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Standards Update (ASU) that helps organizations align their accounting for production costs for films and episodic content produced for television and streaming services.

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FINANCIAL  
ACCOUNTING  
STANDARDS BOARD

The Financial Accounting Standards Board ([FASB](#)) has issued an [Accounting Standards Update](#) (ASU) that helps organizations align their accounting for production costs for films and episodic content produced for television and

streaming services. In recent years, the entertainment industry experienced a

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“Stakeholders told us that the current capitalization guidance doesn’t enable organizations that use subscription-based revenue models to provide relevant information to investors,” said FASB Chairman Russell G. Golden. “The new standard converges the guidance for films and episodic content. This better reflects the economics of an episodic television series and improves the information provided to investors about the various types of produced and licensed content.” The standard addresses when an organization should assess films and license agreements for program material for impairment at the film-group level. The amendments in the standard also:

- Amend presentation requirements
- Require that an organization provide new disclosures about content that is either produced or licensed, and
- Address cash flow classification for license agreements.

For public companies, the standard is effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. For all other organizations, the standard is effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. Early adoption is permitted. The [ASU](#) and [a brief video on the standard](#) are available at [www.fasb.org](http://www.fasb.org).

Accounting

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