

FASB|IASB Joint Transition Resource Group for Revenue Recognition
Submissions Log compiled by Staff
As of 13 January 2015

Submission number	Topic	Summary of issue	TRG meeting date	TRG paper reference	Current Status
1	Gross versus net revenue	How should an entity determine whether it is a principal or an agent to contracts for certain intangible goods or services? More specific questions include: (1) How should an entity apply the agency indicators in paragraph 606-10-55-39/IFRS 15, paragraph B37? (2) If an entity determines that it is the principal, which typically results in gross revenue, what amount of revenue should the entity recognize if it received a net amount of cash and does not know the gross amount? (3) How should the transaction price allocation guidance be applied to a transaction in which the entity is a principal for some deliverables and an agent for others?	18-Jul-14	No. 1	Board members instructed the staff to perform additional research on the topic. The focus of the additional research is to understand whether there are specific improvements the Boards could make that would assist stakeholders with making difficult judgments about the principal versus agent assessment. The staff plan to provide an update on the status of the research at the January 26, 2015 TRG meeting.
2	Gross versus net revenue	Should an entity present certain amounts billed to customers (for example, shipping and handling fees, other out-of-pocket expenses, and sales taxes) as revenue or as a reduction of costs?	18-Jul-14	No. 2	Because the discussion indicated that stakeholders can understand and apply the applicable guidance in the new revenue standard, the Boards do not plan any further action at this time.
3	Licenses	When is a contract in the scope of the sales-based and usage-based royalty exception and how is the exception applied?	18-Jul-14	No. 3	Board members instructed the staff to perform additional research about clarifying the scope of the exception. The staff continues to conduct outreach and research. An update on the status of the research will be provided at the January 26, 2015 TRG meeting.
4	Impairment	Does use of the 'principles for determining the transaction price' to ascertain the future cash flows from the contract for impairment testing of capitalized contract costs mean that an entity cannot assume renewal or extension of the contract?	18-Jul-14	No. 4	Because the discussion indicated that stakeholders can understand and apply the applicable guidance in the new revenue standard, the Boards do not plan any further action at this time. However, the Boards will compile issues like this one and decide at a later date whether to make a technical correction or minor improvement to clarify the Board's intent.
5	Options to acquire additional goods/services	When does an option given to acquire additional goods or services provide a 'material right' to the customer?	31-Oct-14	No. 6	Because the discussion indicated that stakeholders can understand and apply the applicable guidance in the new revenue standard, the Boards do not plan any further action at this time.
6	Nonrefundable fees	In reference to Example 53 about an upfront nonrefundable fee in the new revenue standard: (1) is fee recognized only over one year because renewal options do not represent material right (2) is nominal nature of fee why renewal options do not represent a material right (3) would the answer change if entity expects customer to renew contract and (4) does guidance require that there be an explicit option to renew or can it be implicit based on past practice?	31-Oct-14	No. 6	Because the discussion indicated that stakeholders can understand and apply the applicable guidance in the new revenue standard, the Boards do not plan any further action at this time.
7	Offsetting of contract positions	Should the contract assets, contract liabilities and receivables within a contract be offset and a net asset/liability be presented in the statement of financial position?	31-Oct-14	No. 7	Because the discussion indicated that stakeholders can understand and apply the applicable guidance in the new revenue standard, the Boards do not plan any further action at this time.

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8	Offsetting of contract positions	In contracts with multiple POs, how should a contract liability (for example, advance received) be set-off as the entity satisfies the performance obligations?	31-Oct-14	No. 7	Because the discussion indicated that stakeholders can understand and apply the applicable guidance in the new revenue standard, the Boards do not plan any further action at this time.
9	Licenses	(1) New standard is unclear as to how usage restrictions should be evaluated in determining whether performance obligations exist within a contract (2) Does underlying IP inherently need to have potential to "change" in form or function in order to reach conclusion that license represents right to access IP? (3) In non-exclusive licensing arrangement, should licensor's activities of licensing the IP to others be considered (4) How should licensors evaluate the significance of activities expected to be undertaken?	31-Oct-14	No. 8	Board members instructed the staff to perform additional research and outreach about the implementation questions. The staff continues to conduct outreach and research. An update on the status of the research will be provided at the January 26, 2015 TRG meeting.
10	Separation	How should goods and/or services (both delivered and undelivered) be evaluated to determine whether they are distinct within the context of the contract?	26-Jan-15 31-Oct-14	No. 21 No. 9	Board members instructed the staff to perform additional research and outreach about the implementation questions. The staff continues to conduct outreach and research. An update on the status of the research will be provided at the January 26, 2015 TRG meeting.
11	Distinct within the context of the contract	When assessing whether the goods or service is dependent on or inter-related with other goods and services in the bundle, an entity will not always be able to assess the economic motivation of its customer and this could result in the determination of different performance obligations and recognition of revenue.	26-Jan-15 31-Oct-14	No. 22 No. 9	Board members instructed the staff to perform additional research and outreach about the implementation questions. The staff continues to conduct outreach and research. An update on the status of the research will be provided at the January 26, 2015 TRG meeting.
12	Separation	Does the guidance about "series of distinct goods and services that are substantially the same and that have the same pattern of transfer" extend beyond repetitive service contracts?	26-Jan-15 31-Oct-14	No. 22 No. 9	Board members instructed the staff to perform additional research and outreach about the implementation questions. The staff continues to conduct outreach and research. An update on the status of the research will be provided at the January 26, 2015 TRG meeting.
40	Identifying performance obligations	When determining whether a promise to transfer a good or service is separately identifiable, how are the factors included in paragraph 606-10-25-21/IFRS 15 paragraph 29 to be applied in practice?	26-Jan-15 31-Oct-14	No. 22 No. 9	Board members instructed the staff to perform additional research and outreach about the implementation questions. The staff continues to conduct outreach and research. An update on the status of the research will be provided at the January 26, 2015 TRG meeting.
			26-Jan-15	No. 22	

