

PCAOB Standing Advisory Committee



FASB Panel Discussion

Susan Cospers – FASB Technical Director

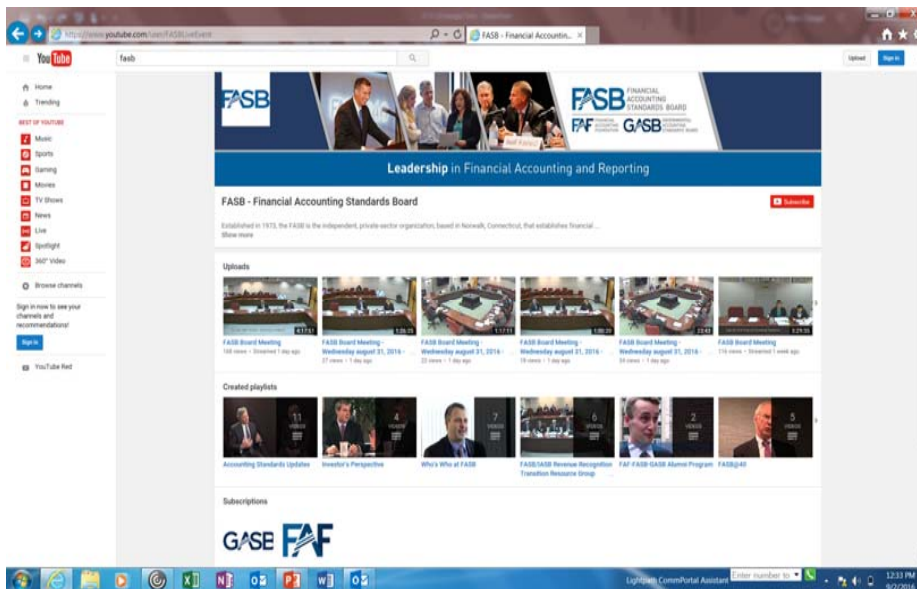
The views expressed in this presentation are those of the presenter.
Official positions of the FASB are reached only after extensive due process and deliberations

The views expressed also do not reflect those of the PCAOB, members of the Board, or
the PCAOB staff



Implementation – How can we help?

- During transition period to new standards, our work isn't done
 - The standards will only be effective if stakeholders understand the guidance and apply it consistently
- We facilitate implementation in various ways depending on:
 - Nature of guidance
 - Complexity of standard
 - Breadth of affected industries
 - Feedback provided during due process



FASB Implementation Web Portal

The screenshot displays the FASB Implementation Web Portal. At the top left is the FASB logo (Financial Accounting Standards Board) with navigation links: HOME, STANDARDS, PROJECTS, MEETINGS, REFERENCE LIBRARY, NEWS & MEDIA, ABOUT US. Below this is a breadcrumb trail: FASB Home > STANDARDS > Implementing New Standards. The main heading is "IMPLEMENTING NEW STANDARDS".

IMPLEMENTING NEW STANDARDS


An important part of the FASB's mission of developing high-quality standards is monitoring implementation. The FASB accomplishes this by assisting preparers and other practitioners in their understanding and ability to consistently apply new standards.

As part of positioning organizations for a successful and smooth transition to new standards, the FASB undertakes a variety of initiatives focused on:

- Educating our stakeholders
- Helping preparers and practitioners interpret the standards, and
- Making any necessary clarifications to the standards to address unintended consequences, if any.

Learn how the FASB conducts outreach with stakeholders, establishes and operates transition resource groups, and offers a technical inquiry service for implementation questions.

Also access [implementation guidance for major standards](#).



Now the FASB positions organizations for a successful and smooth transition to new standards.

