

# IFRS for SMEs<sup>®</sup>

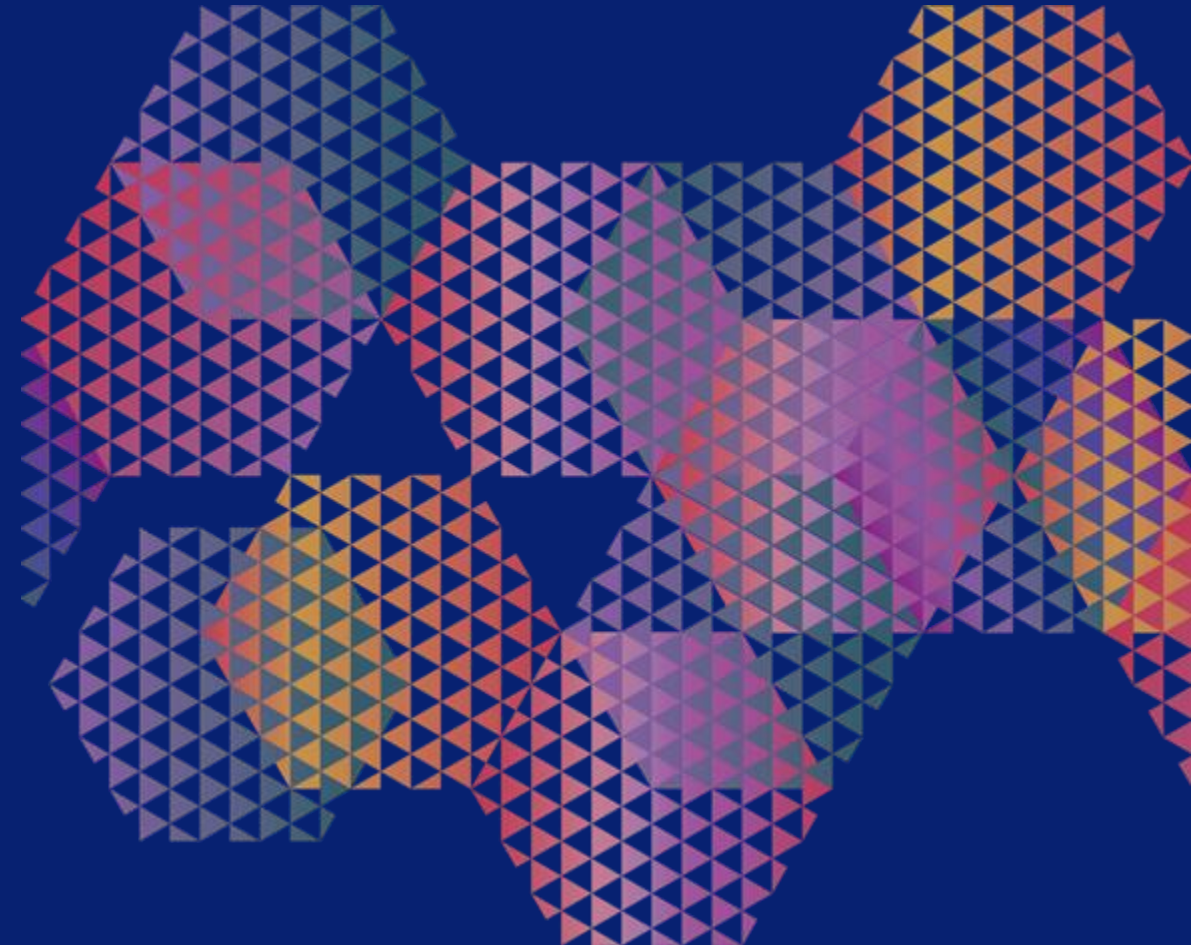
## Accounting Standard

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### Revised Section 23

### *Revenue from Contracts with Customers*

### Webcast 2—Application guidance and transition



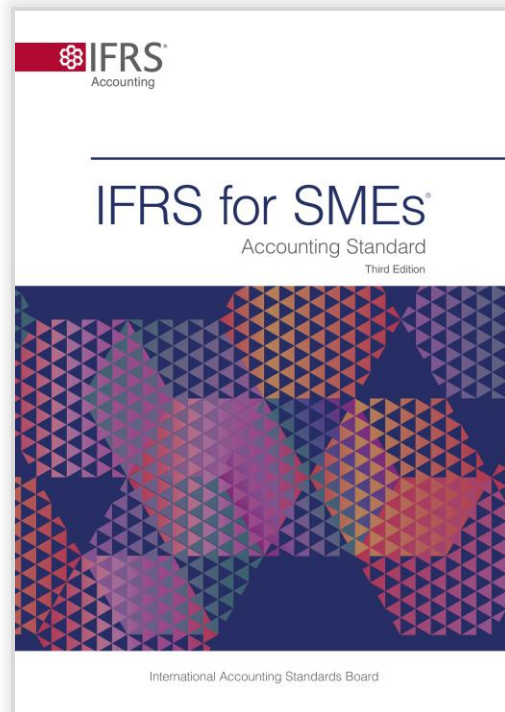
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## Contents

- 1** Overview of the revised Section 23 *Revenue from Contracts with Customers*
- 2** Application guidance
- 3** Transition

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## Overview of the revised Section 23 *Revenue from Contracts with Customers*



Section 23 *Revenue from Contracts with Customers*

Appendix to Section 23 *Application guidance*

Appendix A *Effective date and transition*

# 1 Overview of the revised Section 23 *Revenue from Contracts with Customers*

Recognise an amount of revenue that depicts the goods or services the SME has transferred and reflects the consideration it expects to be entitled to in exchange for those goods or services

Five-step revenue recognition model

Enhanced disclosure requirements

- + **Greater comparability across entities**
- + **More useful information through improved disclosure requirements**
- + **A single comprehensive framework for SMEs to apply**