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13	Variable Consideration	(1) The submitter observes that the variable consideration constraint may result in a significant delay in timing of revenue recognition for asset manager performance-based fees when compared to current application of Method 2 alternative in SEC guidance ASC 605-20-S99. (2) Are carried interests (a type of performance fees) included within the scope of the new standard? (3) If termination provisions exist in a contract, can revenue be recognized on an interim basis for the amount guaranteed in the termination clause?	31-Oct-14	No. 10	Implementation question #3, which may be applicable to other industries beyond asset managers, was discussed at the October 31, 2014 TRG meeting. Because the discussion indicated that stakeholders can understand and apply the applicable guidance in the new revenue standard, the Boards do not plan any further action at this time.
28	Identifying promised goods or services	How should an entity identify the promised goods or services in a contract with a customer?	26-Jan-15	No. 12	Pending discussion at January 26, 2015 TRG Meeting
29	Shipping service	Is the shipment of goods (or arranging the shipment) a separate performance obligation?	26-Jan-15	No. 22	Board members instructed the staff to perform additional research and outreach about the implementation questions. The staff continues to conduct outreach and research. An update on the status of the research will be provided at the January 26, 2015 TRG meeting.
15	Collectibility	For a group of combined contracts, what amount of revenue should be recognized when there is an amount of the total transaction price that the entity does not consider to be probable for collection?	26-Jan-15	No. 13	Pending discussion at January 26, 2015 TRG Meeting
16	Collectibility	What is the basis for concluding that a decline in the customer's financial condition is significant enough to warrant a reassessment of the collectibility criteria for a contract to exist?	26-Jan-15	No. 13	Pending discussion at January 26, 2015 TRG Meeting
25	Collectibility	How should an entity account for cash received in a long term contract when the entire transaction price is not probable of collection?	26-Jan-15	No. 13	Pending discussion at January 26, 2015 TRG Meeting
30	Collectibility	(1) Under what circumstances could an entity determine at contract inception that it was probable that it will collect the consideration to which it will be entitled but then concurrently record an impairment loss (e.g., bad debt expense) for a contract asset arising from the contract? (2) When would an entity meet the criteria in order to record revenue for an arrangement that is not within the scope of the model due to collectibility concerns?	26-Jan-15	No. 13	Pending discussion at January 26, 2015 TRG Meeting

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31	Variable Consideration	Should the constraint on variable consideration be applied at the contract level or the performance obligation level?	26-Jan-15	No. 14	Pending discussion at January 26, 2015 TRG Meeting
19	Variable consideration and consideration payable to the customer	Should an entity account for consideration it expects to pay its customers from a planned coupon drop when the performance obligation is satisfied (good or service transferred) in accordance with paragraph 606-10-32-6/IFRS 15 Paragraph 51 or when the entity promises to pay consideration in accordance with paragraph 606-10-32-27/IFRS 15 Paragraph 72?	26-Jan-15	No. 14	Pending discussion at January 26, 2015 TRG Meeting
32	Consideration payable to a customer	(1) Are entities required to apply the guidance on consideration payable to a customer at the contract level or more broadly to the entire "customer relationship"? (2) Is the guidance on payments made to a customer or "to other parties that purchase the entity's goods or service from the customer" meant to apply only to customers in the distribution chain or more broadly to any customer of an entity's customer? (3) What is the correct timing of recognizing consideration payable to a customer that is anticipated, but not yet promised, to the customer (4) Should "negative revenue" (consideration payable exceeds consideration to be received) be reclassified to an expense?	26-Jan-15	No. 14 and No. 19	Issue #3 in this submission is included in the variable consideration topic for the January 26, 2015 TRG meeting (No. 14) . Issues #1, #2, #4 are included in the consideration payable to a customer agenda topic (No. 19) for the January 26, 2015 meeting.
20	Noncash consideration received from a customer	What is the measurement date for noncash consideration received from a customer?	26-Jan-15	No. 15	Pending discussion at January 26, 2015 TRG Meeting
26	Noncash consideration received from a customer	When and how should an entity recognize changes in the fair value of noncash consideration when those changes are due solely to the form of the consideration?	26-Jan-15	No. 15	Pending discussion at January 26, 2015 TRG Meeting
33	Stand-ready obligations	To determine the appropriate pattern of revenue recognition for various types of stand-ready obligations, is the nature of the good or service underlying the performance obligation the mere act of standing ready or is it the actual delivery of the underlying goods or services which the entity stands ready to provide?	26-Jan-15	No. 16	Pending discussion at January 26, 2015 TRG Meeting
34	Islamic Financing Transactions	Do deferred-payment transactions have to first pass through IFRS 15 before being reported under IFRS 9 since an Islamic Financial Institution must possess the underlying assets, even for a very short period of time, with all risks and rewards incidental to ownership before the subsequent sale.	26-Jan-15	No. 17	Pending discussion at January 26, 2015 TRG Meeting

