

---

## IASB<sup>®</sup> meeting

Date	<b>March 2024</b>
Project	<b>Post-implementation Review of IFRS 15</b>
Topic	<b>Cover note</b>
Contacts	Megumi Makino ( <a href="mailto:megumi.makino@ifrs.org">megumi.makino@ifrs.org</a> ) Jelena Voilo ( <a href="mailto:jvoilo@ifrs.org">jvoilo@ifrs.org</a> )

This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (IASB). This paper does not represent the views of the IASB or any individual IASB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS<sup>®</sup> Accounting Standards. The IASB's technical decisions are made in public and are reported in the IASB<sup>®</sup> *Update*.

---

## Purpose of paper

1. This paper:
  - (a) introduces papers for this meeting;
  - (b) provides a reminder of the IASB's framework for deciding whether and when to take further action in response to specific application matters;
  - (c) sets out the next step in the project.
2. The appendix to the paper summarises the IASB's tentative decisions on the application matters discussed by the IASB to date.

## Papers for this meeting

3. The IASB continues analysing feedback to the [Request for Information: Post-implementation Review of IFRS 15 Revenue from Contracts with Customers](#) (the RFI).
4. At this meeting, the IASB will discuss feedback and staff analysis presented in:
  - (a) Agenda Paper 6A *Determining the transaction price*—this paper analyses respondents' feedback to question 3 of the RFI, except for comments on significant financing component (this topic will be discussed in a later paper);

- 
- (b) Agenda Paper 6B *Determining when to recognise revenue*—this paper analyses the feedback to question 4 of the RFI; and
  - (c) Agenda Paper 6C *Disclosure requirements*—this paper analyses the feedback to question 7 of the RFI.
5. Agenda papers 6A–6C ask the IASB to decide whether to take further action on matters raised by respondents and if so, how to prioritise those matters, applying the framework for responding to the matters identified in a post-implementation review (see paragraphs 6–7). The exception is matters related to consideration payable to a customer—Agenda Paper 6A asks for IASB members’ comments or questions on the staff’s preliminary analysis of these matters. The staff will consider the IASB’s comments in developing a recommendation for the IASB in a future paper.

### Framework for deciding whether and when to take further action

6. The description of the [IASB post-implementation reviews](#) sets out a framework for deciding whether and when to take further action in response to specific application matters. Specifically:
- (a) first, the IASB assesses whether the findings from the PIR provide evidence that:
    - (i) there are fundamental questions about the clarity and suitability of the new requirements;
    - (ii) the benefits to users of financial statements of the information arising from applying the new requirements are significantly lower than expected (for example, there is significant diversity in application); or
    - (iii) the costs of applying the new requirements and auditing and enforcing their application are significantly greater than expected.
  - (b) then, if the findings provide evidence that any of the characteristics described in (a) are present, the IASB determines the prioritisation of the matter based on the extent to which evidence indicates:

- (i) the matter has substantial consequences;
- (ii) the matter is pervasive;
- (iii) the matter can be addressed by the IASB or the IFRS Interpretations Committee;
- (iv) the benefits of an action are expected to outweigh the costs. To determine this, the IASB considers the extent of disruption and operational costs from change and importance of the matter to users.

7. Depending on the above assessment:

- (a) high priority matters would be addressed as soon as possible. This category is expected to be used rarely, for those matters:
  - (i) that relate to the core objective or principles of a new requirement that lead the IASB to conclude in the PIR that the new requirement is not working as intended; or
  - (ii) for which most of the prioritisation characteristics are present to a large extent, the benefits of any action are expected to exceed the costs and solutions are needed urgently.
- (b) medium priority matters would be added to the IASB's research pipeline or the IFRS Interpretations Committee's pipeline. This category consists of those matters for which most of the prioritisation characteristics are present to a large extent and for which the benefits of any action are expected to exceed the costs. The IASB will endeavour to make pipeline projects active before the next agenda consultation.
- (c) low priority matters would be considered in the next agenda consultation and explored if the IASB decides, in its deliberations on the feedback to that agenda consultation, to take action. This category consists of those matters for which:
  - (i) some of the prioritisation characteristics are present to some extent; and

- 
- (ii) the remainder of the prioritisation characteristics are not met or there is insufficient information to conclude whether the characteristic is present.
  - (d) no action matters. This category consists of those matters for which few or none of the prioritisation characteristics are met. Matters in this category will not be explored unless:
    - (i) stakeholders identify the matters as a priority in their feedback on a future agenda consultation; and
    - (ii) the IASB decides, in its deliberations on the agenda consultation feedback, to take action.

### Next step

8. The IASB will discuss the feedback on other topics identified in the project plan (see January 2024 [Agenda Paper 6C](#) *Plan for PIR Phase 2*).

## Appendix—The IASB’s tentative decisions to date

Topic	The IASB’s tentative decisions
<p><b>Identifying performance obligations</b> (February 2024)</p>	<p>The IASB tentatively decided to take no further action on matters related to:</p> <ul style="list-style-type: none"> <li>(a) applying the notion of a 'distinct' good or service;</li> <li>(b) identifying a promise to transfer goods or services;</li> <li>(c) convergence with FASB ASC Topic 606, Revenue from Contracts with Customers; and</li> <li>(d) other aspects of identifying performance obligations in a contract.</li> </ul> <p>The IASB also tentatively decided to discuss at a later date whether to add some explanations from paragraphs BC105 and BC116K of the Basis for Conclusions to the Standard, along with possible clarifications of other aspects of IFRS 15. These explanations would help to clarify some aspects of (a) and, combined with the other possible clarifications, might result in sufficient improvement to IFRS 15 to warrant standard-setting.</p>
<p><b>Principal versus agent considerations</b> (February 2024)</p>	<p>The IASB tentatively decided:</p> <ul style="list-style-type: none"> <li>(a) to classify as low priority the matter related to assessing control over services and intangible assets and to consider this matter in the next agenda consultation; and</li> <li>(b) to take no further action on the matters related to: <ul style="list-style-type: none"> <li>(i) clarifying the relationship between the concept of control and the indicators in paragraph B37;</li> </ul> </li> </ul>

Topic	The IASB's tentative decisions
	<ul style="list-style-type: none"> <li>(ii) identifying a customer of a supplier that sells its goods or services through an intermediary;</li> <li>(iii) identifying performance obligations in arrangements involving principal versus agent determinations;</li> <li>(iv) applying the disclosure requirements about principal versus agent determinations; and</li> <li>(v) other aspects of principal versus agent determinations.</li> </ul> <p>The IASB also tentatively decided to discuss at a later date whether to add some explanations from paragraphs BC385H and BC385E of the Basis for Conclusions to the Standard, along with possible clarifications of other aspects of IFRS 15. These explanations would help to clarify some aspects of (b)(i) and (b)(ii) and, combined with the other possible clarifications, might result in sufficient improvement to IFRS 15 to warrant standard-setting.</p>
<p><b>Licensing</b> (February 2024)</p>	<p>The IASB tentatively decided to take no further action on matters related to:</p> <ul style="list-style-type: none"> <li>(a) accounting for licence renewals;</li> <li>(b) determining the nature of a licence;</li> <li>(c) determining the scope of licensing guidance;</li> <li>(d) accounting for sales-based or usage-based royalties; and</li> <li>(e) other aspects of licensing.</li> </ul>