

AN ALERT FROM THE BDO NATIONAL ASSURANCE PRACTICE

BDO FLASH REPORT

FASB



► **SUBJECT:**

SHORT WEBCASTS ON NEW REVENUE RECOGNITION STANDARD

► **SUMMARY:**

BDO International recently released the following short webcasts on IFRS 15, *Revenue from Contracts with Customers* (“IFRS 15”), which are available [here](#). This series of webcasts includes separate sessions for each element in the new revenue standard, as follows:

- Overview - 12:29 minutes
- Step 1 - 9:11 minutes
- Step 2 - 4:41 minutes
- Step 3 - 20:59 minutes
- Step 4 - 6:33 minutes
- Step 5 - 19:47 minutes
- Presentation & Disclosure - 11:50 minutes
- Transition - 8:05 minutes

The webcasts were launched with the aim of making individual modules available for users to view in short, self-contained sessions compared to BDO’s more comprehensive webcast. However, these shorter webcasts are not CPE credit worthy.

Although the webcasts have been prepared from an IFRS 15 perspective, they are also useful under U.S. GAAP given that the new standard is converged with US GAAP (“ASC 606” for U.S. GAAP and “IFRS 15” for IFRS), except for a few notable differences:

- Collectibility threshold - The new standard states it must be probable that an entity will collect consideration from the customer as one criterion that must be met to recognize revenue. “Probable” is defined in U.S. GAAP as “likely to occur,” which is a higher threshold than the IFRS definition of “more likely than not.”

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- Interim disclosure requirements - The IASB amended its interim disclosure standard to require interim disaggregated revenue disclosures. The FASB amended its interim disclosure standard to require disaggregated revenue information, but also added interim disclosure requirements relating to contract balances and remaining performance obligations (for public companies only).
- Impairment loss reversal - ASC 340 does not permit entities to reverse impairment losses recognized on contract costs (that is, capitalized costs to acquire or fulfill a contract). IFRS 15 requires impairment losses to be reversed in certain circumstances similar to its existing standard on impairment of assets.
- Effective date - ASC 606 is applicable for public entities for annual reporting periods (including interim periods therein) beginning after December 15, 2016 (nonpublic entities can defer adoption for an extra year), whereas IFRS 15 is applicable for all entities for annual periods beginning on or after January 1, 2017.
- Early adoption - Entities reporting under U.S. GAAP are not permitted to adopt the revenue standard earlier than annual reporting periods beginning after December 15, 2016. Entities reporting under IFRS are permitted to adopt IFRS 15 early.
- Relief for nonpublic entities - ASC 606 gives nonpublic entities relief relating to certain disclosures and the effective date, as noted above. IFRS 15 applies to all IFRS reporters, public or nonpublic, except entities that apply IFRS for small and medium-sized entities.

For additional information about the new standard, see BDO's [revenue recognition resource center](#).