshop participants. Eight workshops were held which covered a total of five industries and involved between two to eight entities per workshop.
  - (b) Discussion of issues related to disclosure and transition in 4 workshops with users and preparers, organised by the IASB, FASB and their staffs. These workshops were designed to bridge the gap between the disparate views of users and preparers on these topics.

- (c) Meetings and calls: many individuals and individual entities met with the Board members and staff to discuss their views on how the proposals in the 2011 ED would apply to their businesses. Some of those meetings followed a similar format to the workshops mentioned above because the entities discussed how they had separately applied different aspects of the ED (e.g., time value of money and disclosure guidance) to their contracts and reported on the operability of the proposals in the 2011 ED.
23. Using the information received from the workshops and individual meetings, the staff identified industries that would be most affected by the proposed guidance. The staff used the information and findings from those industry workshops to discuss the proposals in the 2011 ED and expected impacts with users that analyse those identified industries. In addition, the staff reached out to users on specific topics where feedback was needed such as in the discussion of the onerous test and the application of the constraint on revenue recognised. Discussions with users of financial statements included:
- (a) Meetings with user groups such as CRUF (UK, US, Germany) (August 2012), the SAAJ (June 2012), the CFA Institute and ITAC (June 2012).
  - (b) Industry-specific meetings with analysts (eg users in the telecommunications (7 meetings) and construction sectors (3 meetings)).
  - (c) Conference calls/meetings with individual analysts.

### **Outreach performed on specific industries or topics**

24. As the project developed, the Board became aware of particular industries that were affected and of topics where a significant number of stakeholders had strong and sometimes conflicting views. The Board and staff conducted additional outreach in these areas to understand the issues, but also had a number of public discussions of the issues.
25. This outreach and public discussion included:
- (a) *Construction and real-estate:*

- (i) outreach meetings in Hong Kong, Singapore, Kuala Lumpur regarding the issue related to IFRIC 15 *Residential Real Estate* and how the 2011 ED can be applied to those transactions;
  - (ii) participating in industry-specific webcasts after the publication of the 2010 ED for the construction and real estate sectors; and
  - (iii) public discussions at joint Board meetings of issues specifically related to these industries, including the identification of performance obligations and the criteria for determining when a performance obligation is satisfied over time (discussed primarily in the redeliberations of the 2010 ED, but also in the redeliberations of the 2011 ED).
- (b) *Telecommunications sector:*
- (i) meetings with telecommunications preparers, their auditors and their users;
  - (ii) participation in industry forums; and
  - (iii) public discussions at joint Board meetings of issues specifically related to this industry, including allocation (discussed in the redeliberations of both the 2010 ED and the 2011 ED).
- (c) *Disclosure and transition:*
- (i) Four disclosure and transition workshops with preparer and user participants held in the US, the UK and Japan. The workshops were hosted by Board members and staff and were interactive working sessions where both parties could express their concerns and preferences and work together to form potential solutions;
  - (ii) outreach meetings with preparers to understand the nature and difficulty of systems changeovers; and
  - (iii) public discussions at joint Board meetings of these topics, including the reconciliation of contract balances disclosure and the analysis of remaining performance obligations disclosure (discussed in the redeliberations of the 2011 ED)

- (d) Other topics
  - (i) Throughout the process of finalising and operationalising the proposals for licenses and the constraint, the Boards and staff discussed wording and practicality with many parties.

### ***Sufficient compliance with required due process steps***

26. The staff think that the IASB has undertaken sufficient steps for the IASB to be in a position to finalise the proposed new standard. The IASB has undertaken all of the activities identified as being ‘required’ and many of the additional optional activities set out in the IASB and IFRS Interpretation Committee Due Process Handbook. These steps have been completed leading up to the publication of the 2011 ED, but also, importantly, in the finalisation of the revenue recognition standard.

