INDEX

Abnormal costs, 165
Accounting Standards Codification® (ASC)
   ASC 340-40-25-2, 161
   ASC 606-10-05-3, 12
   ASC 606-10-10-1, 12
   ASC 606-10-20, 2, 8, 28, 60, 87, 170
   ASC 606-10-25-10, 149
   ASC 606-10-25-23, 102
   ASC 606-10-25-31, 115
   ASC 606-10-32-11, 75
   ASC 606-10-32-27, 82
   ASC 606-10-32-28, 86
   ASC 606-10-45-1, 170
   ASC 606-10-45-4, 171
   ASC 606-10-50-1, 175
   ASC 606-25, 99–100
   ASC 850, 41
   ASC 985-605, 33–34
Accounting Standards Update (ASU)
   ASU 2014-09, 3, 4, 17–18, 53, 188
   ASU 2014-12, 193
   ASU 2015-14, 10, 189, 191–192
   ASU 2016-04, 135
   ASU 2016-10, 47
   ASU 2016-12, 34, 79
Additional purchase options, 131–134
Adjusted market assessment approach, 90
Advertising costs, direct response, 161
Agents
   issues of, brought to IASB and FASB, 23–24
   principals vs., 23–24, 129–131
Agreements, repurchase, 143–147
AICPA industry committees, 16
Allocation
   of discounts, 94–95
   of variable consideration, 95–97
Alternate recognition, of contracts, 36–37
Alternative use, and control of asset, 110
Amortization, of contract costs, 166, 168
Approval
   of contract modifications, 149–150
   of contracts, 30
Arrangements
   bill-and-hold, 147–149
   collaborative, 42
   compensation, 200
   consignment, 147
   with multiple parties, 43
ASC, see Accounting Standards Codification®
Assessment
   of collectibility, 34–36, 42
   of consideration payable to customer, 81, 83
   of contracts for scope of Standard, 29–33
   of goods or services as distinct, 50–56
   of need for reperformance of work, 108
   of probability of revenue reversal, 75
   of significant financing components in contracts, 64, 66
   of variable consideration, 72, 77
   of warranties, 127–128
Assets
   control of, 103–105
   defined by FASB and IFRS, 103n1, 161n1
   and fulfillment costs, 163–165
   physical possession of, 113
   sale of transfer of nonfinancial, 10
Assurance-type warranties, 127
ASU, see Accounting Standards Update
Benefits, receiving and consuming
   simultaneously, 107–108
Bill-and-hold arrangements, 147–149
Bonuses, 162
Breakage, 134–135
Bricker, Wesley R., 14–15
Bundling, of goods and services, 56
Call options, 144–145
Cancellable contracts, 173
Cash, and selling price, 65
Category 1 warranties, 127
Category 2 warranties, 127
Center for Audit Quality, 15
Clarifications to IFRS 15, 11
CMAD, see contract modification adjustment date
Collaborative arrangements, 42
Collectibility
issues of, brought to IASB and FASB, 23–24
probability of, 32–33
Collectibility thresholds
for contracts, 33–36
under Standard, 6
Commercial substance, of contracts, 32
Commissions, 162
Commitment, to contracts, 30
Commodities, receiving and benefiting from simultaneously, 108
Compensation arrangements, 200
Completed contracts
defined by IASB and FASB, 193
under Standard, 7
Completed-contract method, 122
CON 5 (Statement of Financial Accounting Concept 5), 3
CON 6, see Statement of Financial Accounting Concept 6
Consideration
accounting for, when contract is not performed, 36–39
noncash, 7, 80
payable to customer, 81–83
possible amounts of, in contracts, 77
unconditional right to receive, 174
variable, see Variable consideration
Consignment arrangements, 147
Consistency
in method of estimation of variable consideration, 72
of standalone selling price estimation methods, 89
Constraining estimates, of variable consideration, 75–77
Constructive performance obligations, 48
Contract modification adjustment date (CMAD), 195
Contracts, 27–43
assessment of significant financing components in, 65, 66
collectibility threshold of, 33–36
combining, 39–42, 171
contract modification as separate, 150–153
costs of fulfilling, 162–165, 168
costs of obtaining, 167–168
criteria for, 29
customer identification in, 42–43
definition of, 28
goods or services distinct within context of, 53
immateriality in, 6
insurance, 8
noncancellable, 174
onerous, 157–158
oral, 30–31
outside of scope of Standard, 36–39
partially in scope of Standards, 9–10
possible consideration amounts in, 77
presentation of assets and receivables for, 172–173
recognition of, 36
within scope of Standard, 29–33
terms of, and right to payment, 112
Contract assets
defined in Standard, 170
presentation of, 172–173
