



<b>To:</b>	<b>AASB Members</b>	<b>Date:</b>	19 August 2014
<b>From:</b>	<b>Glenn Brady</b>	<b>Agenda Item:</b>	7.3 (M140)
<b>Subject:</b>	<b>Summary of the operation of IASB/FASB Revenue Transition Resource Group</b>	<b>File:</b>	

## Action

For information—to note the operation and objectives of the IASB/FASB Joint Transition Resource Group (TRG) on revenue.

## Attachments

- A. Members of the Revenue TRG
- B. TRG Submission form for potential implementation issue

## Overview

The TRG is a limited-life group that has been established by the IASB and FASB to guide preparers in the implementation of IFRS 15 *Revenue from Contracts with Customers* and Topic 606 of the FASB's Accounting Standards Codification.

The purpose of the TRG is to:

- solicit, analyse, and discuss stakeholder issues arising from implementation of the new Standard;
- inform the IASB and the FASB about those implementation issues, which will help the boards determine what, if any, action will be needed to address those issues; and
- provide a forum for stakeholders to learn about the new Standard from others involved with implementation.

The IASB and the FASB have stated repeatedly that the TRG will not issue guidance.

The expectation is the majority of issues will be raised earlier in the IFRS 15 implementation period.

## Meetings and membership

The boards expect that the TRG will meet twice in 2014 and four times in 2015. The first meeting was held on 18 July 2014. The next meeting will be held on 31 October 2014.

TRG meetings are held in public, with TRG members attending the meeting either from the offices of the IASB or the FASB (which are connected by video link for the meeting). The meetings are co-chaired by the Vice-Chairmen of the IASB and the FASB. Some IASB and FASB members and staff are also in attendance.

The members of the TRG include financial statement preparers, auditors and users with knowledge and experience in revenue recognition under IFRS and/or US GAAP, and represent a wide spectrum of industries, geographical locations and public and private entities. A list of all members of the revenue TRG is provided at Attachment A to this paper.

## **Operating procedures**

At the first TRG meeting, the operating procedures for the TRG were discussed. The process is based on the following steps:

### ***1. Stakeholder issue submission***

Issues may be submitted by any stakeholder based on the issue submission guidelines. A copy of the submission form is provided at Attachment B to this paper. The submission forms will not be made public.

The issue submitted should relate to requirements that can be applied in different ways resulting in diversity in practice. The issue should also be pervasive. As such, the submission guidelines are intended to make clear that the TRG is not a technical helpline service.

### ***2. Issue Prioritisation and Analysis by IASB/FASB***

The IASB and the FASB staff will evaluate each submission and prioritise the issues for discussion at a TRG meeting. Similar issues are likely to be grouped to be discussed as one.

### ***3. Transition Resource Group meeting***

Meeting agenda and discussion summaries will be posted on the Meetings page in advance of each meeting. During the meetings, the TRG members will share their views on the issues.

### ***4. Wrap Up***

After each meeting, the IASB and the FASB will determine what action, if any, will be taken on the issues. The expectation is that:

- in some cases, the discussion and education at the TRG meeting should be sufficient to address the issue and no further action will be required.
- in other cases, the IASB and the FASB may decide some further education or discussion on the implementation issue might help stakeholders. This might involve webcasts or other forms of communication.
- in limited circumstances, the IASB and the FASB may decide to consider amendments to the standard to make their intentions clearer.

The intention is for outcomes of the TRG meetings to be communicated broadly. Furthermore, the IASB/FASB staff intend to produce a ‘pipeline’ document that identifies the priority and status of each of the implementation issues submitted to the TRG.

## **Topics discussed at first meeting**

The agenda for the first TRG meeting was light. The issues discussed were as follows:

- gross versus net revenue
- gross versus net revenue: amounts billed to customers (e.g. out-of-pocket expenses, shipping and handling fees, taxes)
- sales-based and usage-based royalties in contracts with licences and goods or services other than licences
- impairment testing of capitalised contract costs.

The staff will provide Board members with an overview of the issues discussed once the outcome of those discussions is reported.

**Membership of the Revenue TRG**

<b>Member</b>	<b>Organisation</b>	<b>Job title</b>
John Armour	CBIZ MHM, LLC	Managing Director
Karyn Brooks	Bell Canada	Retired Senior Vice President and Controller
Jeff Bryan	Dixon Hughes Goodman LLP	Partner, Professional Standards Group
Andrew Buchanan	BDO IFR Advisory Limited	Global Head of IFRS
Allan Cohen	NBCUniversal Media	Senior Vice President and Controller
Emmanuelle Cordano	Sanofi	Accounting Standards Director
Mark Crowley	Deloitte & Touche LLP	National Office Director, Accounting Standards and Communication
Tony de Bell	PricewaterhouseCoopers LLP	Partner, Global Accounting Consulting Services
Carl Douglas	The CCR Group	Corporate Controller
Russell Hodge	General Electric Company	Global Technical Controller
Christoph Huetten	SAP	Senior Vice President and Chief Accounting Officer
Gregg Nelson	IBM Corporation	Vice President, Accounting Policy and Financial Reporting
Brian O'Donovan	KPMG IFRG Limited	Partner, International Standards Group
James Riley	Jardine Matheson	Group Finance Director
Rita Spitz	William Blair & Company, LLC	Principal
Alison Spivey	Ernst & Young LLP	Partner, Assurance Services-National Accounting
Scott Taub	Financial Reporting Advisors, LLC	Managing Director
Michael Wood	Raytheon	Vice President, Controller and Chief Accounting Officer
Kazuo Yuasa	Fujitsu Limited	Executive Vice President, Corporate Finance Unit

Representatives from the following organisations will be invited to observe the TRG meetings:

- International Organization of Securities Commissions
- U.S. Securities and Exchange Commission
- Public Company Accounting Oversight Board
- American Institute of Certified Public Accountants



### FASB | IASB Joint Transition Resource Group for Revenue Recognition Submission form for potential implementation issue

<b>Submission date</b>	Click here to enter a date.
<b>Name</b>	Click here to enter text.
<b>Title</b>	Click here to enter text.
<b>Organization</b>	Click here to enter text.
<b>Address</b>	Click here to enter text.
<b>Telephone</b>	Click here to enter text.
<b>Email address</b>	Click here to enter text.
<b>Entity type</b>	Choose an item.
<b>Industry(ies) affected</b>	Click here to enter text.
<b>Stakeholder group</b>	Choose an item.
<b>Do you primarily use, prepare, or audit financial statements under U.S. GAAP or IFRS?</b>	Choose an item.

#### Potential implementation issue

Click here to enter text.

#### Paragraph of IFRS/Codification reference

Click here to enter text.

#### Analysis of the issue

Click here to enter text.

#### Is the issue pervasive?

Explain whether the issue is expected to be relevant to a wide group of stakeholders?

Click here to enter text.