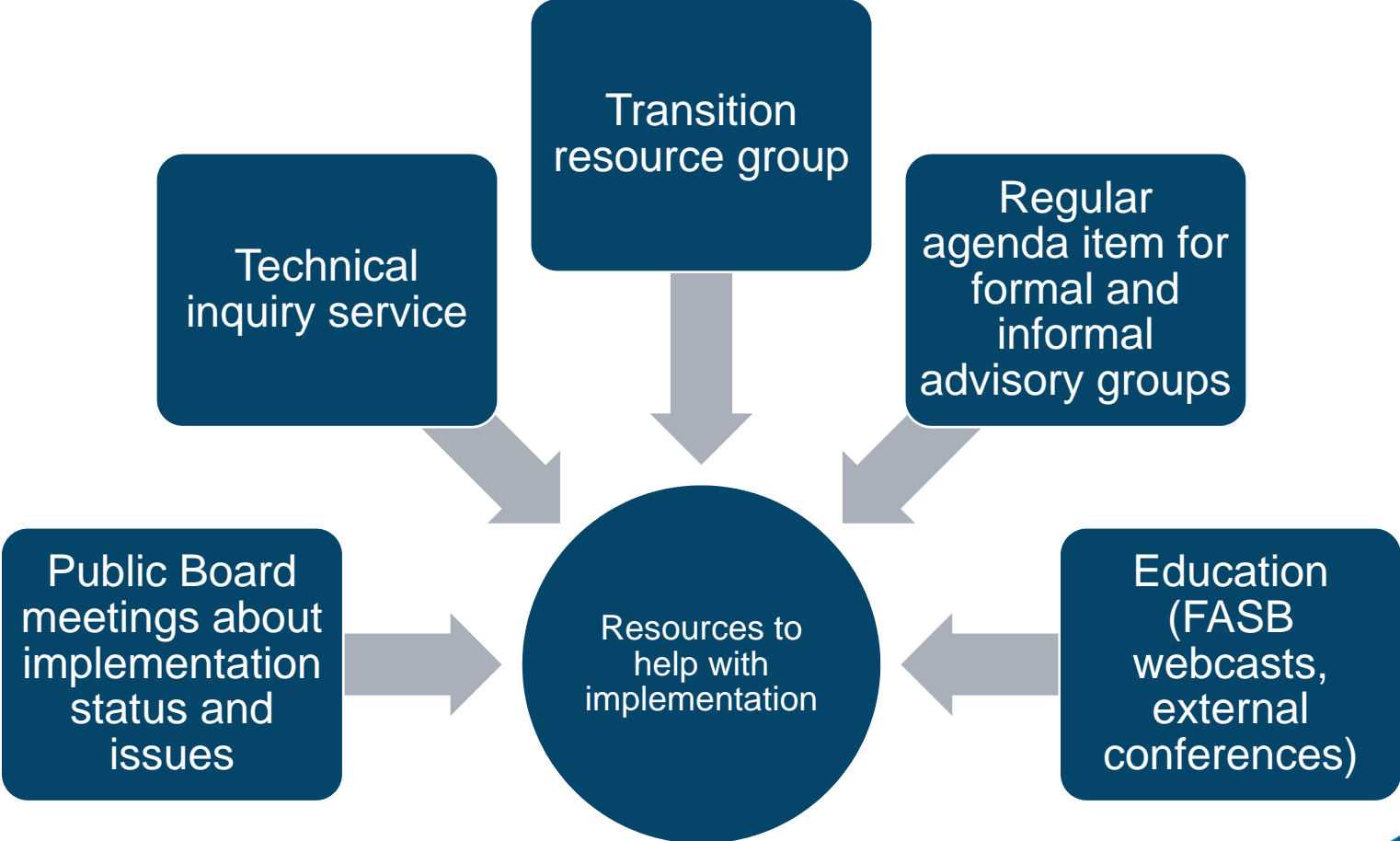
IMPLEMENTATION GUIDANCE FOR MAJOR STANDARDS

- Revenue Recognition
- Leases
- Credit Losses
- Not-for-Profit Financial Reporting
- Hedge Accounting
- Other Standards

At the bottom of the screenshot are expandable menu items: CONDUCTING OUTREACH WITH STAKEHOLDERS, TRANSITION RESOURCE GROUP, TECHNICAL INQUIRIES, REQUEST A FASB SPEAKER, and IMPLEMENTATION GUIDANCE FOR MAJOR STANDARDS.