## 2 Application guidance

*Contract modifications*

*Warranties*

*Customer options for  
additional goods or services*

*Principal versus agent considerations*

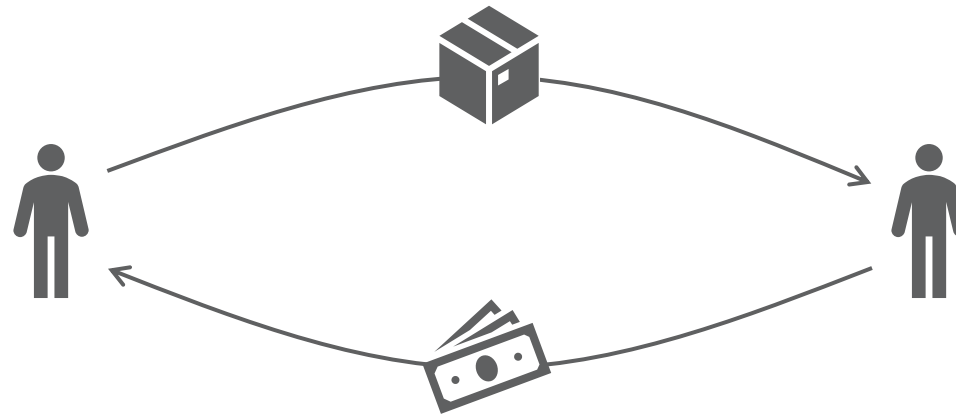
*Non-cash consideration*

*Sales with a right of return*

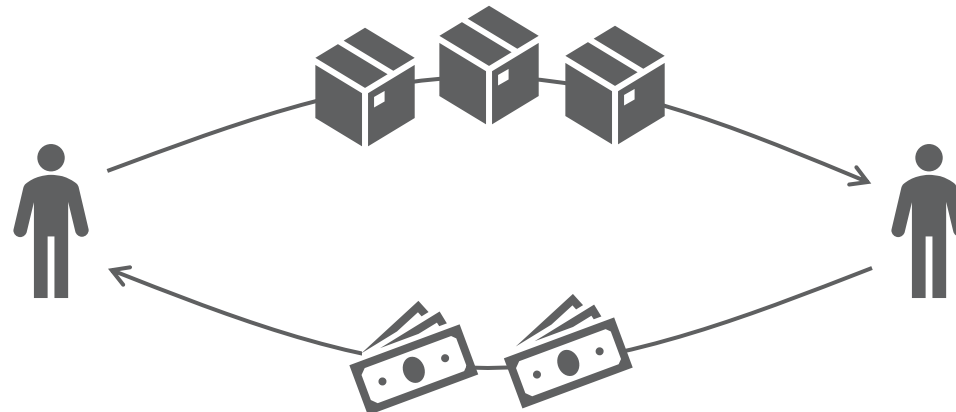
*Licensing*

## 2 Application guidance—*Contract modifications*

**Original**



**Modified**



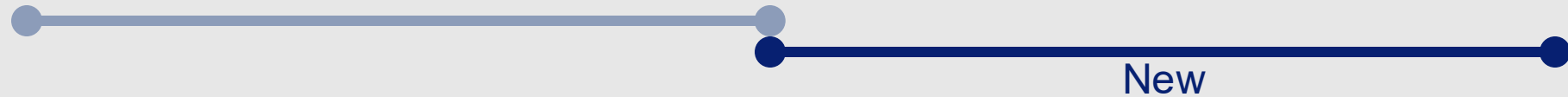
## 2 Application guidance—*Contract modifications*



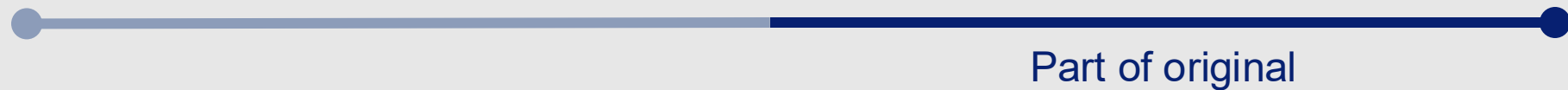
1



2



3



2

## Application guidance—*Warranties and Customer options for additional goods or services*



Warranty



Free future good or service



Discount voucher



Loyalty points



## 2 Application guidance—*Warranties and Customer options for additional goods or services*



Warranty

accounted for as a  
separate promise if ...

... customer can choose  
to buy good or service  
with or without warranty



Free future good or service



Discount voucher



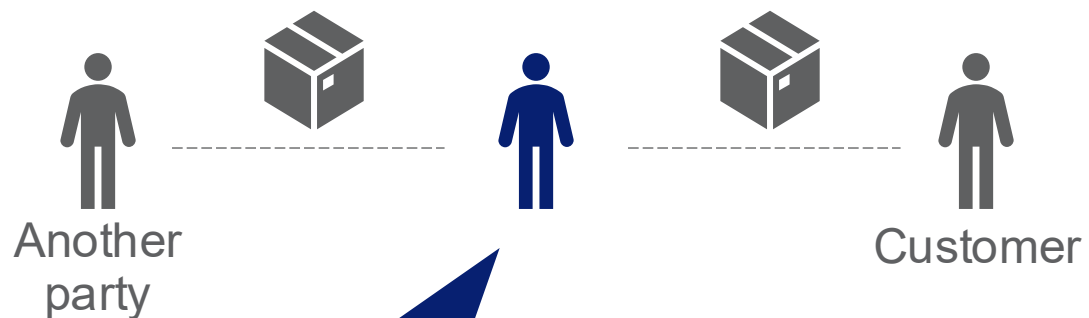
Loyalty points

accounted for as a  
separate promise if ...

