
TABLE OF CONTENTS

Implementing the New Revenue Standard	1
I. Objective	2
II. Background	2
III. Scope of Revenue Standard	9
IV. Definitions Used in ASC 606	10
V. Core Principle	11
Test Your Knowledge #1	13
Solutions and Suggested Responses #1	15
VI. Five Steps to the ASC 606 Revenue Model	17
Step 1: Identify the Contract(s) With a Customer	17
Test Your Knowledge #2	31
Solutions and Suggested Responses #2	33
Step 2: Identify the Performance Obligations in the Contract	35
Step 3: Determine the Transaction Price	40
Step 4: Allocate the Transaction Price to the Performance Obligations in the Contract	55
Test Your Knowledge #3	63
Solutions and Suggested Responses #3	65
Step 5: Recognize Revenue - Entity Satisfies a Performance Obligation	67
A. General Rules in Applying Step 5	67
B. Control Transfers Over Time- Step 5	72
C. Control Transfers at a Point in Time- Step 5	97
D. Special Right-to-Invoice Practical Expedient- Step 5	102
E. Onerous Contract Rules	103
Test Your Knowledge #4	107
Solutions and Suggested Responses #4	109
VII. Selected Issues in Applying the Five Steps of the Revenue Model	111
A. Sale with a Right of Return	111
B. Sale with a Refund Liability	114
C. Principal versus Agent Considerations	116
D. Non-Refundable Upfront Fees Received	126
E. Warranties	131
F. Bill-and-Hold Arrangements	133
G. Consignment Arrangements	136
Test Your Knowledge #5	139
Solutions and Suggested Responses #5	141
H. Licensing	143
I. Presentation of Sales Taxes and Other Similar Taxes Collected from Customers	152
J. Shipping and Handling Activities- Step 2 Identifying Performance Obligations	154
Test Your Knowledge #6	157
Solutions and Suggested Responses #6	159
K. Breakage in Prepaid Gift Cards	161

Test Your Knowledge #7	169
Solutions and Suggested Responses #7	171
VIII. Contract Costs	173
IX. Presentation- General Rules in ASC 606	180
Test Your Knowledge #8	191
Solutions and Suggested Responses #8	193
X. Disclosures	195
A. General	195
B. Detailed Disclosures Required by ASC 606	195
C. Disclosures Required for Nonpublic Entities	212
XI. Transition and Effective Date	221
Test Your Knowledge #9	229
Solutions and Suggested Responses #9	231
XII. Applicable Financial Statement (AFS) and Impact of Tax Act on ASC 606	233
Test Your Knowledge #10	241
Solution and Suggested Responses #10	243
Glossary	245
Index	247
Final Exam Copy	249