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35	Material right	(1) When a contract with a customer includes a “material right” how should an entity account for the customer’s exercise of the right (option)? (2) If an option creates a material right that is accounted for as a performance obligation, would an entity need to consider if a significant financing component exists for that option? (3) How should an entity account for an upfront [activation] fee received upon signing up the customer for a monthly service but does not itself result in the transfer of a good or service to the customer (thus, is not a performance obligation on its own)?	26-Jan-15	No. 18	Pending discussion at January 26, 2015 TRG Meeting. Issue #3 in this submission was briefly discussed during the October TRG meeting (No. 6)
36	Significant financing component	(1) Should the factor in 606-10-32-17(c) be applied broadly (consistent with Example 30 of Topic 606)? (2) If the implied interest rate in an arrangement is zero (i.e., interest free financing) such that the consideration to be received is equal to the cash selling price, does a financing component exist? (3) How should an entity adjust for the time value of money in situations in which the consideration is received upfront and revenue is recognized over multiple years?	26-Jan-15	No. 20	Pending discussion at January 26, 2015 TRG Meeting
23	Significant financing component	As a practical expedient, revenue does not need to be adjusted for a significant financing component if the period between the entity provides the good or service and the customer pays for that good or service is less than one year. In an arrangement with an upfront deliverable and monthly service fees, in determining whether the period is less than one year, should entities apply the full monthly consideration as a payment for the first good or service delivered (i.e. following a first-in-first-out approach) or should the monthly consideration be proportionately allocated between the equipment and the services?	26-Jan-15	No. 20	Pending discussion at January 26, 2015 TRG Meeting
37	Costs to obtain a contract	Do certain commission payments, specifically payments that are earned after the initial contract is obtained or payments that are contingent upon certain events meet the requirements in ASC 340-40 for capitalization. If so, (1) what amounts should be capitalized and (2) what is the appropriate period of amortization?	26-Jan-15	No. 23	Pending discussion at January 26, 2015 TRG Meeting
38	Transition	How should entities evaluate contract modifications, often numerous, that occurred prior to the date of the initial application of the new revenue standard, and when would it be deemed impracticable to do so?	26-Jan-15	No. 24	Pending discussion at January 26, 2015 TRG Meeting
21	Portfolio method	Should materiality be assessed at the contract level or the consolidated financial statement level in determining whether an entity reasonably expects that the effects on the financial statements of applying new guidance to a portfolio of contracts would not materially differ from application at the contract level?			[B]

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14	Enforceable rights and obligations	Should the enforceable rights and obligations be considered from the customer's perspective when assessing Step 1, identify the contract?		[B]	
22	Stand-alone selling price	In a contract with a bundle of goods and services, should the stand-alone selling price be determined by reference to the stand-alone selling price of the performance obligation or of the smallest distinct service within the performance obligation?		[B]	
17	Impairment	(1) If an entity capitalizes a sales commission on a sale with all payment received at inception, is an impairment loss needed since the capitalized amount exceeds net future cash flows? Or is the outstanding contract liability (amount to be recognized as revenue) included for purposes of the impairment test? (2) What triggers need to tests capitalized costs for impairment?		[A]	
18	Impairment	In paragraph 340-40-35-5/IFRS 15 Paragraph 103, what is the correct order of impairment testing between Topic 350/IAS 38 (Intangibles - Goodwill and other), Topic 360/IAS 16 (Property, plant, and equipment), and Topic 330/IAS 2 (Inventories) to recognizing an impairment on an asset recognized for incremental cost of obtaining a contract?		[A]	
24	Amortization of contract costs	When an entity presents the analysis of expenses using a classification based on their nature, should the amortization of capitalized contract costs be classified as sales commission or as part of the depreciation and amortization expense in the income statement or in the notes?		[B]	
27	Separation	Should an "insurance" element in warranty covering post-transaction failures be a service that should be treated as a separate performance obligation?		[B]	
39	Contract balance disclosures	Are disclosure requirements in IFRS paragraph 116 (b) and (c) strictly quantitative or not?		[B]	

[A] The staff is compiling these types of issues and will ask the Boards to decide at a later date whether to make a technical correction or minor improvement to the articulation of the guidance for each item.

[B] The issue has not yet been scheduled for discussion at a TRG meeting, but the issue may be discussed at a future TRG meeting.