Contract balances, 183–184
Contract costs, 159–168
amortization of, 166, 168
disclosure of, 186
of fulfilling contract, 162–165
and impairment loss, 166–167
incremental, of obtaining contract, 161–162
legacy guidance on, 167–168
Contract extensions, 31, 166
Contract issues, 123–158
additional purchase options, 131–134
bill-and-hold arrangements, 147–149
consignment arrangements, 147
contract modifications, 149–157
customer’s unexercised rights, 134–135
licenses, 138–143
nonrefundable upfront fees, 135–138
onerous contracts, 157–158
principal vs. agent under contract, 129–131
repurchase agreements, 143–147
right of return, 124–126
warranties, 126–128
Contract liabilities
defined in Standard, 170
presentation of, 173
<table>
<thead>
<tr>
<th>Index</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract modification, 149–157</td>
<td>207</td>
</tr>
<tr>
<td>and changes in transaction price, 98–99</td>
<td></td>
</tr>
<tr>
<td>in full retrospective approach, 195</td>
<td></td>
</tr>
<tr>
<td>under Standard, 7</td>
<td></td>
</tr>
<tr>
<td>Contract modification adjustment date (CMAD), 195</td>
<td></td>
</tr>
<tr>
<td>Contractual restrictions, 110</td>
<td></td>
</tr>
<tr>
<td>Contra indicative factors</td>
<td></td>
</tr>
<tr>
<td>for significant financing component, 66–68</td>
<td></td>
</tr>
<tr>
<td>Control</td>
<td></td>
</tr>
<tr>
<td>in bill-and-hold arrangements, 148</td>
<td></td>
</tr>
<tr>
<td>and entity as principal vs. agent, 130–131</td>
<td></td>
</tr>
<tr>
<td>of intellectual property, 140</td>
<td></td>
</tr>
<tr>
<td>Control, of asset, 103–105</td>
<td></td>
</tr>
<tr>
<td>Costs</td>
<td></td>
</tr>
<tr>
<td>abnormal, 165</td>
<td></td>
</tr>
<tr>
<td>contract, see Contract costs</td>
<td></td>
</tr>
<tr>
<td>direct response advertising, 161</td>
<td></td>
</tr>
<tr>
<td>fulfillment, 162–165, 168, 186</td>
<td></td>
</tr>
<tr>
<td>incremental contract, 161–162</td>
<td></td>
</tr>
<tr>
<td>marketing-related, 162</td>
<td></td>
</tr>
<tr>
<td>prepaid, 120–121</td>
<td></td>
</tr>
<tr>
<td>setup, 136–137, 165</td>
<td></td>
</tr>
<tr>
<td>travel, 162</td>
<td></td>
</tr>
<tr>
<td>Cost-to-cost method, 120</td>
<td></td>
</tr>
<tr>
<td>Credit risk</td>
<td></td>
</tr>
<tr>
<td>considered, for collectibility, 34</td>
<td></td>
</tr>
<tr>
<td>and significant financing component, 68–69</td>
<td></td>
</tr>
<tr>
<td>Criteria, for contracts, 29</td>
<td></td>
</tr>
<tr>
<td>Customary practices, for right to payment, 112</td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td></td>
</tr>
<tr>
<td>additional purchase options for, 131–134</td>
<td></td>
</tr>
<tr>
<td>assets accepted by, 114</td>
<td></td>
</tr>
<tr>
<td>consideration payable to, 81–83</td>
<td></td>
</tr>
<tr>
<td>control of asset as it is created or enhanced, 109</td>
<td></td>
</tr>
<tr>
<td>control of asset transferred to, 105</td>
<td></td>
</tr>
<tr>
<td>credit risk of, 68</td>
<td></td>
</tr>
<tr>
<td>defined by Standard, 5</td>
<td></td>
</tr>
<tr>
<td>identification of, in contracts, 42–43</td>
<td></td>
</tr>
<tr>
<td>performance obligation benefiting, 51–52</td>
<td></td>
</tr>
<tr>
<td>promises in contracts with, 47–50</td>
<td></td>
</tr>
<tr>
<td>timing at discretion of, 66–67</td>
<td></td>
</tr>
<tr>
<td>Customer acceptance clauses, 114</td>
<td></td>
</tr>
<tr>
<td>Customer loyalty programs, 5</td>
<td></td>
</tr>
<tr>
<td>Customer’s unexercised rights, 134–135</td>
<td></td>
</tr>
<tr>
<td>Customization, significant, 54–56</td>
<td></td>
</tr>
<tr>
<td>Date of initial application, 192</td>
<td></td>
</tr>
<tr>
<td>Debt covenants, 200</td>
<td></td>
</tr>
<tr>
<td>Deferred effective dates, 193</td>
<td></td>
</tr>
<tr>
<td>Detail, of disclosures, 177</td>
<td></td>
</tr>
<tr>
<td>Direct labor, 120</td>
<td></td>
</tr>
<tr>
<td>Direct materials, 120</td>
<td></td>
</tr>
<tr>
<td>Direct response advertising costs, 161</td>
<td></td>
</tr>
<tr>
<td>Directly observable price, 88–89</td>
<td></td>
</tr>
<tr>
<td>Disaggregated revenue, 181–183</td>
<td></td>
</tr>
<tr>
<td>Disclosures, 175–190</td>
<td></td>
</tr>
<tr>
<td>of contract balances, 183–184</td>
<td></td>
</tr>
<tr>
<td>of contract costs, 186</td>
<td></td>
</tr>
<tr>
<td>of disaggregated revenue, 181–183</td>
<td></td>