### **Re-exposure, permission to ballot and dissents**

27. The staff do not think that the revisions to the proposed revenue standard include fundamental changes on which respondents have not had the opportunity to comment. The staff think that the revisions to the 2011 ED respond to the feedback received and that it is unlikely that re-exposure will reveal any new concerns. The staff recommend that the Board do not re-expose the proposed revenue standard for a fourth round of public comment.
28. Except for sweep issues which may arise during the drafting stages of the balloting process, the IASB has now completed redeliberations and all mandatory due process steps required thus far. As such, the staff think that the IASB is ready to prepare the final IFRS for balloting. As mentioned above, the IASB and the FASB will ballot the joint revenue standard at the same time (subject to the FASB’s approval that their due process has also been met and balloting may begin).
29. At this time, the staff would also like to note that the decisions on most issues discussed by the Board were tentatively approved by a majority of the Board.

However, any IASB members who intend to dissent to the IFRS are required to make that intention known at this time.

### Questions

- 1) Re-exposure:** Does the Board agree with the staff recommendation not to re-expose the revenue recognition standard?
- 2) Permission to ballot:** Is the Board satisfied that it has undertaken sufficient consultation and analysis to be able to begin the balloting process for the revenue recognition standard?
- 3) Dissents:** Do any members of the Board propose to dissent from the publication of the revenue standard?

### Appendix D: Finalisation of the IFRS on revenue recognition

This appendix shows how the IASB has complied with the due process steps required to finalise a standard on revenue recognition.

<i>Step</i>	<i>Required/ Optional</i>	<i>Metrics or evidence</i>	<i>Protocol for and evidence provided to DPOC</i>	<i>Actions</i>
<b>Consideration of information gathered during consultation</b>				
<b>IASB posts all comment letters received in relation to the Exposure Draft on the project pages.</b>	Required if request issued	Letters posted on project pages	IASB reports on progress as part of the quarterly report at Trustee meetings, including summary statistics of respondents.	<p>During a 120 day comment period ending on 13 March 2012, the IASB received 359 comment letters. The letters are available through a link on the IASB's website. A <a href="#">comment letter summary</a>, available on the public website, was presented to the IASB and FASB in May 2012.</p> <p>Progress was reported at the Trustees meeting in July 2012.</p>
<b>Round tables between external participants and members of the IASB.</b>	Optional	Number of meetings held	DPOC receives a report on outreach activities	The Board held five roundtable meetings including one in Tokyo, Japan; two in London, United Kingdom; and two in Norwalk, Connecticut, USA.

<i>Step</i>	<i>Required/ Optional</i>	<i>Metrics or evidence</i>	<i>Protocol for and evidence provided to DPOC</i>	<i>Actions</i>
<p><b>IASB meetings held in public, with papers available for observers. All decisions are made in public session.</b></p>	<p>Required</p>	<p>Number of meetings held to discuss topic.</p> <p>Project website contains a full description with up-to-date information on the project.</p> <p>Meeting papers posted in a timely fashion.</p> <p>Number of meetings with Consultative Group and confirmation that critical issues have been reviewed with Consultative Group</p>	<p>IASB discusses progress on major projects, in relation to the due process being conducted, with DPOC.</p> <p>IASB review with DPOC its due process over project life cycle, and how any issues regarding due process have been/are being addressed.</p> <p>DPOC meets with the Advisory Council to understand perspectives of stakeholders.</p> <p>DPOC reviews and responds to comments on due process as appropriate.</p>	<p><b>Board meetings</b></p> <p>The IASB discussed 41 staff papers on the project at 10 joint Board meetings between May 2012 and May 2013.</p> <p><b>Project website</b></p> <p>The project website contains a full description of the project objective and history, along with up-to-date information on the project. In addition to posting papers in advance of the board meeting and regular board meeting webcasts of the public discussions, the website also includes a monthly summary of the tentative decisions of the Boards compared with the proposals in the 2011 ED.</p> <p>The DPOC was regularly updated on the progress of the project.</p>



