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## IASB<sup>®</sup> meeting

Date	<b>May 2024</b>
Project	<b>Post-implementation Review of IFRS 15</b>
Topic	<b>Cover note</b>
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## 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; and
  - (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:
  - (a) Agenda Paper 6A *Other matters*—this paper analyses respondents' feedback to question 11 *Other matters* of the RFI; and

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- (b) Agenda Paper 6B *Academic literature review update*—this paper provides a summary of additional academic literature identified since [the initial review](#) discussed at the March 2023 IASB meeting.
5. Agenda Paper 6A asks the IASB to decide whether to take 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). Agenda Paper 6B is an educational paper—we are not asking the IASB to make any decisions on this 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;

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- (iii) the matter can be addressed by the IASB or the IFRS Interpretations Committee; and
  - (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.

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- (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. In June 2024, the IASB will have a joint education session with the FASB to share their findings and tentative decisions related to each board's post-implementation review (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 the 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 the 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>

Topic	The IASB's tentative decisions
<p><b>Determining the transaction price</b></p> <p>(March–April 2024)</p>	<p>The IASB tentatively decided:</p> <ul style="list-style-type: none"> <li>(a) to classify as low priority the matters related to the consideration payable to a customer; and</li> <li>(b) to take no further action on the matters related to:               <ul style="list-style-type: none"> <li>(i) variable consideration;</li> <li>(ii) sales-based taxes;</li> <li>(iii) non-cash consideration;</li> <li>(iv) the discount rate for contracts with a significant financing component;</li> <li>(v) other aspects of accounting for a significant financing component; and</li> <li>(vi) other aspects of determining the transaction price.</li> </ul> </li> </ul>
<p><b>Determining when to recognise revenue</b></p> <p>(March 2024)</p>	<p>The IASB tentatively decided to take no further action on the matters related to:</p> <ul style="list-style-type: none"> <li>(a) the application of the concept of control and the criteria for recognising revenue over time;</li> <li>(b) the measurement of progress for performance obligations satisfied over time; and</li> <li>(c) other aspects of determining when to recognise revenue.</li> </ul>
<p><b>Disclosure requirements</b></p> <p>(March 2024)</p>	<p>The IASB tentatively decided to take no further action on the matters related to:</p> <ul style="list-style-type: none"> <li>(a) respondents' concerns about the cost–benefit balance of some disclosure requirements;</li> <li>(b) variation in the quality of disclosed information; and</li> </ul>

Topic	The IASB's tentative decisions
	(c) other aspects of disclosure requirements.
<b>Applying IFRS 15 with IFRS 9</b> (April 2024)	The IASB tentatively decided to take no further action on the matters related to: <ul style="list-style-type: none"> <li>(a) the accounting for price reductions;</li> <li>(b) the accounting for liabilities arising from IFRS 15; and</li> <li>(c) other aspects of applying IFRS 15 with IFRS 9 <i>Financial Instruments</i>.</li> </ul>
<b>Applying IFRS 15 with IFRS 3</b> (April 2024)	The IASB tentatively decided to take no further action on the matters related to: <ul style="list-style-type: none"> <li>(a) the measurement of contract assets and contract liabilities acquired as part of a business combination; and</li> <li>(b) other aspects of applying IFRS 15 with IFRS 3 <i>Business Combinations</i>.</li> </ul>
<b>Applying IFRS 15 with IFRS 10 and IFRS 11</b> (April 2024)	The IASB decided to confirm it will consider the priority of the matters related to applying IFRS 15 with IFRS 10 <i>Consolidated Financial Statements</i> and IFRS 11 <i>Joint Arrangements</i> in the next agenda consultation instead of as part of the post-implementation review of IFRS 15.
<b>Applying IFRS 15 with IFRS 16</b> (April 2024)	The IASB tentatively decided: <ul style="list-style-type: none"> <li>(a) to gather further evidence in the forthcoming post-implementation review of IFRS 16 <i>Leases</i> on the application matters related to assessing whether the transfer of an asset is a sale in a sale and leaseback transaction; and</li> </ul>

Topic	The IASB's tentative decisions
	<p>(b) to take no further action on the matters related to:</p> <ul style="list-style-type: none"> <li>(i) the accounting for contracts that contain lease and non-lease components; and</li> <li>(ii) other aspects of applying IFRS 15 with IFRS 16.</li> </ul>
<p><b>Applying IFRS 15 with other IFRS Accounting Standards</b> (April 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 applying the requirements in IFRIC 12 <i>Service Concession Arrangements</i> on contractual obligations to maintain or restore service concession infrastructure; and</li> <li>(b) to take no further action on the other matters related to applying IFRS 15 with other IFRS Accounting Standards.</li> </ul>