

5 CRITICAL STEPS

to assessing the new Revenue Recognition rules



DID YOU KNOW?

Delaying implementation of ASC 606 can put your financial results and stakeholder confidence at risk.

1



IDENTIFY

- Identify total population of all contracts with customers.
- Categorize similar types of contracts into groups according to revenue recognition characteristics.

2



COMPARE

- Select several customer contracts from each group identified.
- Using the comparison matrix, evaluate revenue recognition under ASC 605 and ASC 606 for each contract selected.
- Determine potential impact of ASC 606 on each type of contract.

3



DOCUMENT

- Document an accounting policy position paper addressing ASC 606 as it applies to each type of contract with customers.
- Obtain auditor signoff on the revenue recognition methodology under ASC 606 by contract type.

4



EVALUATE

- Evaluate the application of the new accounting policy across all customer contracts.
- Assess contracts by type.
- Quantify the expected impact of implementing ASC 606 across all contracts.

5



ASSESS

- Assess the impact on implementing ASC 606 on systems and processes such as:
 - Accounting system requirements
 - Customer contract changes
 - Accounting and operational process changes