</tr>
<tr>
<td>of future impact of Standard, 187–189</td>
<td></td>
</tr>
<tr>
<td>legacy guidance on, 190</td>
<td></td>
</tr>
<tr>
<td>level of detail and materiality of, 177</td>
<td></td>
</tr>
<tr>
<td>of performance obligations, 185</td>
<td></td>
</tr>
<tr>
<td>of practical expedients, 187</td>
<td></td>
</tr>
<tr>
<td>related to full retrospective approach, 195</td>
<td></td>
</tr>
<tr>
<td>related to modified retrospective approach, 196</td>
<td></td>
</tr>
<tr>
<td>relief for nonpublic entities from, 7</td>
<td></td>
</tr>
<tr>
<td>relief for U.S. nonpublic entities from, 177–181</td>
<td></td>
</tr>
<tr>
<td>required by Standard, 15</td>
<td></td>
</tr>
<tr>
<td>required for interim financial statements, 187</td>
<td></td>
</tr>
<tr>
<td>of significant judgments, 186</td>
<td></td>
</tr>
<tr>
<td>of transaction prices, 185–186</td>
<td></td>
</tr>
<tr>
<td>Discounts, 70–71</td>
<td></td>
</tr>
<tr>
<td>allocation of, 94–95</td>
<td></td>
</tr>
<tr>
<td>variable, 97</td>
<td></td>
</tr>
<tr>
<td>volume, 70–71</td>
<td></td>
</tr>
<tr>
<td>Discount rates, 67–68</td>
<td></td>
</tr>
<tr>
<td>Discount vouchers, 133–134</td>
<td></td>
</tr>
<tr>
<td>Disputes, over contract modifications, 149–150</td>
<td></td>
</tr>
<tr>
<td>Due diligence, 162</td>
<td></td>
</tr>
<tr>
<td>ED (exposure draft), 4, 19–20</td>
<td></td>
</tr>
<tr>
<td>Effective dates</td>
<td></td>
</tr>
<tr>
<td>deferred, 193</td>
<td></td>
</tr>
<tr>
<td>of Standard, 6, 10</td>
<td></td>
</tr>
<tr>
<td>and Standard implementation, 191–193</td>
<td></td>
</tr>
</tbody>
</table>
EITF Observer comments, 16
Enforceability, of contracts, 28, 29
Enforceable obligations, 29
Enforceable rights, 29
Escheat laws, 135
Estimation
   inability to estimate progress, 121
   of standalone selling price, 89–93
   of variable consideration, 72–75
Exchanges, nonmonetary, 9
Expected costs plus margin approach, 90
Exposure draft (ED), 4, 19–20
Fair value
   of consideration payable to customer, 83
   of noncash consideration, 79
   payment in excess of, 83
   transaction price allocation based on, 93
FASB, see Financial Accounting Standards Board
Fees
   fixed, 75
   nonrefundable upfront, 135–138
   slotting, 83
Financial Accounting Standards Board (FASB)
   assets defined by, 103n1, 161n1
   on collectibility, 33
   on collectibility thresholds, 6
   completed contract defined by, 193
   on completed contracts, 7
   on consideration payable to customer, 81
   on contract arrangements, 36
   on contract modification, 7
   on disclosure of variable consideration, 170
   on disclosure relief for nonpublic entities, 7
   effective date of Standards required by, 6
   on immateriality of goods and services, 6
   on impairment loss reversal, 8
   interim requirements of, 6
   issues brought to, 20–25
   on licenses, 7, 138, 141–142
   on noncash consideration, 7, 80
   on performance obligations, 47
Revenue Recognition Project of, 4–5
on revenue vs. gains, 2
on royalties, 78
on sales tax presentation, 7
on shipping and handling activities, 7
on shipping and handling services, 50
on transfer of goods or services, 189
Transition Resource Group established by, 19–20
Fixed fees, 75
Form S-3 (Registration Statement Under the Securities Act of 1933), 16
Forward option, 144–145
Fulfillment costs
   of contracts, 162–165
   disclosure of, 186
   legacy guidance on, 168
Full retrospective approach
   effective dates for, 197
   guidance on, 11
   to implementation of Standard, 194–195
Functional licenses, 141, 142
Future, goods to be provided in, 49
Future events, 67
Gains, 2
Gift cards, 134–135
Golden, Russell
   on collectibility, 6
   on disclosures, 13
   on industries, 16–17
   on Standard, 3
Goods
   to be provided in the future, 49
   in contract modification, 153–155
   as distinct, 50–56
   as noncash consideration, 80
   principals vs. agents for, 130–131
   series of, 56–58
   transfer of, as assets, 102
Highly independent goods and services, 55–56
Highly interrelated goods and services, 55–56
Highly variable standalone selling price, 91
Hoogervorst, Hans, 3
IAS, see International Accounting Standard
IASB, see International Accounting Standards Board
IASB Framework, 2
IFRIC 13, *Customer Loyalty Programmes*, 100