www.fasb.org/implementation

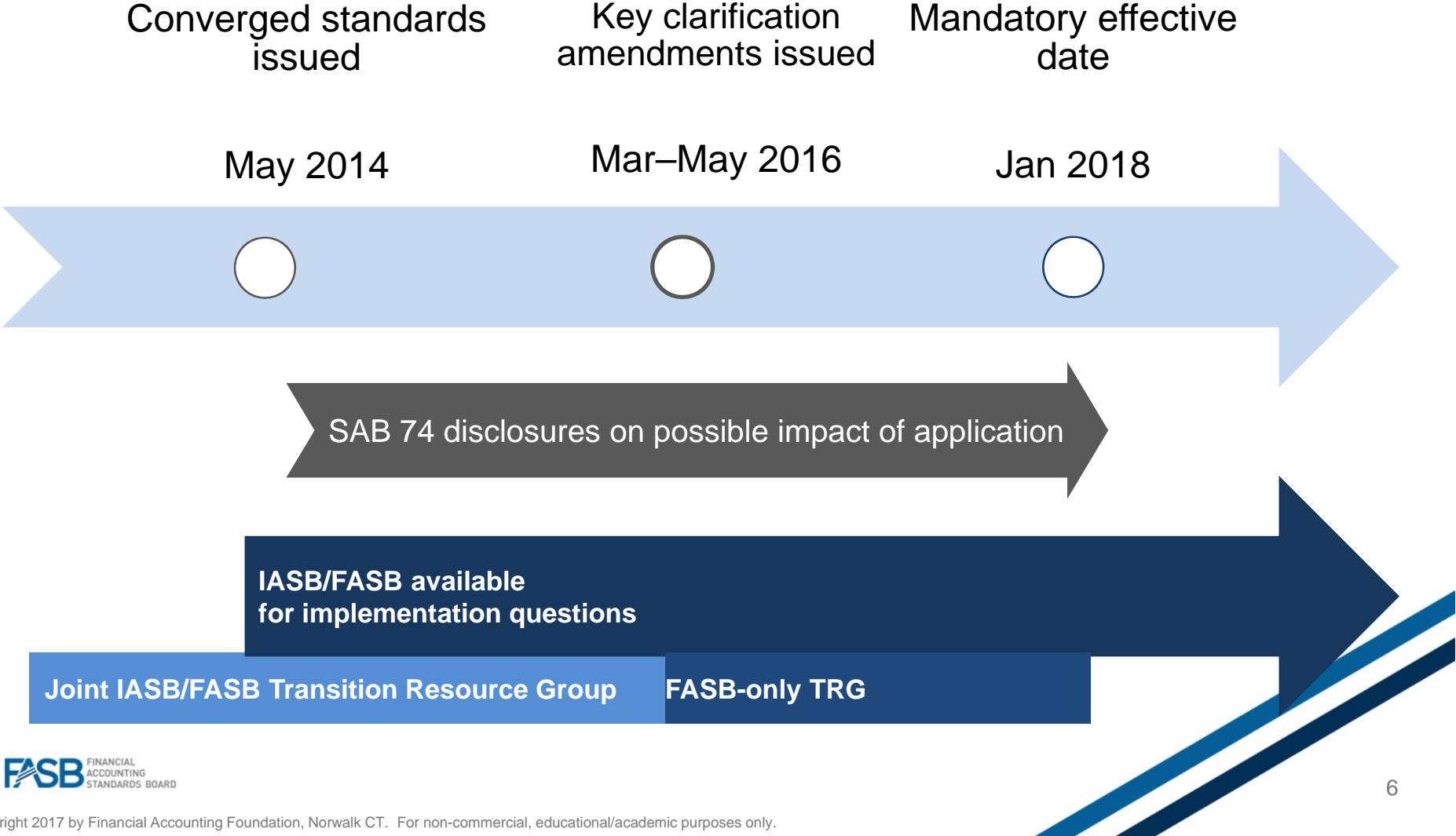
Resources to Help with Implementation



Revenue Recognition—Topic 606 Implementation Update

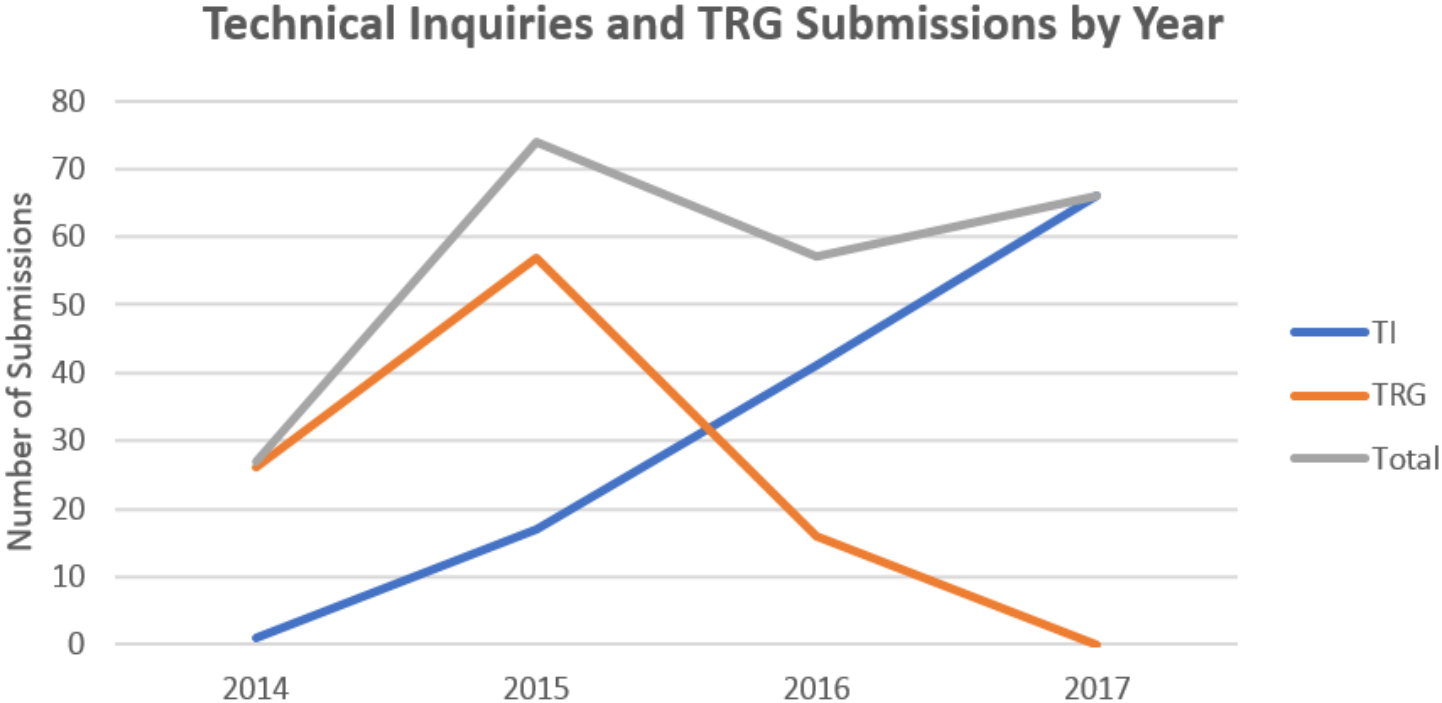


Revenue Timeline

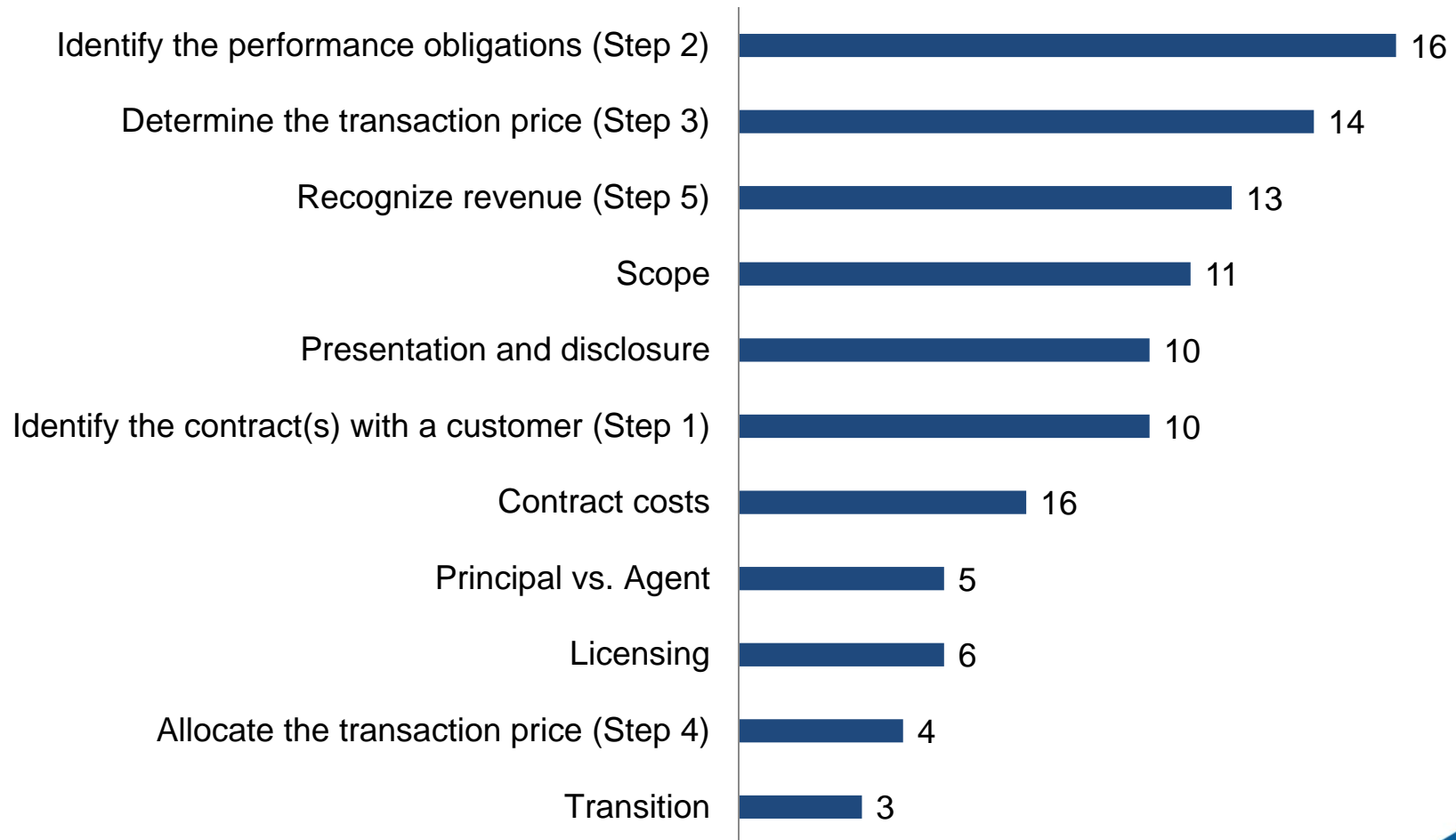


Level of Implementation Questions: Revenue Recognition Trend

Number of TRG submissions compared with the number of technical inquiries received since the issuance of the standard through Nov 1, 2017.



