Financial Accounting
Standards Board

IFRS

Revenue Recognition Roundtable Meeting
November 4, 2010
9 a.m.–12 p.m.
Norwalk, CT

Participants

Paul Beswick	Securities and Exchange Commission	n/a
Richard Forrestel	Cold Spring Construction Company	CL No. 556
Stacey Friday	Federated Investors, Inc.	CL No. 415
Rob Kuehnau	Accenture, Plc.	CL No. 416
David Levi	Bristol-Myers Squibb Company	CL No. 417
Tamara Mathis	KPMG	CL No. 418
Doug McCorkle	Biotechnology Industry Organization	CL No. 517
Liesl Nebel	Financial Executives International’s Committee on Corporate Reporting	CL No. 243
Gregg Nelson	IBM	CL No. 283
Nancy Salisbury	Ernst and Young	CL No. 419
Lynne Triplett	Grant Thornton	CL No. 207
Mike Wood	Raytheon Company	CL No. 132

FASB and IASB Participants

Leslie Seidman	FASB Acting Chairperson
Russ Golden	FASB Board Member
Tom Linsmeier	FASB Board Member
Marc Siegel	FASB Board Member
Larry Smith	FASB Board Member
Philippe Danjou (via video)	IASB Board Member
Patrick Finnegan (via video)	IASB Board Member
Prabhakar “PK” Kalavacherla	IASB Board Member
Jim Leisenring	FASB Senior Advisor
Peter Proestakes	FASB Assistant Director
Kenny Bement	FASB Project Manager
Henry Rees	IASB Technical Principal
Prasadh Cadambi	FASB Practice Fellow
Liz Gagnon	FASB Assistant Project Manager
Libby Biittner	FASB Postgraduate Technical Assistant
Stephanie Stoviak	FASB Postgraduate Technical Assistant

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AGENDA

9:00 a.m.	Welcome and introduction (5 minutes)
9:05 a.m.	Control (40 minutes)
9:45 a.m.	Identifying separate performance obligations (40 minutes)
10:25 a.m.	Determining and allocating the transaction price (40 minutes)
11:05 a.m.	Other (20 minutes)
11:30 a.m.	Closing remarks (30 minutes)

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Discussion Questions

Control

1. The Boards propose that revenue should be recognized only when goods or services are transferred to a customer. Do you agree with a transfer model, rather than a model based on an entity's activities, for contracts with customers? If not, why?

2. The Boards propose that the transfer of goods and services should be evaluated on the basis of when the customer obtains control (rather than risks and rewards of ownership) of the goods and services. Do you agree that control should be the tool for determining when a good or service has been transferred to a customer? If not, what alternative do you recommend and why?

Identifying Separate Performance Obligations

3. The Boards propose that an entity should identify the performance obligations to be accounted for separately on the basis of whether a promised good or service is distinct. Do you agree with that principle? If not, what principle would you specify for identifying separate performance obligations and why?

4. If a promised good or service is not sold separately, the Boards propose that an entity should account for it as a separate performance obligation only if it could be sold separately (i.e., it has a distinct function and a distinct profit margin). Do you agree with that proposed guidance? If not, why and what do you suggest?

5. Do you think the identification of performance obligations would differ depending on whether the evaluation is performed from the entity's or the customer's perspective?

Determining and Allocating the Transaction Price

6. The Boards propose limiting the transaction price to amounts that can be reasonably estimated. Do you agree? If not, what do you suggest? For example, some have suggested limiting the amount of cumulative revenue recognized to amounts that exceed a specified threshold.

7. If the amount of consideration is variable, do you think the transaction price should reflect the probability-weighted amount that the company expects to receive? If not, what other approach do you recommend?

8. Do you agree that the transaction price should reflect (a) the customer's credit risk and (b) effects of the time value of money (when material)? If not, why?

9. Do you agree that an entity should allocate the transaction price to all separate performance obligations in a contract in proportion to the standalone selling price (estimated if necessary) of the good or service underlying each of those performance obligations? If not, when and why would that approach not be appropriate, and how should the transaction price be allocated in such cases?

10. Do you agree that subsequent changes in the transaction price should be allocated to all the performance obligations in the contract? If not, why?

Other

11. Do you agree with the proposed guidance on accounting for the costs of obtaining and fulfilling the contract?

12. Do you agree with the proposed requirements that an entity should recognize a liability and a corresponding expense if a performance obligation is onerous? Do you agree that the onerous test should be applied for each individual performance obligation? If not, why?

13. Do you agree with the Boards' proposed disclosure objective and requirements?

14. Do you agree that an entity should apply the proposed guidance retrospectively? If not, why? Is there an alternative transition method that would preserve trend information about revenue but at a lower cost? If so, please explain the alternative and why you think it is better.

15. Do you think the proposed implementation guidance is sufficient to make the proposals operational? If not, what additional guidance do you suggest (e.g., guidance on customer loyalty programs or gift card breakage)?

16. The Boards have not proposed an effective date for a final standard. However, the Boards recently issued a Discussion Paper soliciting broad input on the effective dates of this and other MOU projects. What are your views?

17. Do you agree with the proposed guidance on warranties? If not, how do you think an entity should account for product warranties and why?

18. Do you agree with the proposed guidance on licensing and rights to use? Why or why not?