### IFRS

- on bill-and-hold arrangements, 148–149
- on collectibility threshold, 33–34
- on contract costs, 167–168
- on contract modification, 157
- disclosures of new guidance required by, 187–188
- disclosures required on interim financial statements by, 187
- disclosures under, 190
- on effective dates, 10–11, 192, 193
- on impairment loss, 166
- income defined by, 2
- nonpublic entities under, 177
- on nonrefundable upfront fees, 137
- performance obligation satisfaction under, 121
- presentation under, 188
- on principals vs. agents, 131
- revenue defined by, 2
- revenue recognition guidance of, 3–4
- on revenue vs. gains, 2
- on variable consideration, 79
- on warranties, 128

**IFRS 11, 39**

**IFRS 15**

- contract defined by, 28
- contract modification, 163
- disclosures on impact of implementation of, 187–188
- effective dates of, 11
- issue of, 3
- as new Standard, 4
- revenue defined by, 2

**IFRS 15.18, 149**

**IFRS 15.31, 102**

**IFRS 15.39, 115**

**IFRS 15.72, 83**

**IFRS 15.78, 86**

**IFRS 15.92, 161**

**IFRS 15.105, 170**

**IFRS 15.108, 171**

**IFRS 15.110, 175**

**IFRS 15.A39, 87**

**IFRS 15.Appendix A, 170**

**IFRS 15.IN7, 12**

**IFRS Conceptual Framework, 103n1, 161n1**

**Immateriality, in contracts, 6**

**Impairment**

- of customer’s credit risk, 68
- presentation of, 174–175

**Impairment loss**

- and contract costs, 166–167
- reversal of, under Standard, 8–9

**Implementation, 191–200**

- and effective dates, 191–192
- key terms effecting, 192–193
- management aspects, 198–201
- methods for, 194–201
- of Standard, 11

**Implicit price concession, 70**

**Implicit promises, 47**

**Implied performance obligation, 49**

**Implied price concession, 35, 68**

**Income, 2**

**Incremental contract costs, 161–162**

**Independent goods and services, 55–56**

**Index, pricing based on, 72**

**Industry-specific guidance, 17–18**

**Initial application, date of, 192**

**Input methods, 118–121**

**Insurance contracts, 8**

**Integration service, significant, 53–54**

**Intellectual property**

- estimating selling price of, 92
- issues of, brought to IASB and FASB, 20
- sales and licenses of, 139
- and sales-based royalties, 78