Where are the issues*?



Judgment Necessary Today & Tomorrow



- Lack of overarching guidance requires companies to apply significant judgment
- Difficult to apply and interpret
- Lack of disclosure

- Cohesive framework to apply judgment
- Same model applies to nearly all transactions
- Robust package of disclosures

Leases—Topic 842 Implementation Update



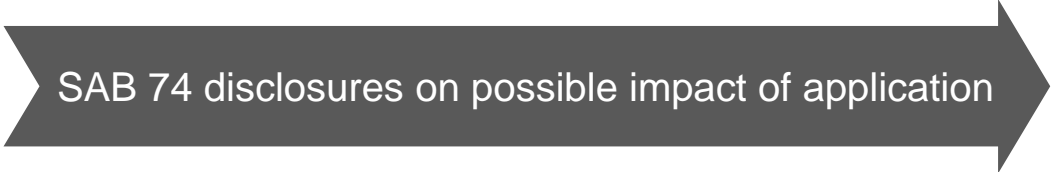
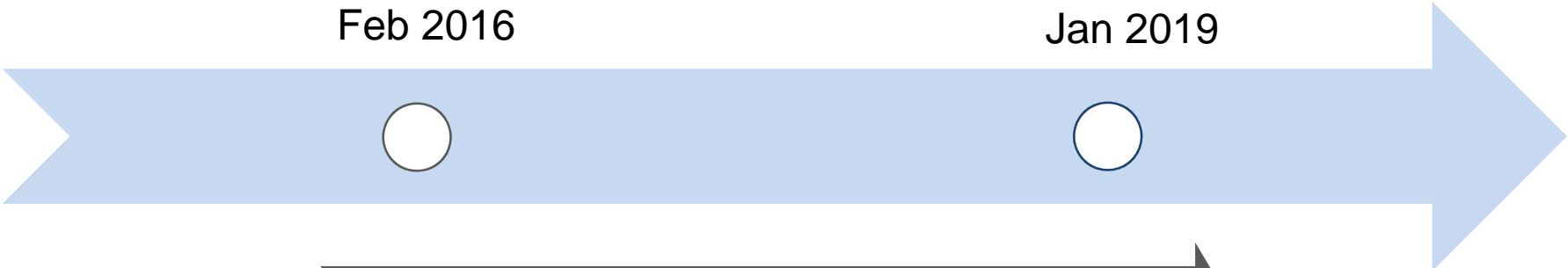
Leases Timeline

