

International Financial Reporting Standards

IFRS 15 *Revenue from Contracts with Customers*

Proposed amendments to IFRS 15— Update

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The views expressed in this presentation are those of the presenter, not necessarily those of the IASB or IFRS Foundation.

Objective of this meeting

- To update ASAF on the developments in respect of IFRS 15 since the March 2015 ASAF meeting

A quick recap

- In May 2014, the IASB and the FASB issued the new revenue Standard.
- At the same time, the Boards formed the Transition Resource Group (TRG) to support the implementation of the Standard.
- TRG discussions have led to the Boards discussing the following topics:
 - identifying performance obligations;
 - principal versus agent considerations;
 - licensing;
 - collectability; and
 - measuring non-cash consideration.
- The Boards received requests for practical expedients in respect of the following:
 - accounting for modifications to contracts that occurred before transition;
 - accounting for completed contracts before transition; and
 - assessing whether sales taxes are collected on behalf of a third party.
- The Boards also discussed the effective date of the new revenue Standard.

Further developments since the March 2015 ASAF meeting

Deferral of effective date of IFRS 15

- In May 2015, the IASB issued an [Exposure Draft *Effective Date of IFRS 15*](#) proposing to defer the effective date of IFRS 15 by one year to 1 January 2018.
- The ED is open for comment until 3 July 2015.
- The IASB will consider the feedback at its July 2015 meeting.

Further developments since the March 2015 ASAF meeting (continued)

Targeted amendments to IFRS 15

- The IASB has decided to propose clarifications with respect to:
 - identifying performance obligations;
 - principal versus agent considerations; and
 - licensing.
- The IASB has decided to propose transition relief for modified contracts and completed contracts.
- The IASB will publish a single Exposure Draft of targeted amendments to clarify the application of IFRS 15—the ED is planned for publication in July 2015.

Overview of the IASB Exposure Draft *Clarifications to IFRS 15*

Topic	Proposed clarifications
Identifying performance obligations	<ul style="list-style-type: none">• Amend Illustrative Examples (IE) to clarify the application of paragraph 27(b) - 'distinct within the context of the contract'
Principal versus agent considerations	<ul style="list-style-type: none">• Amend Standard (AG) to clarify the application of the 'control' principle and the role of the accompanying indicators.
Licensing	<ul style="list-style-type: none">• Amend Standard (AG) to clarify:<ul style="list-style-type: none">– when an entity's activities significantly affect the intellectual property to which the customer has rights– when and how to apply the royalties constraint
Practical expedients on transition	<ul style="list-style-type: none">• Amend Standard to permit:<ul style="list-style-type: none">– use of hindsight in restating modified contracts– not to apply IFRS 15 to completed contracts at the beginning of the earliest period presented

Similarities and differences between proposals of the Boards

Topic	IASB single ED	FASB Proposed ASUs
Performance obligations		
• 'Distinct' performance obligations	Add IE	Amend Standard & add IE
• Immaterial goods or services	-	Amend Standard
• Shipping and handling activities	-	Amend Standard
Licensing		
• Distinguishing licences	Amend Standard & IE	Amend Standard & IE
• Royalties constraint	Amend Standard & IE	
• Contractual restrictions in licences	-	Amend Standard & IE
• When to assess the nature of licence	-	Amend Standard

Similarities and differences between proposals of the Boards (continued)

Topic	IASB single ED	FASB Proposed ASUs
Principal versus agent considerations	Amend Standard & add IE	
Presentation of sales taxes	-	Amend Standard
Collectability	-	Amend Standard & IE
Non-cash consideration	-	Amend Standard & IE
Practical expedients on transition		
• Modified contracts	Amend Standard	
• Completed contracts	Amend Standard	-

Thank you

