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## LIST OF SUBSTANTIVE CHANGES AND ADDITIONS

### *PPC's Guide to Revenue Recognition*

#### Second Edition (April 2018)

The following are some of the important new features of the 2018 Edition of *PPC's Guide to Revenue Recognition*:

- **New Practice Aid on Documenting Revenue Recognition.** We've added a new practice aid that can be used to document revenue recognition from contracts with customers under FASB ASC 606. The form is divided into the five steps for revenue recognition and can be used by entities and other parties such as internal or external auditors to document the key facts, decisions, and other considerations leading to revenue recognition.
- **Assessing Criteria for Recognizing Revenue.** We've added another practice aid that addresses the assessment of criteria that must be met before the revenue recognition guidance can be applied to a contract with a customer. The practice aid can be used to evaluate and document each of these conditions and make the determination of whether revenue can be recognized.
- **New Illustrative Financial Statements and Additional Disclosures.** We've added new illustrative financial statement disclosures to the extensive listing of revenue recognition related disclosures that already exists in the *Guide*. We've also included a new appendix that recaps various disclosures in the *Guide* along with a cross-reference to the disclosure requirements that appear in a separate appendix.

We've also added another appendix containing a complete set of illustrative financial statements with associated disclosures. These illustrative financial statements provide the relevant presentation matters and disclosures pertaining to the adoption of ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The new financial information will further enhance your knowledge and ability to apply the requirements of the new revenue guidance.

- **Enhanced Client/Financial Statement User Presentation.** Appendix 1B of your *Guide* includes a presentation that can be used to inform clients and financial statement users about the new revenue recognition guidance and the changes that may be required. We've updated the presentation to include flowcharts illustrating key concepts in the revenue recognition process, as well as other recent insights in applying the new guidance.

| <u>Chapter</u>            | <u>Substantive Changes and Additions</u>   | <u>Reference</u>           |
|---------------------------|--|----------------------------|
| CHAPTER 1<br>Introduction | 1. Added a discussion on a recent FASB informational meeting on the progress of the implementation of new revenue recognition guidance and the status of TRG meetings. | Paragraph 100.6            |
|                           | 2. Discussed the issuance of two additional ASUs that apply to SEC guidance on FASB ASC 606.   | Paragraph 100.7            |
|                           | 3. Updated the Exhibits to note the issuance of ASU 2016-02, <i>Leases (Topic 842)</i> .   | Exhibits 1-2 and 1-4       |
|                           | 4. Added a note discussing the applicability of the section discussion considering the effective date of the new revenue guidance for public companies.                | Paragraphs 103.1 and 104.1 |
|                           | 5. Added a note discussing the issuance of ASU 2017-13.  | Paragraph 103.1            |

| <u>Chapter</u>   | <u>Substantive Changes and Additions</u>  | <u>Reference</u>                                |
|--|---|---|
|  | 6. Added a note discussing a recent meeting of the Financial Accounting Standards Advisory Council.   | Paragraph 104.4                                 |
|  | 7. Added a note to the Exhibit to note that certain PPC audit guides include updated illustrative internal controls that relate to FASB ASC 606.  | Exhibit 1-8                                     |
|  | 8. Updated the discussion on the AICPA Audit and Accounting Guide, <i>Revenue Recognition</i> .   | Paragraph 104.18                                |
|  | 9. Updated the user presentation appendix for the inclusion of new slides on the five-step revenue recognition approach.  | Appendix 1B                                     |
|  | 10. Added a new practice aid, "Contract Analysis Documentation Form."   | Appendix 1C                                     |
| CHAPTER 2<br>Identifying Contract<br>with Customers            | 1. Discussed the new practice aid at Appendix 2A, "Assessing the Criteria for Recognizing Revenue."   | Paragraph 202.11                                |
|  | 2. Added a note on the issuance of ASU 2016-13, <i>Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments</i> .   | Example 2-5                                     |
|  | 3. Added a new practice aid, "Assessing the Criteria for Recognizing Revenue."  | Appendix 2A                                     |
| CHAPTER 8<br>Presentation,<br>Disclosure, and Other<br>Matters | 1. Discussed the use of new Appendices at Appendix 8B and 8C.   | Paragraph 802.4                                 |
|  | 2. Added new illustrative disclosures.  | Examples 8-14, 8-22, 8-29, 8-30, 8-32, and 8-34 |
|  | 3. Added a note discussing the disclosure requirements of FASB ASC 606-10-50-11.  | Paragraph 802.20                                |
|  | 4. Discussed the issuance of ASU 2016-02 and implications on sales of equipment with a guaranteed minimum resale amount.  | Paragraph 804.8                                 |
|  | 5. Made various modifications to the disclosure checklist for revenue from contracts with customers.  | Appendix 8A                                     |
|  | 6. Added a new Appendix 8B, "Illustrative Presentation and Disclosures Under the New Revenue Recognition Guidance," which recaps disclosures in the chapter with a cross-reference to the disclosure requirements in Appendix 8A.   | Appendix 8B                                     |
|  | 7. Added a new Appendix 8C, "Sample Financial Statements with the Adoption of the New Revenue Recognition Guidance," which provides a full set of illustrative financial statements that includes presentation and disclosure requirements upon the adoption of the revenue recognition guidance. | Appendix 8C                                     |