Standard issued

Mandatory effective date

Feb 2016

Jan 2019



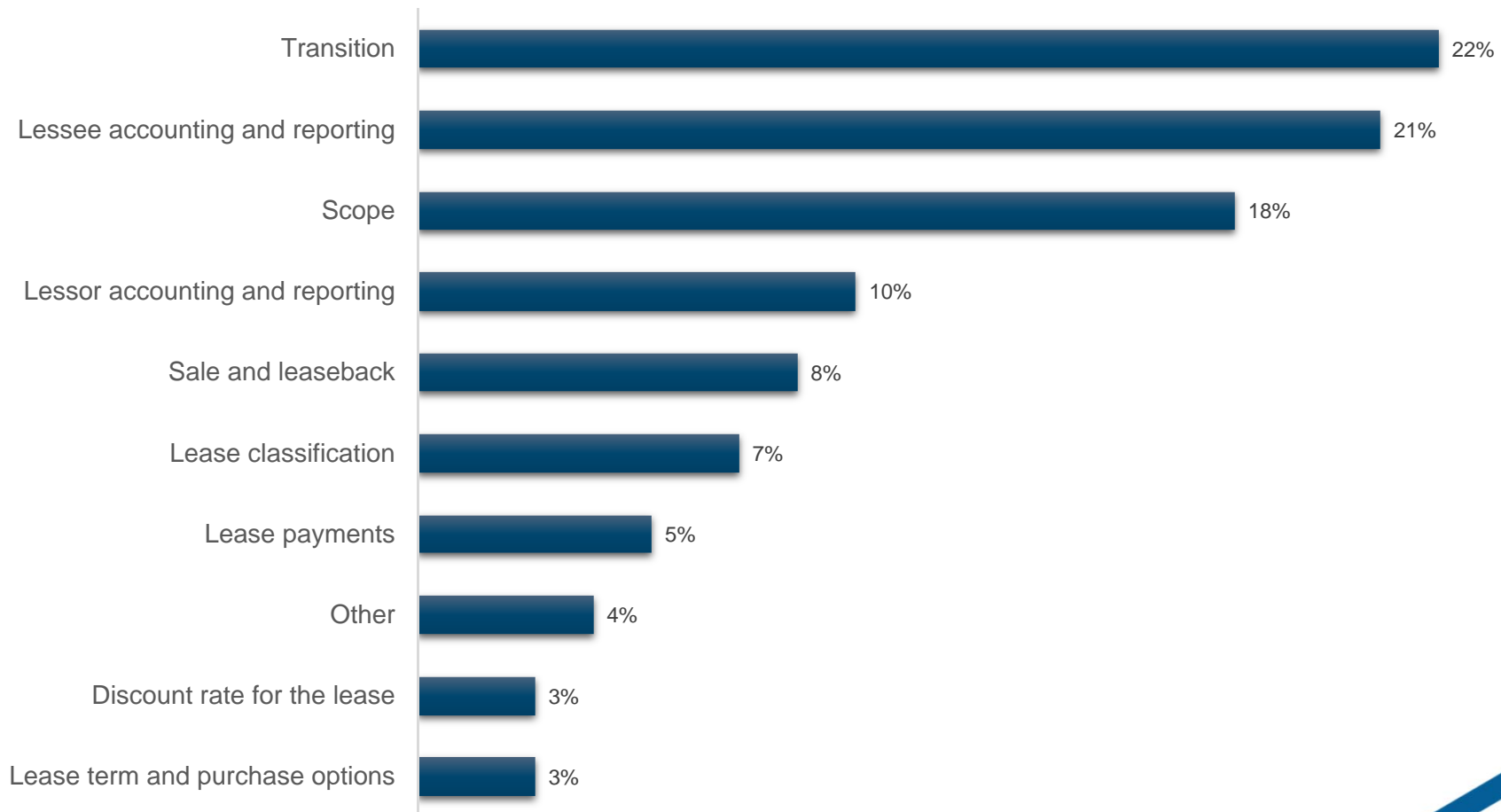
Status

- Board meetings held to-date on Topic 842 implementation:
 - November 2016 (leases implementation update)
 - May 2017 (leases implementation update)
 - June 2017 (technical corrections)
 - August 2017 (land easements)

- Upcoming standard setting activities:
 - Land easements transition practical expedient Exposure Draft issued on September 25, 2017. Comment period ended October 25, 2017.
 - Technical corrections Exposure Draft issued on September 27, 2017. Comment period ended November 13, 2017.
 - Board Meeting to discuss recent requests for expedients

