



Revenue and Profit Recognition Updates

By Beth Outtrim, Smartbridge, LLC

E1 W **Editor's Note:** In 2016 we published two articles by Beth Outtrim on the subject of Revenue Recognition. This article now brings us the extensive updates and improvements to the application that Oracle has provided since those articles were written.

Introduction

The latest buzz for accountants is the FASB and IASB ruling that states that “revenue is only to be recognized at the point in time that the performance liability has been fulfilled...” That’s how I started my first article on Revenue Recognition. We are now down to the wire! The deadline date for public companies is December 15, 2017 and for private companies, December 15, 2018.

We wanted to revisit this issue for a couple of different reasons. One is that, since the first article in July 2016, there have been many positive changes in the Revenue Recognition/Profit Recognition system. I think we can safely call it a system. As it sits today, and it is still evolving to meet the “time-release” regulations for FASB/IASB, it is almost bug-proof. Oracle has finished working on all seven SRs I for Revenue Recognition and Profit Recognition. It is auditable. It provides clear steps of the movements of its transactions through the tables from whence the invoice (Revenue Recognition) or the cost/revenue entries (Profit Recognition) have come. It has its own Interactive Integrity application, and, once a process has its own Interactive Integrity, we know it has arrived!

If you've been following this series, you know that there are now three AAI's needed (four if you count the DMAAI 4225): RP, RO, and RQ, so I won't go into that. The setup process detailed in "[Revenue Recognition Part 1—AR Invoices and SO Invoices](#)" has remained the same. The Revenue Recognition Workbench, P03B116, has been greatly improved with the addition of Scheduling. There are also two new Accounts Receivable Applications that give you access to the two audit tables; F03B118 and F03B119.

Improved Applications

Primary functionality for the Workbench remains unchanged except now you can set up schedules for the recognition. This greatly increases the usability of the whole Revenue Recognition process. Since all other functionality was already decided in detail in the two prior articles, we're going to jump right into the new Scheduling process.

P03B115—Schedule Recognition (Row menu from the Revenue Recognition Workbench)

Schedule Recognition is a way to set up the date when Recognition should begin, enter the number of periods over which it should be recognized, and define the amounts to be recognized. Use the dropdown menu option and the system will take you to P03B115, shown in Figure 1.

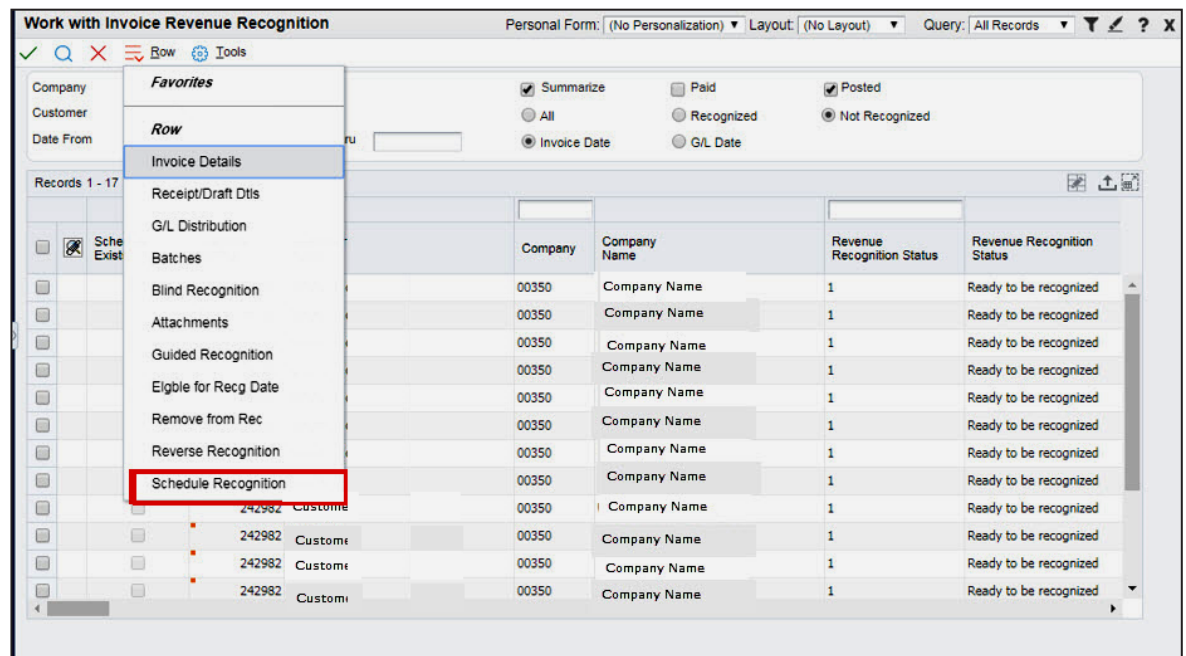


Figure 1 - Schedule Recognition Option

Figure 2 shows the schedule already created for Invoice 35002604 which has two pay items and has already had four periods recognized on it. The summarized amounts are shown in the header; the Recognized Amount that's a total of the four periods and the Remaining Amount to be recognized.

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