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Course Information

Course Title: Revenue Recognition #361620

Number of continuing education credit hours recommended for this course:

In accordance with the standards of the National Registry of CPE Sponsors CPE credits have been granted based on a 50-minute hour.

CPA: 4 (All states)

National Registry of CPE Sponsors ID Number: 107615.

Sponsor numbers for states requiring sponsor registration

Florida Division of Certified Public Accountancy: 4761 (Ethics #11467)

Hawaii Board of Accountancy: 14003

New York State Board of Accountancy(ethics): 002146

Ohio State Board of Accountancy: M0021

Pennsylvania Board of Accountancy: PX178025

Texas State Board of Accountancy: 009349

Course Description

The recognition of revenue is among the most misunderstood areas of accounting, leading to ongoing arguments between management and auditors about how to account for various sales transactions. *Revenue Recognition* brings clarity to the topic by focusing on Topic 606, *Revenue from Contracts with Customers*, which describes the five-step process for recognizing many types of revenue. The discussion includes the establishment of a contract, the determination of performance obligations, and how to set and allocate prices. The course covers many ancillary topics as well, including the treatment of variable consideration, noncash consideration, price discounts, subsequent price changes, consignments, licensing, repurchase agreements, disclosures, and more. In short, when there is an issue about revenue recognition, consult this course.

Program Delivery Method: NASBA QAS Self-Study (interactive)

Subject Codes/Field of Study

NASBA (CPA): Accounting

Course Level, Prerequisites, and Advance Preparation Requirements

Program level: Overview

Prerequisites: Basic familiarity with accounting practices.

Advance Preparation: None

Course Content

Publication/Revision date:3/20/2020.

Author: Steven M. Bragg, CPA.

Final exam (online): Twenty questions (multiple-choice).

Instructions for taking this course

Note: Downloading the PDF of this course will enable Bookmarks for easier navigation (on the left side of the document window, open the bookmarks pane).

In order to receive CPE credit for this course, you must complete the course within one year of the date of purchase. This includes achieving a passing grade of at least 70% on the final exam. Exams may be retaken if not passed on the first attempt (no charge).

Complete the course by following the learning assignments and objectives listed below and studying the review questions after each major section in the text. Once you have completed each learning assignment and you are confident that the learning objectives have been met, answer the final exam questions (online).

Instructions for Taking the Final Exam Online

- Login to your account online at www.bhfe.com.
- Go to "My Account" and view your courses.
- Select "Take Exam" for this course and follow instructions.

Have a question? Call us at 800-588-7039 or email us at contact@bhfe.com.

Learning Objectives

- Identify the evaluation criteria for a contract, the components of the transaction price, and when a contract modification triggers treatment as a new contract.
- Recognize the accounting treatment pertaining to customer acceptance clauses, rights to acquire additional goods, donations, asset repurchases, and breakage.
- Recognize the situations under which contract liabilities occur, and when disaggregation is used.
- Specify the methods used to control which third parties are recognized as customers, and to control the use of justification documents for standalone pricing.

About the Author

Steven Bragg, CPA, has been the chief financial officer or controller of four companies, as well as a consulting manager at Ernst & Young. He received a master's degree in finance from Bentley College, an MBA from Babson College, and a Bachelor's degree in Economics from the University of Maine. He has been a two-time president of the Colorado Mountain Club, and is an avid alpine skier, mountain biker, and certified master diver. Mr. Bragg resides in Centennial, Colorado. He has written the following books and courses:

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Preface

For many organizations, the single most critical accounting topic is the recognition of revenue – when can it be recognized, and how much? If they do not recognize the correct amount of revenue, it may be necessary to engage in adjustments at a later date, which can cause readers to doubt the veracity of their financial statements. In *Revenue Recognition*, we present the recognition principles needed to account for contracts with customers, using summarizations of the original accounting standards and many explanatory examples. A number of peripheral issues are also covered, including the treatment of variable consideration, noncash consideration, price discounts, subsequent price changes, consignments, licensing, repurchase agreements, disclosures, and much more.

You can find the answers to many questions about revenue recognition in the following chapters, including:

- What are the steps involved in revenue recognition?
- What is considered to be a performance obligation?
- How do I deal with the possibility of a revenue reversal?
- How do I account for the financing component of a sale transaction?
- How do I allocate a price to a product that has no standalone selling price?
- When should I use input or output methods to determine progress completion?
- When is the seller considered a principal or an agent?
- Are there ways to streamline the recognition of revenue?

This course is updated regularly to reflect changes in the accounting standards.

Centennial, Colorado
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