**Interim financial statements, 6, 187**

**International Accounting Standard (IAS)**

- IAS 1, 174
- IAS 8, 15
- IAS 11, 157
- IAS 18, 39
- IAS 24, 41
- IAS 32, 28

**International Accounting Standards Board (IASB)**

- on collectibility, 33
- on collectibility thresholds, 6
- completed contract defined by, 193
International Accounting Standards Board (IASB) (Continued)
on contract arrangements, 36–37
on contract modification, 7
effective date of Standards required by, 6
on impairment loss reversal, 8
interim requirements of, 6
issues brought to, 20–25
on licenses, 7, 138
on performance obligations, 46
Revenue Recognition Project of, 4–5
on royalties, 78
on shipping and handling services, 50
Transition Resource Group established by, 19–20
Interrelated goods and services, 56

Judgment
for collectibility, 34
significant, disclosures of, 186

Labor, direct, 120

Legacy guidance
on bill-and-hold arrangements, 148–149
on collectibility threshold, 33
on consignment arrangements, 147
on contract costs, 167–168
on contract modification, 157
on disclosures, 190
on nonrefundable upfront fees, 137–138
on presentation, 189–190
on principals vs. agents, 131
on revenue recognition, 122
on rights of return, 126
on transaction price allocation, 99–100
on variable consideration, 69, 78
on warranties, 128
Legal precedent, for right to payment, 112
Licenses
contracts concerning, 138–143
and sales-based royalties, 78
under Standard, 7, 20
Loyalty points, 135
Luisi, Shelley, 16

Mackintosh, Ian, 6, 16
Management aspects, of Standard implementation, 198–201
Margin, required for contract termination, 111
Market conditions, 90
Marketing-related costs, 162
Materials
direct, 120
uninstalled, 119
Materiality, of disclosures, 177
Material rights, 131–132
Milestone method, 122
Modified retrospective approach
effective dates for, 197
guidance on, 11
to implementation of Standard, 195–196
Multiple-element arrangements, 99–100
Multiple parties, arrangements with, 43
Multiple performance obligations, 56, 171
Nature of entity’s promise, 140
Noncancellable contracts, 174
Noncash considerations
under Standard, 7
in transaction price identification, 80
Nonfinancial assets, 10
Nonmonetary exchanges, 9
Nonpublic entities, 7, 177–181
Nonrefundable upfront fees, 135–138

Obligations
enforceable, 29
performance obligations, see Performance obligations
presentation of, 172
Observable price, 88–89
Onerous contracts, 157–158
Options
additional purchase, 131–134
forward or call, 144–145
put, 146–147
renewal, 137
Oral contracts, 30–31
Output methods, 116–118
Ownership, risks and rewards of, 114

Parties
arrangements with multiple, 43
to contracts, 30
related, 41
Payment
in excess of fair value, 83
right to, 111–113, 122
Payment schedule, 112
Payment terms, 32, 112
Percentage-of-completion method, 121, 122
Performance, completed to date, 111–112
Performance bonus, 74, 97
Performance obligations, 45–58
definition of, 46
determination of goods or services as distinct, 50–56
disclosures of, 185
implied, 49
issues of, brought to IASB and FASB, 20–21
multiple, 56
progress of combined, 121
progress toward satisfaction of, 115–121
as promises in contracts with customers, 47–50
satisfied at a point in time, 113–114
satisfied over time, 106–112, 185
for series of distinct goods or services, 57–58
and standalone selling price, 89
under Standard, 21–22, 46–47
transaction price allocated to, 185–186
and transaction price allocation, 93
upfront fees allocated to, 136
variable consideration allocated to, 96–97
warranty as, 127
Physical possession, of asset, 113
Portfolio, of contracts, 42
Practical expedients
for combining contracts, 39
for completed contracts, 194, 195
for contract modification, 7
disclosures of, 170, 187
for incremental contract costs, 162
issues of, brought to IASB and FASB, 22–23
for measuring progress of performance obligations, 116
for modified contracts, 195
for significant financing components, 63
under Standard, 22–23
for transaction price allocation, 184–186
Practical limitations, 110
Prepaid costs, 120–121
Prepayment, 134–135
Presentation, 170–175, 189–190
of contract assets and receivables, 172–173
of contract liabilities, 173
legacy guidance on, 189–190
of rights of return, 175
of significant financing component, 68, 175
in statement of comprehensive income, 174–175
of unconditional right to receive consideration, 174
Prices
based on index, 72
directly observable, 88–89
highly variable standalone selling, 91
observable, 88–89
relative standalone selling, 87
selling, see Selling price
standalone selling, see Standalone selling price
transaction, see Transaction price
uncertain standalone selling, 91
Price concession
implicit, 70
implied, 35, 68
and probability of revenue reversal, 76
and variable consideration, 69, 70
Price matching plans, 72
Price protection, 72,
Principals
agents vs., 24–25, 129–131
issues of, brought to IASB and FASB, 24–25
Product delivered without written contract, 31
Professional Judgment Resource (Center for Audit Quality), 15
Progress method, 122
Project approach, 198–200
Promised goods or services, 49–50
Promises
in contracts with customers, 47–50
implicit, 47
Index