<b>Step</b>	<b>Required/ Optional</b>	<b>Metrics or evidence</b>	<b>Protocol for and evidence provided to DPOC</b>	<b>Actions</b>
<b>Consultative groups utilised, if formed</b>	Optional	Number of consultative group meetings, and evidence of substantive involvement in issues  Consultative group review of draft exposure draft	DPOC receives report of consultative group activity from IASB	<p>The revenue project started before the establishment of a working group was a formal due process consideration. However, the staff and the Board considered creating a working group, but thought that it would be difficult to create a sensibly sized group from the various industries that would ideally be represented. Given the very different industries covered by the project, the Board thought it would be more productive to utilise existing industry groups when specialist input was needed. The Board also consulted with various appointed bodies, as described in the body of this paper, including the Capital Markets Advisory Group (February, June, October 2012) and the Global Preparers' Forum (June, November 2012, March 2013). The staff consulted these groups on topics such as the onerous test, collectibility and licenses.</p> <p>The Board and staff also regularly met with groups representing specific industries, for example UK Constructors, telecommunications companies, European pharmaceutical companies, the European Software Accounting Group and national business associations. These meetings included discussions regarding the clarity and applicability of the proposals.</p>
<b>Email alerts are issued to registered recipients</b>	Optional	Evidence that alerts have occurred	DPOC receives a report on outreach activities	<p>Interested parties have been notified when updates to the revenue recognition page are made using the News section of the project page and subscriber email alerts. These alerts were sent out, for example, upon publication of due process documents or to announce a webcast by Board members or staff to discuss the proposals. As of 10 May 2013, there were over 19,000 subscribers to the revenue recognition email alerts.</p>

<i>Step</i>	<i>Required/Optional</i>	<i>Metrics or evidence</i>	<i>Protocol for and evidence provided to DPOC</i>	<i>Actions</i>
<b>Outreach meetings to promote debate and hear views on proposals published for public comment</b>	Optional	Number of meetings, including efforts aimed at investors	DPOC receives a report on outreach activities.	<p>After the publication of the 2011 ED, IASB members and staff have conducted over 200 meetings with interested parties. These have included:</p> <ul style="list-style-type: none"> <li>• appearing at many public events to exchange views with stakeholders</li> <li>• holding a large number of meetings with individuals and groups of preparers, users, auditors, regulators and others in order to test proposals and to understand concerns raised by affected parties</li> <li>• maintaining a regular and active dialogue with regulators, standard setters and industry representative groups</li> <li>• obtaining the views of users of financial statements through both targeted meetings on topics such as the effect of the revenue model on the telecommunication sector, the effect of the constraint on revenue recognition, collectibility, disclosures and transition.</li> </ul>
<b>IASB organise regional discussion forums organised with national standard-setters</b>	Optional	Number of meetings held	DPOC receives a report on outreach activities	<p>The staff participated in discussion forums in Kuala Lumpur and Mexico City that were arranged by the national standard-setters in those jurisdictions. The staff also participated in meetings organised by national standard-setters in Europe, Japan, Canada and Brazil.</p> <p>The DPOC was informed at its July 2012 meeting of the outreach update provided to the Boards in May 2012.</p>
<b>Finalisation</b>				
<b>Due process steps reviewed by IASB</b>	Required	Summary of all due process steps discussed by the IASB before an IFRS is issued.	DPOC receives summary report on due process steps before an IFRS is issued.	This paper reviews the due process steps followed and is presented to the Boards in May 2013. This paper will be presented to the DPOC in July 2013.