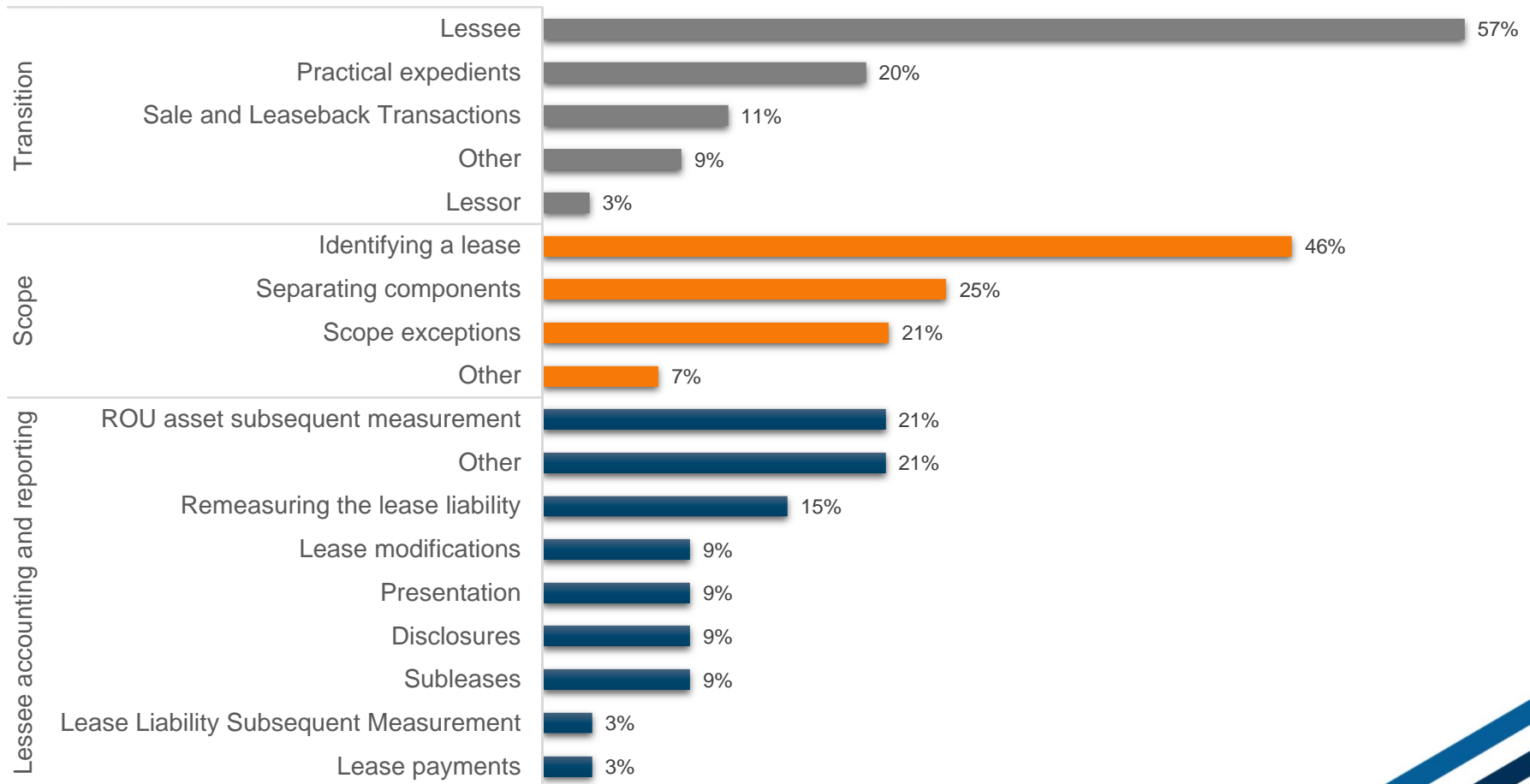
Level of Inquiries by Category

Technical inquiries received and answered by category since issuance of the standard through November 15, 2017



