

Briefing on Revenue Recognition Changes

Date: [Insert Date]

To: [Recipient Name]

From: [Your Name]

Subject: Impact of Changes in Revenue Recognition Standards

Dear [Recipient Name],

I am writing to provide a briefing on the recently implemented changes to revenue recognition standards, specifically the ASC 606 (IFRS 15) guidelines, and their potential impact on our organization.

Overview of Changes

The new standard requires businesses to recognize revenue when control of goods or services is transferred to customers, rather than the previous 'earning process' model. This shift may affect the timing and amount of revenue recognized.

Impacts on Financial Reporting

- **Revenue Timing:** Recognition may shift, leading to changes in reported revenue for certain contracts.
- **Financial Ratios:** Ratios such as current ratio and quick ratio might be impacted substantially.
- **Auditing Processes:** Modifications to audit procedures to address the new revenue recognition principles will be necessary.

Operational Considerations

Departments including sales, finance, and legal will need to collaborate closely to ensure compliance with the new standards.

Next Steps

It is recommended that we conduct training sessions for affected departments and begin reviewing our contracts for compliance. A follow-up meeting is scheduled for [Insert Date] to discuss progress and address any concerns.

Thank you for your attention to this important issue. Please feel free to reach out if you have any questions.

Sincerely,

[Your Name]

[Your Title]

[Your Contact Information]