Implementation

Revenue recognition (IFRS 15)
Leases (IFRS 16)

FASB I IASB meeting June 2018

This paper has been prepared for discussion at a public educational meeting of the US Financial Accounting Standards Board (the FASB) and the International Accounting Standards Board (Board). It does not represent the views of the Board or any individual member of the Board. Comments on the application of IFRS® Standards do not purport to set out acceptable or unacceptable application of IFRS Standards. Technical decisions are made in public and reported in IASB® Update.

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The Board’s work

- In recent years, the Board has dedicated an increasing amount of time and resource to supporting the implementation of new Standards (IFRSs 9, 15, 16 and 17)
Why we support implementation

Objective in supporting the Standards

We...
help stakeholders obtain a common understanding of the requirements - ie what they are aiming for

In order to...
support consistent application of IFRS Standards
Overview—support for new Standards

From issuance to the effective date

<table>
<thead>
<tr>
<th>Issuance of New Standard</th>
<th>Comparative period</th>
<th>Effective date</th>
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<tbody>
<tr>
<td>IASB support for implementation</td>
<td>• Effects Analysis • Articles • Introductory webinars</td>
<td>• Transition Resource Group meetings • Webinars on particular topics • Conferences and articles • Education for investors, NSS, regulators • Board and Interpretations Committee discussions • Narrow-scope standard-setting</td>
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<table>
<thead>
<tr>
<th>Expectations</th>
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<tbody>
<tr>
<td>Some companies begin implementation process</td>
<td>Specific implementation questions</td>
<td>Companies are finalising implementation</td>
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<tr>
<td>General questions</td>
<td></td>
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Companies disclose expected effects of new Standard

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<th>Objective</th>
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<td>Monitor and proactively support implementation</td>
<td>Provide period of calm for implementation</td>
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Implementation support for IFRS 15

- Transition Resource Group
- Articles and other materials
- Conferences
- Webinars

- Education for
  - investors
  - regulators
  - standard-setters

- Board discussions

- Narrow-scope standard setting—Clarifications project

- Informal technical discussions with
  - regulators
  - standard-setters
  - audit firms

- IFRS Interpretations Committee Agenda Decisions
IFRS 15—recent Committee discussions

- Late in 2017, the IFRS Interpretations Committee received 3 questions on the application of IFRS 15 to real estate contracts:
  - 1 asked about the identification of performance obligations
  - All 3 asked about the recognition of revenue over time or at a point in time

- Uncertainty about the application of IFRS 15 in these cases was causing disruption to implementation in particular jurisdictions

- In March 2018, the Committee published final Agenda Decisions relating to all 3 topics:
  - Those Agenda Decisions include explanatory material that aims to help stakeholders obtain a common understanding of the relevant requirements and their application =>
    provides context for the requirements by linking together relevant pieces of the Board’s literature; explains the principles/objectives; outlines factors to consider in applying the requirements
Implementation support for IFRS 16

- Introductory webinar & series of 7 webinars on specific topics
- Articles and other materials
- Dedicated Conferences
- Email box for questions
- Narrow-scope standard setting
  - proposed annual improvement
  - ongoing Committee work on interaction with deferred tax
- Education for
  - investors
  - regulators
  - standard-setters
- Informal technical discussions with
  - regulators
  - standard-setters
  - audit firms
**IFRS 16—Webinars to support implementation of IFRS 16**

- We developed a series of webinars to explain in a user-friendly way the main aspects of the requirements in IFRS 16 => the webinars are publicly available on our website.
- Implementation questions that we were informed of formed the basis of much of the content of these webinars.

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
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<tbody>
<tr>
<td>January 2016</td>
<td>Introducing IFRS 16</td>
</tr>
<tr>
<td>March 2016</td>
<td>Transition to IFRS 16</td>
</tr>
<tr>
<td>April 2016</td>
<td>Definition of a lease</td>
</tr>
<tr>
<td>April 2016</td>
<td>Exemptions</td>
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<td>June 2016</td>
<td>Lessee measurement</td>
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<tr>
<td>March 2017</td>
<td>Lease modifications</td>
</tr>
<tr>
<td>July 2017</td>
<td>Lessee disclosure</td>
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<tr>
<td>October 2017</td>
<td>Lease term Q&amp;A</td>
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Support after a Standard is effective

- Effective date
- Post-implementation Review

Monitoring the application of the Standard / emerging issues
Working with regulators, audit firms and standard-setters

Interpretations Committee discussions (if needed)