Breakdown of Top 3 Categories

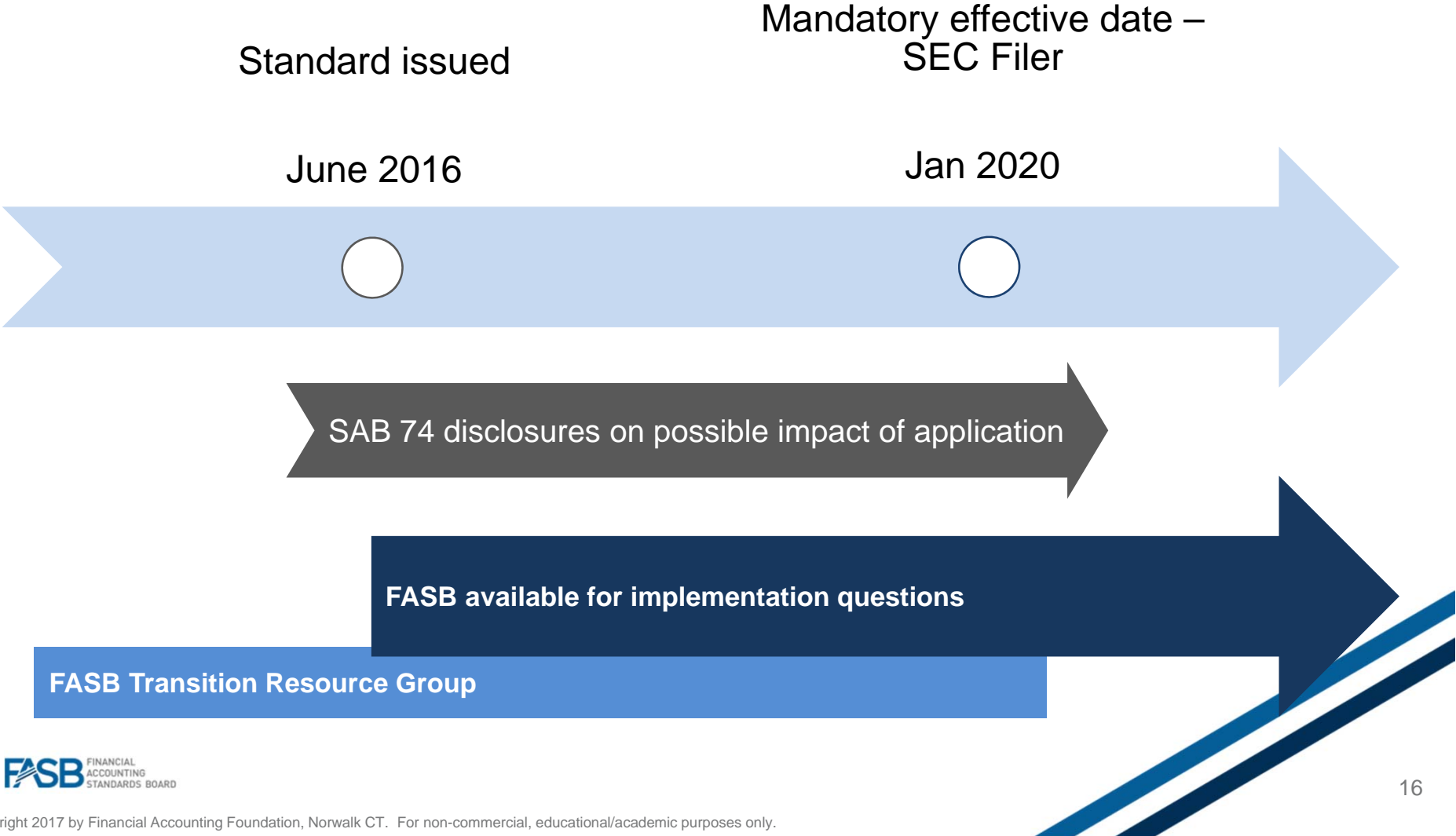
Breakdown by subcategory of the top 3 categories of technical inquiries received since issuance of the standard through November 15, 2017



Credit Losses Implementation Update



Credit Losses Timeline



Credit Losses . . . *TRG Overview*



Members of the TRG include financial statement preparers, auditors, and users representing a wide spectrum of industries, geographical locations and public and private organizations