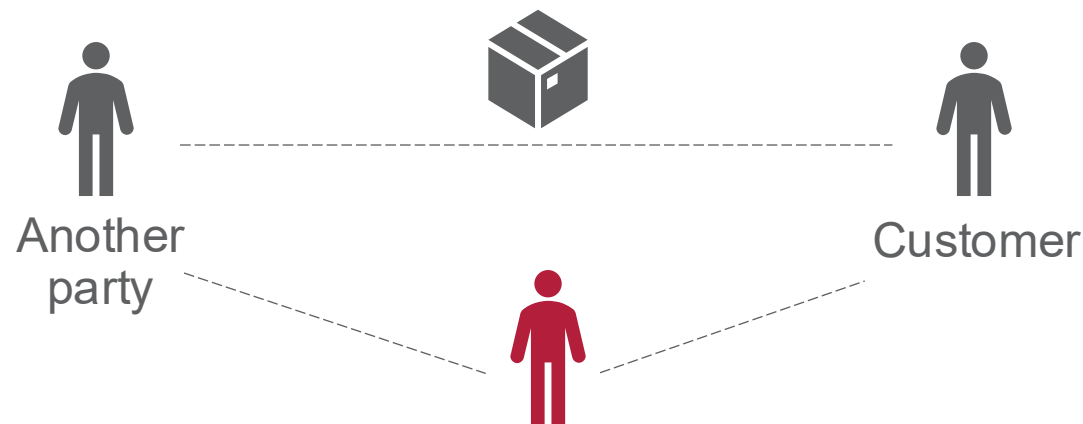
1. Option gives customer a material right
2. Option can be accounted for separately without undue cost or effort

