Financial Accounting
Standards Board

Revenue Recognition Roundtable Meeting
8 November, 2010

9.30am–12.45pm (registration from 9.00am, complimentary breakfast for registered participants and observers available from 07.30)

Rooms 408 and 409 of the Kuala Lumpur Convention Centre

AGENDA

Registration **09.00-09.30**

Welcome from MASB Chairman **09.30-09.35**

Welcome from IASB member Tatsumi Yamada and introductions **09:35-09:45**

Topic 1: Control **09:45-11:00**

Key principle

The ED proposes that an entity should recognise revenue when it satisfies a performance obligation by transferring a promised good or service to a customer. A good or service is transferred when the customer obtains control of that good or service.

The ED explains that a customer obtains control of a good or service when the customer has the ability to direct the use of, and receive the benefit from, the good or service. The ED proposes four indicators that the customer has obtained control of a good or service:

(a) the customer has an unconditional obligation to pay

(b) the customer has legal title

(c) the customer has physical possession

(d) the design or function of the good or service is customer specific.

Main discussion points:

- Transfer of goods or services as a basis of determining revenue recognition and use of 'control' to determine when that transfer has occurred
- Applying the proposed control principle and supporting indicators
- Application of ED to retail real estate contracts

Coffee break **11:00-11:15**

Topic 2: Identifying separate performance obligations **11:15-11:35**

Key principle

The ED proposes that an entity should identify the performance obligations to be accounted for separately on the basis of whether a promised good or service is distinct.

A good or service is distinct if either:

(a) the entity, or another entity, sells an identical or similar good or service separately; or

(b) the entity could sell the good or service separately because

(i) it has a distinct function—a good or service has a distinct function if it has utility either on its own or together with other goods or services that the customer has acquired from the entity or are sold separately by the entity or by another entity; and

(ii) it has a distinct profit margin—a good or service has a distinct profit margin if it is subject to distinct risks and the entity can separately identify the resources needed to provide the good or service.

Main discussion points:

- Level to which a contract should be segmented
- Product warranties

Topic 3: Measurement of revenue **11:35-11:55**

Key principle

The ED proposes that the transaction price to be allocated to the performance obligations should reflect the probability-weighted amount of consideration that an entity expects to receive from the customer in exchange for transferring goods or services.

Main discussion points:

- Reflecting the effects of the customer's credit risk in the measurement of revenue
- Using probability-weighted estimates in the measurement of revenue (if amounts can be reasonably estimated)

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Topic 4: Onerous performance obligations **11:55-12:10**

Key principle
The ED proposes that an entity should recognise a liability and a corresponding expense if a performance obligation is onerous.

Main discussion points:

- Level at which a contract should be tested to asses whether it is onerous

Other topics from the floor	**12:10-12:35**
Closing remarks	**12:35-12:42**
Closing address from MASB Chairman	**12:42-12:45**
Lunch	**12.45-13.30**