

# SEC Staff Comments on New Revenue Standard at Baruch Conference

**May 9, 2016** — At the 2016 Baruch College Financial Reporting Conference in New York City last week, Wesley Bricker, deputy chief accountant in the SEC's Office of the Chief Accountant (OCA), discussed transition issues related to the FASB's new revenue standard (ASU 2014-09<sup>1</sup>). He reiterated his support for the TRG's<sup>2</sup> implementation activities, particularly given the significant judgment entities must use in applying the new revenue standard, and noted that the OCA continues to "encourage management, auditors, and others to refer interpretive issues to the TRG."

Mr. Bricker also suggested that registrants consider consultation with the OCA, especially when faced with "complex, or innovative transactions for which no clear guidance exists," or when contemplating an accounting treatment that deviates from the treatment supported by the TRG. Noting that the OCA has already begun conducting consultations on the adoption of the new revenue standard, he highlighted some of its recent decisions, including its:

- Objection to the recognition of revenue on "likely" contracts (i.e., before the existence of enforceable rights and obligations). Mr. Bricker reminded the audience that it would be "inappropriate to recognize revenue for a contract before the contract exists with enforceable rights and obligations."
- Objection to the combination of contracts with different customers (or their related parties). He reminded the audience that "the guidance in Topic 606 explicitly limits what contracts may be combined."
- Support for the continued application of current guidance on loss contracts. Mr. Bricker indicated that it was not the FASB's intention "to change practice with respect to the timing of loss recognition for those contracts in the scope of Topic 605-35 (as amended)."

A [transcript](#) of Mr. Bricker's remarks is available on the SEC's Web site.

For information about other SEC staff remarks at the conference, see Deloitte's May 6, 2016, [journal entry](#).

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<sup>1</sup> FASB Accounting Standards Update No. 2014-09, *Revenue From Contracts With Customers*.

<sup>2</sup> The transition resource group (TRG) for revenue recognition was established by the FASB and IASB to seek and provide feedback on potential issues related to implementation of the new revenue standard. Early this year, the IASB announced that it completed its decision-making process related to clarifying the new revenue standard and that it no longer plans to schedule TRG meetings for IFRS constituents.

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