<i>Step</i>	<i>Required/Optional</i>	<i>Metrics or evidence</i>	<i>Protocol for and evidence provided to DPOC</i>	<i>Actions</i>
<b>Need for re-exposure of standard considered</b>	Required	An analysis of the need to re-expose is considered at a public IASB meeting, using the agreed criteria	IASB discusses its thinking on the issue of re-exposure with the DPOC	Paragraph 27 of this paper considers the need for re-exposure. The staff think that the revisions to the 2011 ED respond to the feedback received and that it is unlikely that re-exposure will reveal any new concerns. The staff recommend that the Board do not re-expose the proposed revenue standard for a fourth round of public comment.
<b>IASB sets an effective date for standard, considering the need for effective implementation, generally providing at least a year.</b>	Required	Effective date set, with full consideration of implementation challenges	The IASB discusses any proposed shortening of the period for effective application with the DPOC	Agenda paper 7E at the February 2013 Board meeting considered the effective date of the proposed revenue standard –the Boards decided on an effective date of 1 January 2017. The boards noted that the period of time from the expected issue of the Standard until its effective date is longer than usual. However, in this case the boards decided that a delayed effective date is appropriate because of the unique attributes of the Revenue Recognition project, including the scope of the entities that will be affected and the potentially significant effect that a change in revenue recognition has on other financial statement line items.
<b>Drafting</b>				
<b>Drafting quality assurance steps are adequate</b>	Required	Translations team included in review process	DPOC receives summary report on due process steps followed before an IFRS is issued	To be completed
	Required	XBRL team included in review process	DPOC receives summary report on due process steps followed before an IFRS is issued	The staff met with the XBRL team in 2011 and again in May 2013 to discuss the implications of the final standard on the XBRL taxonomy. The staff will continue to meet with the XBRL team throughout the drafting process.

<b>Step</b>	<b>Required/ Optional</b>	<b>Metrics or evidence</b>	<b>Protocol for and evidence provided to DPOC</b>	<b>Actions</b>
	Optional	<p>The Editorial team has been included in the review process.</p> <p>In addition, external reviewers are used to review drafts. Comments are collected and considered by the IASB.</p>	DPOC receives summary report on due process steps followed before an IFRS is issued	<p>The staff have begun discussions with the editorial team about the timing of their review. The staff will continue to liaise with the editorial team and provide drafts for them to review in the finalisation of the standard.</p> <p>The staff intend to send a draft of the standard to some external parties for fatal flaw review before publication. This process allows the external parties to report back to the staff about the <i>clarity</i> and <i>understandability</i> of the draft, mainly with editorial comments. The fatal flaw review process does not grant external parties the opportunity to question the Board’s technical decisions.</p>
	Optional	Review draft posted on project website	DPOC receives summary report on due process steps followed before an IFRS is issued	The staff will make a draft of the standard available on an internal site accessible by national standard-setters.
<b>Analysis of likely effects of the forthcoming IFRS or major amendment, for example, costs or on-going associated costs.</b>	Required	Publication of effect analysis	<p>IASB reviews with DPOC results of effect analysis and how it has considered such findings in proposed IFRS.</p> <p>IASB provides a copy of the effect analysis to the DPOC at the point of standard’s publication.</p>	<p>The IASB has met with a number of stakeholders, industry groups and advisory bodies to understand the effect of the proposals, including the costs of implementing the standard, as well as the benefits from the improvement in financial reporting. The staff will include an analysis of likely effects in the Basis for Conclusions to the standard. The IASB will review this effects analysis as part of the drafting process.</p>
<b>Publication</b>				

<i>Step</i>	<i>Required/ Optional</i>	<i>Metrics or evidence</i>	<i>Protocol for and evidence provided to DPOC</i>	<i>Actions</i>
<b>Standard published</b>	Required	ED has been posted on the IASB website.	The DPOC has been informed of the release of the ED.	To be completed
<b>Press release to announce publication of ED</b>	Required	Press Release has been published.  Media coverage of the release.	The DPOC has been informed of the release of the ED.	To be completed
<b>A Feedback Statement, which provides high level executive summaries of the Standard and explains how the IASB has responded to the comments received, is provided.</b>	Required	Publication of the Feedback Statement.	The IASB has provided a copy of the Feedback Statement to the DPOC at the point of the Standard's publication.	To be completed

<i>Step</i>	<i>Required/ Optional</i>	<i>Metrics or evidence</i>	<i>Protocol for and evidence provided to DPOC</i>	<i>Actions</i>
<b>Podcast to provide interested parties with high level updates or other useful information about the Standard.</b>	Optional	Number of podcasts held.	The DPOC has received a report of outreach activities.	To be completed