

STAFF PAPER

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IFRS Interpretations Committee Meeting

Project	IFRS 15 tentative agenda decisions		
Paper topic	Cover paper		
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This paper has been prepared for discussion at a public meeting of the IFRS Interpretations Committee (Committee). Comments on the application of IFRS Standards do not purport to set out acceptable or unacceptable application of IFRS Standards—only the Committee or the International Accounting Standards Board (Board) can make such a determination. Decisions made by the Committee are reported in IFRIC[®] *Update*. The approval of a final Interpretation by the Board is reported in IASB[®] *Update*.

Introduction

1. In September 2017 the IFRS Interpretations Committee (Committee) published a tentative agenda decision titled ‘Revenue recognition in a real estate contract’. In November 2017 the Committee published tentative agenda decisions titled ‘Revenue recognition in a real estate contract that includes the transfer of land’ and ‘Right to payment for performance completed to date’.
2. All three tentative agenda decisions relate to the application of IFRS 15 *Revenue from Contracts with Customers* to different contracts for the sale of real estate.
3. The purpose of this series of papers is to provide the Committee with a summary and analysis of the feedback on its tentative agenda decisions. We have structured our analysis as follows:
 - (a) Agenda Paper 2B—General feedback
 - (b) Agenda Paper 2C—Revenue recognition in a real estate contract
 - (c) Agenda Paper 2D—Revenue recognition in a real estate contract that includes the transfer of land
 - (d) Agenda Paper 2E—Right to payment for performance completed to date

4. In the remainder of this paper we summarise the staff recommendation and the number and types of respondent to each of the tentative agenda decisions.

Summary of staff recommendations in these papers

5. After considering the comment received, we continue to agree with the Committee’s technical analysis and conclusions in September and November 2017. We recommend that the Committee finalise its tentative agenda decisions. However, we have recommended a number of amendments to the tentative agenda decisions to clarify some aspects. Our proposed tentative agenda decisions are included in Agenda Papers 2C, 2D and 2E.
6. In Agenda Paper 2B, having considered the general feedback on the tentative agenda decisions, we continue to recommend that the Committee conclude upon the application of paragraph 35 to the fact patterns in the submissions.

Comment letter summary

Revenue recognition in a real estate contract

7. The Committee received 40 responses to this tentative agenda decision. The comment letters can be found on our [website](#).
8. The Brazilian Association of Real Estate Developers (ABRAINC), the Brazilian Association of Public Companies (ABRASCA), the Brazilian Construction Industry Chamber (CBIC) and 25 Brazilian real estate companies responded to the Committee’s tentative agenda decision. We note that the contents of these comment letters are almost identical—some respondents made editorial or structural changes to the letter, without changing the technical content. Yuny Incorporadora S.A. have shortened the letter sent by other Brazilian real estate companies but also added the following comment: ‘Cancelations should go back to normal levels in the future, which were below 2% before the financial crisis in Brazil’. For ease of reference, we have referred to this group of respondents as the Brazilian real estate industry.

9. The remaining 12 respondents are the Securities and Exchange Commission of Brazil (Brazilian SEC), Orange, Construtora Tenda, Construction Association of Korea, EY, the Autorité des Normes Comptables (ANC), Deloitte, the Korea Accounting Standards Board (KASB), the Instituto Nacional de Contadores Públicos de Colombia (INCP), the Organismo Italiano di Contabilità (OIC), the Accounting Standards Board of Japan (ASBJ) and Mazars.

Revenue recognition in a real estate contract that includes the transfer of land

10. The Committee received eight responses to this tentative agenda decision. The comment letters can be found on our [website](#). Comments were received from Orange, the ASBJ, the Accounting Standards Committee of Germany (ASCG), Deloitte, the ANC, the Association of National Accountants of Nigeria (ANAN), the OIC and Mazars.

Right to payment for performance completed to date

11. The Committee received nine responses to this tentative agenda decision. The comment letters can be found on our [website](#). Comments were received from the ASBJ, the ASCG, a group of Norwegian real estate developers (Veidekke, AF Gruppen, Selvaag Bolig and OBOS), Orange, Deloitte, the KASB, the ANAN, the OIC and Mazars.
12. We have also been made aware of an alternative view, which is explained in paragraphs 23–24 of Agenda Paper 2E to this meeting.