

## Revenue recognition: Identifying separate performance obligations

Agenda Paper 4A / Memo 137A	Alternative A (Indicators)	Alternative B (Criteria)
<p>Account for a promised good or service, or a bundle of goods or services, as a separate performance obligation if:</p> <p>(a) the good or service is distinct, and</p> <p>(b) the good or service has a different pattern of transfer<sup>#</sup> to the customer.</p>	<p>Account for a promised good or service, or a bundle of goods or services, as a separate performance obligation if:</p> <p>(a) the good or service is distinct; and</p> <p>(b) the good or service has a different pattern of transfer<sup>#</sup> to the customer.</p>	<p>Account for a promised good or service, or a bundle of goods or services, as a separate performance obligation if:</p> <p>(a) the good or service has a different pattern of transfer<sup>#</sup> to the customer; and</p>
<p>A good or service is distinct if:</p> <p>(a) it has a distinct function; and</p> <p>(b) is subject to <b>separate risks</b>.</p>		
<p><i>Criteria for distinct function:</i></p> <p><del>(a) the entity sells the good or service separately;</del>  <del>or</del></p> <p>(b) the customer can use the good or service either on its own or together with resources that are readily available* to the customer.</p>	<p><i>Indicators that a good or service is distinct:</i></p> <p>(a) the entity regularly sells the good or service separately;</p> <p>(b) the customer can use the good or service either on its own or together with resources that are readily available* to the customer; and</p>	<p>(b) the customer can use the good or service either on its own or together with resources that are readily available* to the customer.</p>
<p><i>Indicators of <b>separate risks</b> include:</i></p> <p>(a) the entity sells the good or service separately;</p> <p>(b) the entity and the customer negotiated the sale of good or service separately; and</p> <p>(c) the entity manages its promise to provide the good or service to the customer independently.</p>	<p>(c) the entity and the customer negotiated the sale of good or service separately;</p>	
<p><i>An indicator that <b>risks</b> are inseparable</i></p> <p>The promised goods or services are highly interrelated and the entity is required to integrate all of those goods or services into a single item that the entity provides to the customer.</p>	<p>(d) the entity is not providing a significant service of integrating the promised goods or services into a single item that the entity provides to the customer.</p>	<p>Account for a bundle of promised goods or services as one performance obligation if the entity provides a service of integrating those goods or services into a single item that the entity provides to the customer.</p>

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# A good or service has a different pattern of transfer if, as described in paragraph 8(b), either of the following conditions are met:

- (i) the good or service is transferred to the customer at a different time from the transfer of other goods or services promised in the contract; or
- (ii) for contracts in which two or more services are transferred continuously to the customer over the same period of time, the entity selects different methods to best depict the transfer of those services to the customer.

\* Resources that are readily available to the customer include resources obtained by the customer from previous transactions or events, goods or services that the customer has already received under the contract, and goods or services that the customer could purchase separately from the entity or another entity