## 2

## Application guidance—*Principal versus agent*



Controls the good or service before the customer gets it = **Principal**



Does *not* control the good or service before the customer gets it = **Agent**

## 2 Application guidance—*Principal versus agent*

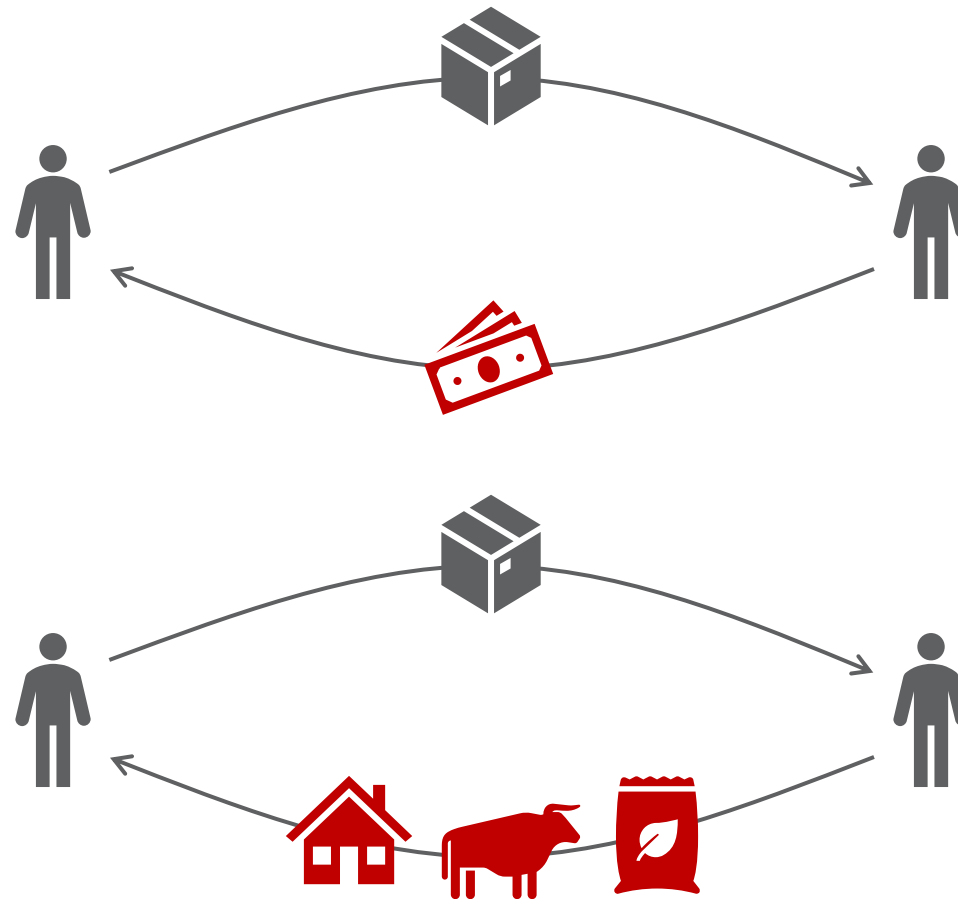
### Principal

- Promise is to provide the good or service to the customer
- Recognises revenue **gross**

