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With companies and not-for-profit entities facing a top-to-bottom review of their revenue recognition because of a looming accounting standard, the [American Institute of CPAs](#) (AICPA) has issued the first online edition of an [Audit & Accounting Guide on Revenue Recognition](#) to assist entities and auditors understand, implement and audit the new rules.

The changes are the result of the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) and subsequent ASUs amending FASB Accounting Standards Codification (ASC) 606. Public companies are required to apply the new revenue standard to annual reporting periods beginning after December 15, 2017, which means that many companies are in the process of making accounting policy decisions as they prepare for the effective date.

Speaking at last month's AICPA Conference on Current SEC and PCAOB Developments, U.S. Securities and Exchange Commission (SEC) Chief Accountant Wesley Bricker [reminded attendees](#) that, "Timely implementation of the new standard is important," and noted that a survey of public companies released in October found that eight percent of respondents still had not started an initial assessment of the new revenue recognition standard, while three-quarters were still assessing.

"This project is an unprecedented effort of our [Financial Reporting Executive Committee](#) (FinREC) and the many volunteers on our Revenue Recognition Working

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should be recognized in accordance with Generally Accepted Accounting Principles;

- identifies circumstances and transactions that may signal improper revenue recognition;
- summarizes key aspects of the auditor's responsibility to plan and perform an audit under Generally Accepted Auditing Standards;
- describes procedures that the auditor may find effective in limiting audit risk arising from improper revenue recognition; and
- describes audit challenges that may be brought on by the changes in revenue recognition.

This edition of the guide also includes accounting implications of adopting the revenue recognition standard for entities in the aerospace and defense and asset management industries. Future editions will address accounting implications of these and other industries. The AICPA plans to update the online edition as additional accounting implementation issues are finalized.

The guide was developed by the AICPA Industry Revenue Recognition Task Forces, Revenue Recognition Working Group and Auditing Revenue Task Force. The guidance contained in the industry chapters has been approved by FinREC members.

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