



Memorandum

To:	AASB members	Date:	27 March 2013
From:	Glenn Brady and Nikole Gyles	Agenda Item:	9.1
Subject:	Revenue from Contracts with Customers—update	File:	

Action

For information—the AASB staff will also provide the Board with a verbal update at the forthcoming AASB meeting on the IASB’s and the FASB’s recent decisions on their joint project on revenue recognition.

Background

In November 2011, the AASB issued ED 222 *Revenue from Contracts with Customers*, which incorporates the IASB’s ED/2011/6 *Revenue from Contracts with Customers*. The comment period for the IASB’s ED/2011/6 closed on 13 March 2012 (the comment period for AASB ED 222 closed on 9 February 2012). AASB staff participated in IASB outreach in the first half of 2012, including the IASB outreach meeting in Malaysia and the Revenue Roundtable in Japan. The IASB and the FASB began considering comments received on the proposals in Q2 2012.

The most recent IASB work plan indicates that an IFRS is expected to be finalised in Q2 2013.

Project update

The IASB and FASB held joint meetings on 18-22 February 2013 and 18-22 March 2013, at which the Boards made a number of tentative decisions in relation to the revenue project.

In February 2013, the Boards reached joint decisions on disclosure (for both annual and interim financial statements), transition, effective date and early adoption. Among those decisions, the Boards tentatively decided to require an entity to apply the revenue standard for reporting periods beginning on or after 1 January 2017 and to prohibit early application. The IASB’s decision to prohibit early application was a change from its proposals in both the 2010 and 2011 versions of the exposure draft.

In response to feedback from its constituents on this decision (which included a letter from the AASB Chairman to the IASB—refer agenda item 3.7), the IASB discussed the issue of early application in an IASB-only session of its March 2013 meeting. At that meeting, the IASB decided to revise its earlier tentative decision and instead permit early application of the revenue standard.

The verbal update to AASB members will summarise and briefly discuss the IASB’s other decisions relating to disclosure, transition, and effective date.