Proportional allocation
  of discount, 94–95
  of variable consideration, 95–96
Put options, 146–147

Qualitative disclosures, 185
Quantitative disclosures, 185
Quantitative time bands, 185–186

Reassessment, for variable consideration, 77
Rebates, 71
Receivables
  defined in Standard, 171
  presentation of, 172–173
Recognition
  of contracts, 36
  of revenue, see Revenue recognition
Recoverability, of incremental costs, 161
Refunds, 125
Refund liability, 75
Registration Statement Under the Securities Act of 1933 (Form S-3), 16
Related parties, 41
Relative standalone selling price, 87
Renewal options, 137
Repurchase agreements, 143–147
Residual approach, 91–92
Return, rights of, 124–126, 175
Revenue
  definition of, 2
  disaggregated, 181–183
  gains vs., 2
Revenue recognition, 101–122
  and breakage, 134
  and contract modifications, 150
  and control of asset, 103–105
  and cost amortization, 166
  of forward or call options, 145
  legacy guidance on, 122
  and licenses, 142
  of nonrefundable upfront fees, 136
  for performance obligations satisfied at a point in time, 112–114
  for performance obligations satisfied over time, 106–112
  progress toward satisfaction of performance obligation, 115–121
for purchase options, 133
  and transaction price allocation, 97
Revenue Recognition Project, 4–5
Revenue reversal, 76
Rewards, of ownership, 114
Rights
  to access, 140–141
  customer’s unexercised, 134–135
  enforceable, 29
  material, 131–132
  of parties in contracts, 32
  to payment, 111–113, 122
  presentation of, 172
  to receive consideration, unconditional, 174
  of return, 124–126, 175
  to use, 140–141
Risks, of ownership, 114
Royalties, 78
SAB, see Staff Accounting Bulletin
Sale of transfer of nonfinancial assets, 10
Sales-based royalties, 78
Sales tax, 7
Schnurr, James, 198
Schroeder, R. Harold, 6
Securities and Exchange Commission (SEC)
  disclosures of new guidance required by, 15, 187
  response of, to Standard, 16
  on variable pricing in contracts, 115–116
Selling price
  if paying cash, 65
  relative standalone, 87
  standalone, 86–93
Separately identifiable indicators, 53–54
Series, of goods and services
  in contract modification, 154
  with same pattern of transfer, 57–58
  variable consideration allocated for, 97
Services
  as consideration payable to customer, 83
  in contract modification, 153–155
  as distinct, 50–56
  as noncash consideration, 79
  principals vs. agents for, 130–131
  receiving and consuming simultaneously, 107–108
series of, 57–58
significant integration, 54
transfer of, as assets, 102
Service-type warranties, 127
Setup costs, 136–137, 165
Shipping and handling activities, 7, 50
Siegel, Marc, 175
Significant customization, 54–55
Significant financing component
presentation of, 175
and transaction price identification, 63–68
Significant integration service, 54
Significant judgments, 186
Slotting fees, 83
Staff Accounting Bulletin (SAB)
SAB 13, Revenue Recognition, 16
SAB 74, 15, 188
SAB 101, 3
Stage-of-completion method, 122
Standalone selling price
in contract modification, 153–154
for purchase option, 133
relative, 87
and transaction price, 86–93
Standard, 1–26
and AICPA industry committees, 17–19
changes included in, 15
collectibility thresholds under, 6, 23–24
completed contracts under, 7
contract modification under, 7
contracts outside of scope of, 36–39
contracts within scope of, 29–33
control of asset under, 103–104
core principle of, 12–13
corrections and improvement to, 25–26
development of, 3
disclosure relief for nonpublic entities
under, 7
disclosures of future impact of, 187–189
disclosures required by, 13–15
effective dates of, 6, 10–11
immateriality in contracts under, 6
impairment loss under, 8–9
implementation of, 11
industry-specific guidance superseded by, 17
