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The New Revenue Recognition Standard Made Easy for Contractors

How to use the new FASB Revenue Recognition Standard to your Advantage

The United States government, Financial Account Standards Board (FASB), IRS and a few other agencies have tried to develop a better control over the revenue recognition, billing practices and income tax obligations for contracting companies. This has also impacted the construction industry since the mid 1980s, which was fueled by the discovery of the unethical billing practices of a few defense contractors.

In the 2010 Exposure Draft of FASB's proposal 605 for new way of revenue recognition, the Boards' proposed a comprehensive revenue recognition model for both US GAAP and IFRS which said that a company should recognize revenue to depict the transfer of goods or services to a customer in an amount that reflects the consideration expected to be exchanged for those goods or services.

This change will be taking effect beginning in 2015. The contractors have to get ready to deal with the new way of revenue recognition. Despite many misnomers in the market, this new change can help contractors recognize activities, which historically they did not get paid for and had to be hidden as part of their cost code.

This class will introduce the new law and explain how it could be used to the contractor's advantage with the help of ASTM E2691 Job Productivity Measurement standard.

Who should participate:

Owners, CEOs, CFOs, Project Managers, General Foremen