

## CPA Canada handbook – accounting, part II

### highlight summary no. II.21

#### December 2019

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(Note: Any changes to previously issued standards are identified in the effective date guidance in each affected standard.)

#### **Section 3400, Revenue**

This Section has been amended to provide additional guidance on the application of requirements in this Section related to identifying the units of account, multiple-element arrangements, the percentage of completion method, reporting revenue gross or net, bill and hold arrangements and upfront non-refundable fees or payments.

This Section has been amended to provide guidance on:

- how to determine whether an arrangement consists of a group of contracts or a single contract and identifying the units of account in an arrangement;
- allocating consideration in multiple-element arrangements to separate units of account on a relative stand-alone selling price basis and methods for estimating the stand-alone selling price when it is not directly observable;
- accounting for revenue under the percentage of completion method;
- indicators to consider in determining whether revenue should be reported gross or net;
- criteria to use in determining when to recognize revenue for a bill and hold arrangement;
- determining when to recognize revenue for upfront non-refundable fees or payments; and
- disclosure requirements for contracts in progress at the end of the reporting period accounted for using the percentage of completion method.

Significant consequential amendments include changes to FIRST-TIME ADOPTION, Section 1500, to permit a first-time adopter to apply the transitional provisions in Section 3400.

The amendments are effective for annual financial statements relating to fiscal years beginning on or after January 1, 2021. Earlier application is permitted.

#### **Archived Pronouncements**

To give Handbook readers continued access to superseded Sections and paragraphs in other Sections, the Archived Pronouncements set out the wording of those Sections and paragraphs. The archived material will be withdrawn from the Handbook when it is no longer effective.

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