interim requirements of, 6
issues brought to boards for, 21–26
licenses under, 7, 21
noncash considerations under, 7
objective of, 12
performance obligations under, 21–22
practical expedients under, 22–23
principal vs. agent under, 24–25
revenue definition, 2
and Revenue Recognition Project, 4–5
sales tax under, 7
scope of, 5, 8–9
SEC response to, 16
shipping and handling activities under, 7
Transition Resource Group for, 19–20
Stand-ready obligation, 121
Statement of comprehensive income, 174–175
Statement of Financial Accounting Concept 5
(CON 5), 3
Statement of Financial Accounting Concept 6
(CON 6)
assets defined by, 103n1, 106n1
gains defined by, 2
revenue defined by, 3
Statement of financial position, 172
Symbolic licenses, 141
Tax implications, of Standard implementation, 201
Termination clauses, 31
Termination criteria, 32–33
Timing
at discretion of customer, 66–67
unrelated to financing, 67
Title, transfer of, 113
Transaction prices
changes in, 98–99
considered, for collectibility, 34
and contract modification, 156
disclosures of, 185–186
and right of return, 124
Transaction price allocation, 85–100
and changes in transaction price, 98–99
determining standalone selling price for, 87–93
disclosure of, 185–186
legacy guidance on, 99–100
process of, 93–97
and revenue recognition, 97
Transaction price identification, 59–83
collection payable to customer in, 81–83
noncash consideration in, 80
and significant financing component, 63–68
variable consideration in, 69–79
Transfer
of goods or services, 49–50
of nonfinancial assets, sale of, 10
same pattern of, 57–58
Transition Resource Group (TRG), 19–20
on collectibility, 32–33
on consideration payable to customer, 83
on contract arrangements, 37
on impairment loss, 167
on material rights, 132
on noncash consideration, 60
on performance obligations, 45
on right of return, 125–126
on shipping and handling services, 50
for Standard, 19–20
on variable discount, 97
on variable prices, 115–116
Travel costs, 162
Uncertain standalone selling price, 91
Uncertainty
and changes in transaction price, 98
and probability of revenue reversal, 76
Unclaimed property laws, 135
Unconditional right to receive consideration, 174
Unexercised rights, customer’s, 134–135
Uninstalled materials, 119
U.S. GAAP
on bill-and-hold arrangements, 149
on collectibility threshold, 33–34
on contract arrangements, 37
contract combination under, 39–40
on contract costs, 168
on contract modification, 157
on costs of fulfilling contracts, 163
disclosures of new guidance required by, 189
disclosures required on interim financial statements by, 187
disclosures under, 190
on effective dates, 192–193
effective dates under, 10–11
on impairment loss, 166, 168
on nonrefundable upfront fees, 138
performance obligation satisfaction under, 122
presentation under, 189
on principals vs. agents, 131
public entities under, 177
on related parties, 41
revenue defined by, 2
revenue recognition guidance of, 3–4
on revenue vs. gains, 2
on variable consideration, 79
on warranties, 128
U.S. nonpublic entities, 177–181
Units-of-delivery method, 116–117
Units-of-production method, 116–117
Unpriced change order, 150
Upfront fees, nonrefundable, 135–138
Usage-based royalties, 78
Variable consideration
allocation of, 95–97
based on future event, 67
and changes in transaction price, 98, 99
for collectibility, 34
disclosures related to, 170
rights of return as, 125–126
in transaction price as, 68–79
Variable discount, 97
Vendor-specific objective evidence (VSOE), 17
Volume discounts, 70–71
Vouchers
discount, 133–134
gift cards, 134–135
VSOE (vendor-specific objective evidence), 17
Warranties, 126–128
Wholly unperformed contracts, 31
Work, reperformance of, 108
Work in progress, control of, 109
Zero-profit method, 122