

ACCT 351 COM GROUP ASSIGNMENT

Industry Revenue Recognition

Introduction

"Despite the importance of revenue recognition to the financial statements of virtually all companies, the accounting literature on revenue recognition is neither comprehensive nor easy to apply. This is because more than 100 pieces of accounting literature address revenue recognition. Most of the guidance, however, is very narrow in scope and only addresses specific issues or types of transactions. This lack of authoritative literature has resulted in the development of revenue recognition methods based on industry practices" (Sondhi & Taub, 2007, p. 1.02).

Purpose

(1) Explore the reasoning behind departures from the conceptual framework for revenue recognition that yield specialized industry accounting standards and practices, and (2) determine if that reasoning is justified.

Required Content

Each team will research revenue recognition principles for key industries having unique accounting practices. Two teams will be assigned to each of the following five local industries:

- Aerospace and Defense
- Hospitality, Tourism, and Travel
- Motion Picture
- Professional Sports
- Toys and Video Games

For your selected industry, complete the following tasks:

1. Research the accounting literature on specific revenue recognition practices.
2. Examine the financial statements of publicly-held companies in your industry in order to understand the application of the specialized accounting principles. Each team member should analyze a separate company. Use company financials to provide examples of industry practice in your report.
3. Explain the rationale for exceptions, if any, from the general conceptual framework for revenue recognition (CON 5) that result in the unique industry practices.
4. Identify the arguments *pro* and *con* for any unique industry treatment.
5. Take a position on how revenue should be recognized for your industry and defend it.
6. Prepare an analytical report of your findings, articulating your position on revenue recognition in your selected industry.

General Guidelines

Your report should be three pages in length—single spaced, 12 pt. font. In addition, each report should have a cover page and a reference page—five pages total. Use a short report format to structure your manuscript. (See the sample report format on the course website.) Also, use headings as structural cues to guide the reader.

Your grade will be determined by the quality of your team's report and the group member

evaluation form. On the report due date, each student will fill out the group member evaluation form individually and fold the paper in half for submission. Other group members should not be privy to your evaluation.

During Week 13, each group will come to class with a work plan. The plan should show a timeline with due dates, activities, and the designated team member responsible. Each group will meet with the instructor to discuss team progress. Team members should bring documentation of their contribution to the research and report. Nonparticipating members will be noted and will receive an F grade. (Note: Each work plan must include the Group No., day and time of your communication class, and the company being researched.)

During Week 14, a peer review sheet will be presented in class so groups can evaluate organization and proper documentation of their report. Furthermore, each group will use a website called *turnitin.com* to check for plagiarism. Directions will be given in class.

Groups 7-10 will present information from their research report for their Formal Oral Presentation. See the class schedule for presentation dates. Students in the audience are expected to actively participate during Q&A. Each student will formulate a question or provide a peer evaluation while the groups are presenting.

Assignment Submission

Each group will need to produce two copies of the final report. Submit one copy of the group paper to your ACCT 351 Com instructor on the due date indicated in the course schedule. On the second copy, list the class code (1 to 4; A, B, C, or D) in the upper right corner of the title page. Submit the second copy to the appropriate ACCT 351 instructor by the due date listed below:

Industry	Instructor	Due Date
Aerospace and Defense	H. Lundblad	Dec 2
Hospitality, Tourism, and Travel	H. Lundblad	Dec 2
Motion Picture	E. Weiss	Dec 2
Professional Sports	E. Weiss	Dec 2
Toys and Video Games	C. Jones	Dec 3

ACCT 351 instructors will grade for content (maximum 35 points); ACCT 351 Com instructors for writing (letter grade, 10% course weight).

One member of each team should submit the group report to *turnitin.com* for evaluation.

Turn It In Web Site Information

URL: www.turnitin.com
Course: ACCT 351COM
Class ID: 2489723
Password: Northridge
Assignment: Industry Revenue Recognition Practices

References

Sondhi, A. C., & Taub, S. (2007). *Revenue recognition guide 2008*. Chicago: CCH, Inc.