

## **Summary of Decisions Reached – FASB Board Meeting September 24, 2008**

Revenue recognition The Board discussed subsequent measurement of performance obligations in contracts with customers. Specifically, the Board discussed the nature of an onerous test in the customer consideration approach of measuring performance obligations. The Board also considered the IASB's recent discussion on whether remeasurement of performance obligations is needed in instances other than when deemed onerous.

The Board considered two approaches for an onerous test: one based on the entity's expected cost of performance and one based on expected cost plus a margin. It tentatively decided that a performance obligation is deemed onerous when the entity's expected cost of performance exceeds the carrying amount of the performance obligation. The performance obligation is then remeasured to the entity's expected cost of performance. The Board noted that the IASB tentatively decided that some performance obligations would need to be remeasured at each financial statement date rather than by exception when deemed onerous. Performance obligations that may require remeasurement might include those that are long term and have significant variability of outcome. Such remeasurement would not affect the total revenue reported for the contract.

The Preliminary Views to be issued in the fourth quarter of 2008 will seek constituents' input on which performance obligations may require remeasurement at each financial statement date and will consider possible remeasurement approaches.