Level of Implementation Questions: CECL Trend

Credit Losses TRG Submission Classification by Quarter



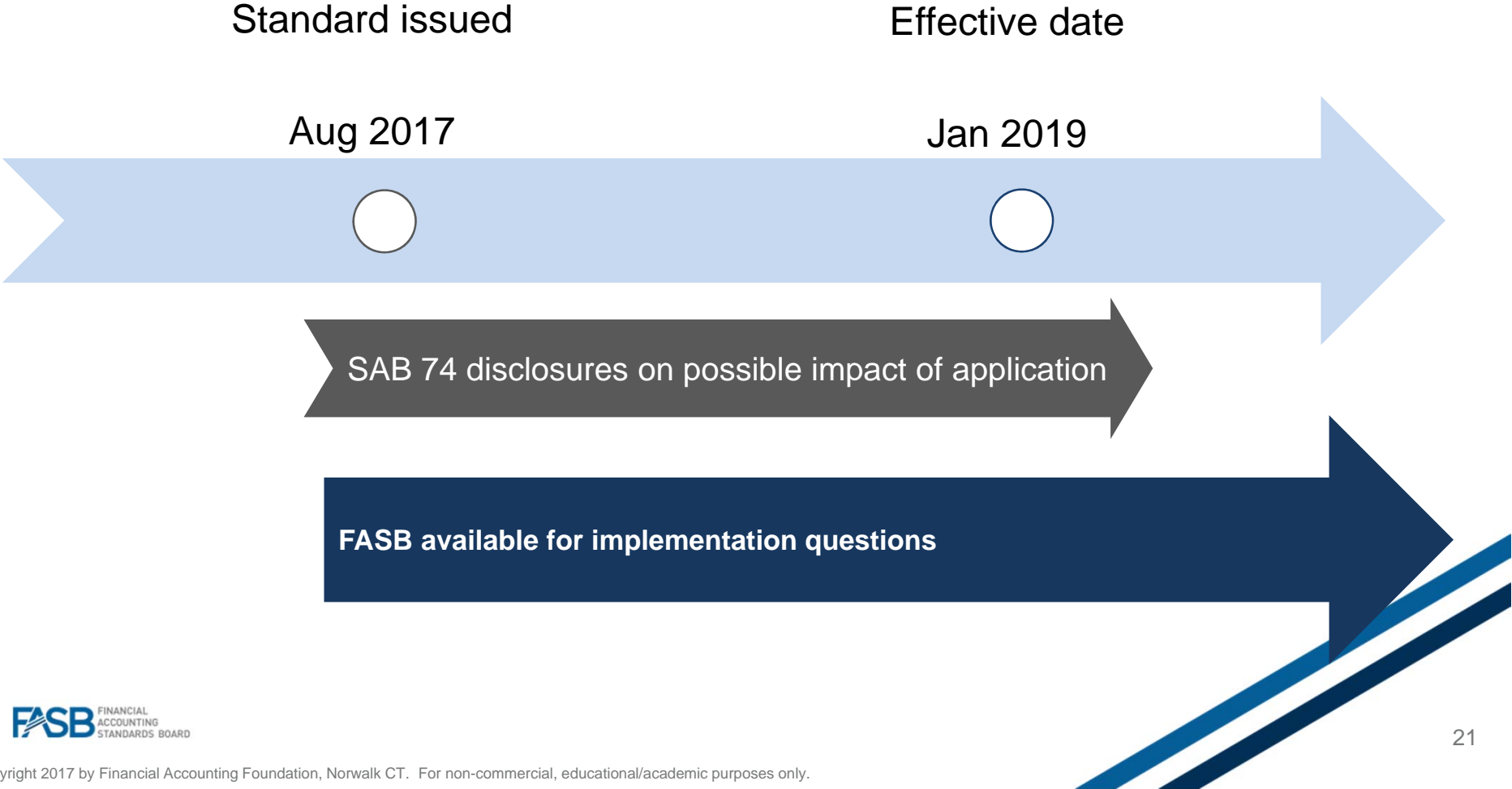
Credit Losses . . . *TRG Overview*

- The Board held two decision making meetings to clarify unresolved issues from the June 2017 TRG meeting
 - September 6, 2017 Board Meeting – Accounting for Troubled Debt Restructurings
 - October 4, 2017 Board Meeting – Estimating the Life of a Credit Card Receivable
- Positions reached by the Board were communicated to stakeholders as addendums to the meeting minutes from the June 2017 meeting on the TRG webpage.

Hedge Accounting Implementation Activities for ASU 2017-12

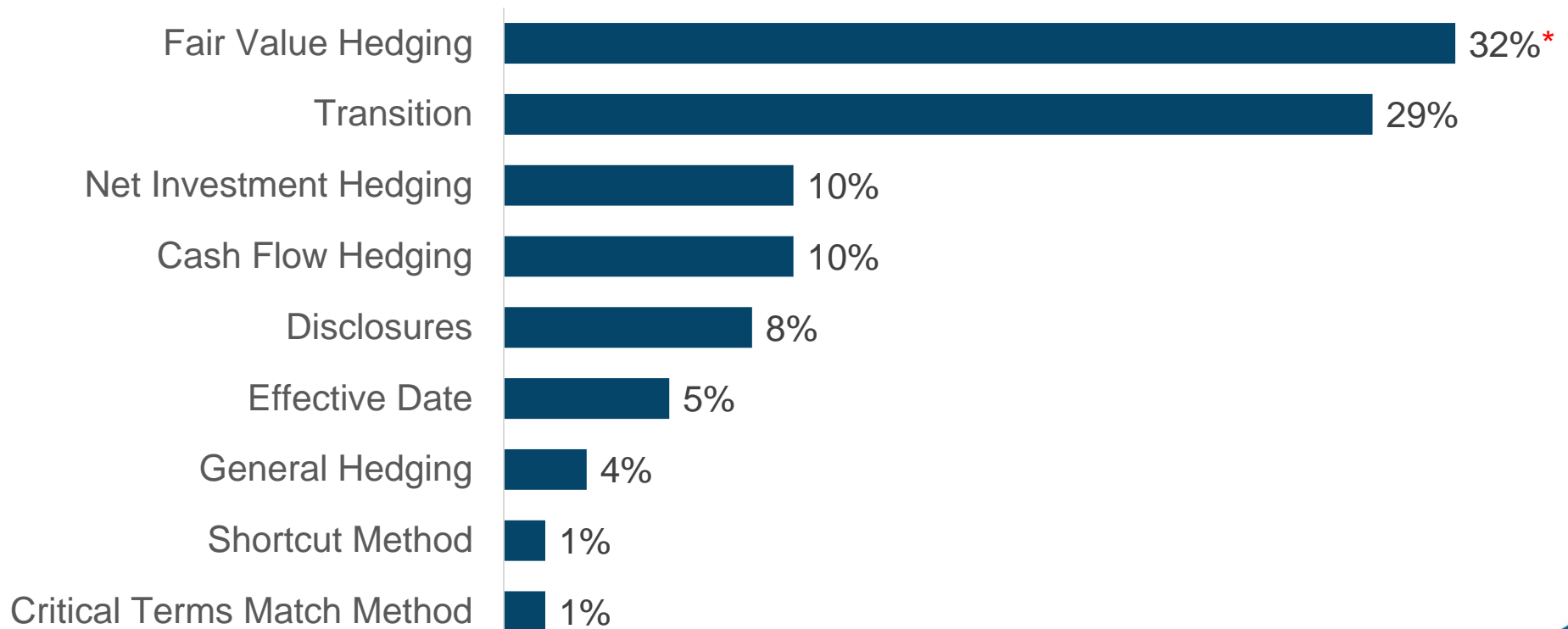


Hedging Timeline



Focus of Implementation Questions

Technical Inquiries by Topic



* Of the inquiries on fair value hedges, a majority of those related to the new Last of Layer (LoL) method for hedging portfolios of prepayable assets.

Questions