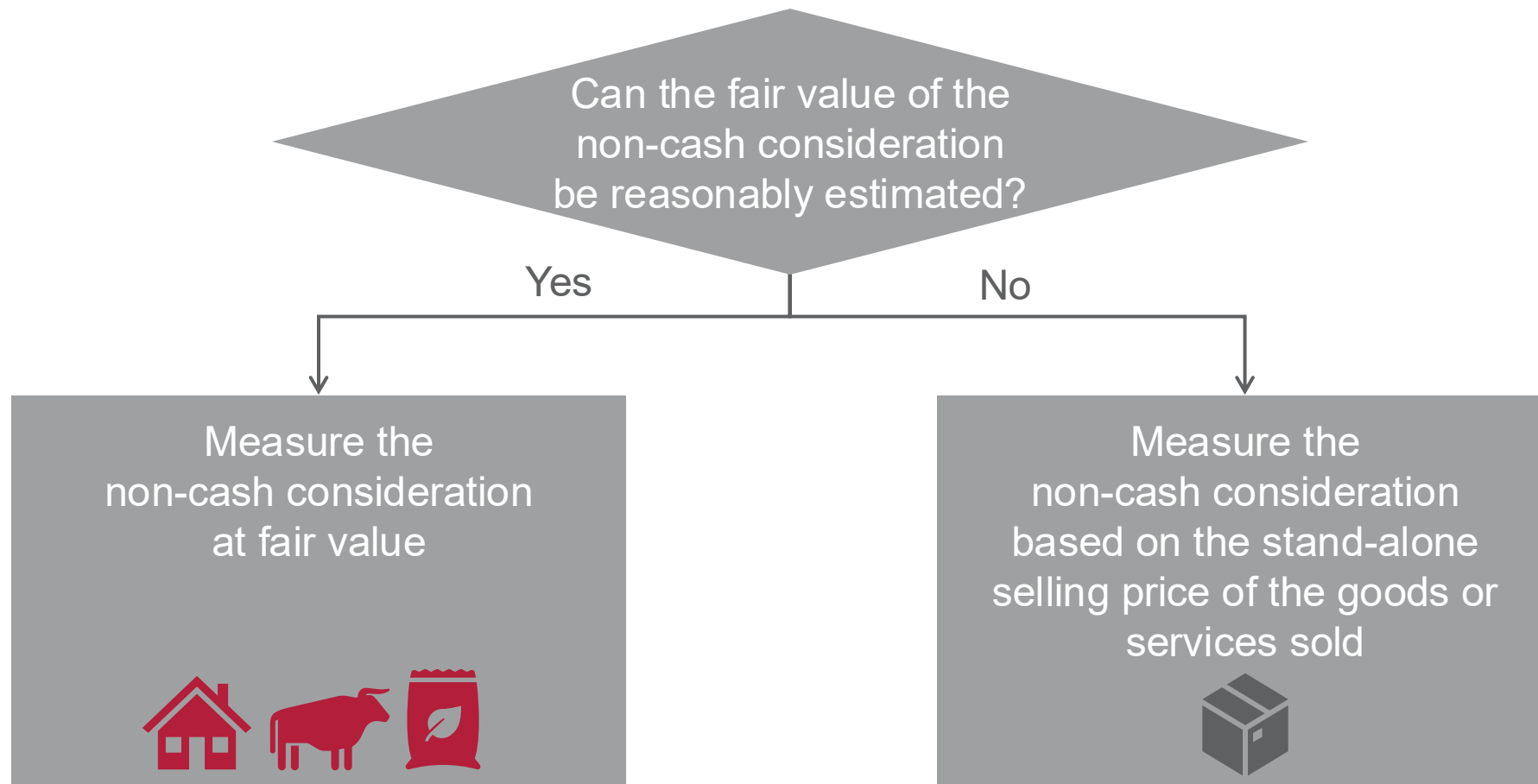
### Agent

- Promise is to arrange for the good or service to be provided
- Recognises revenue **net**

## 2 Application guidance—*Non-cash consideration*



## 2 Application guidance—*Non-cash consideration*



## 2 Application guidance—*Sales with a right of return*

Total products sold

Expected **not** to be returned

Expected to be returned

Income statement

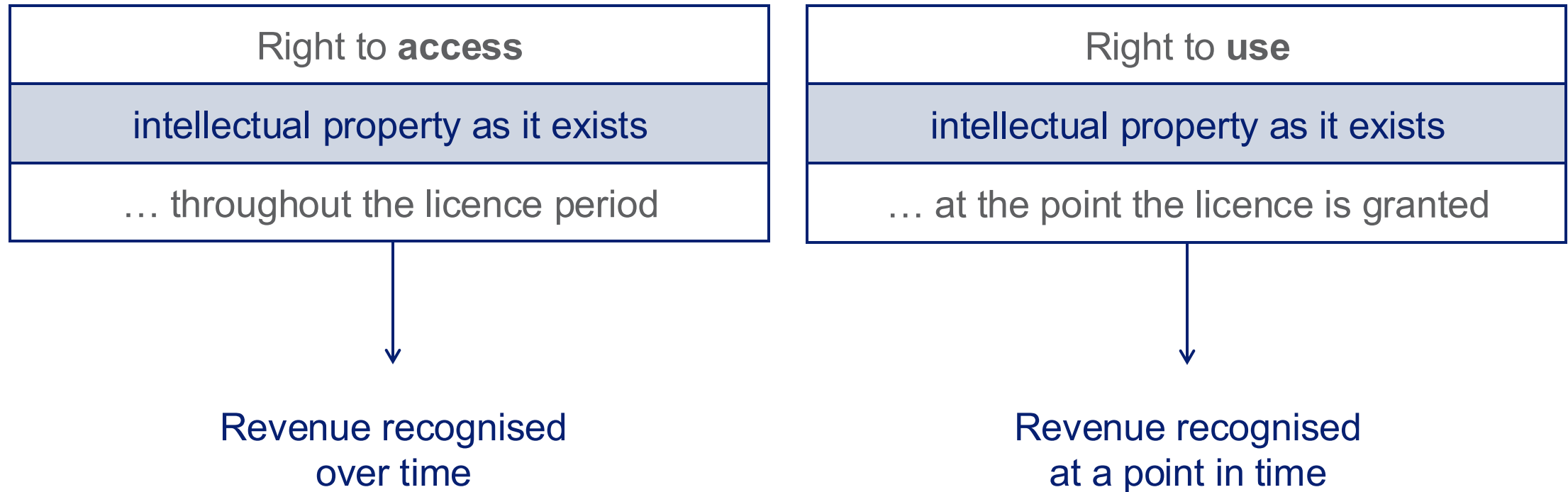
Revenue

Statement of financial position

Refund liability

Returns asset

## 2 Application guidance—*Licensing*



## 3 Transition requirements

	In period of initial application	In comparative periods
1 <b>Retrospective</b>	Contracts under the <b>revised</b> Section 23	Contracts under the <b>revised</b> Section 23 ( <i>restated</i> )
2 <b>Prospective</b>	<div> <div>Contracts that begin in current period: under the <b>revised</b> Section 23</div> <div>prior period: under the <b>current</b> Section 23</div> </div>	Contracts under the <b>current</b> Section 23 ( <i>not restated</i> )

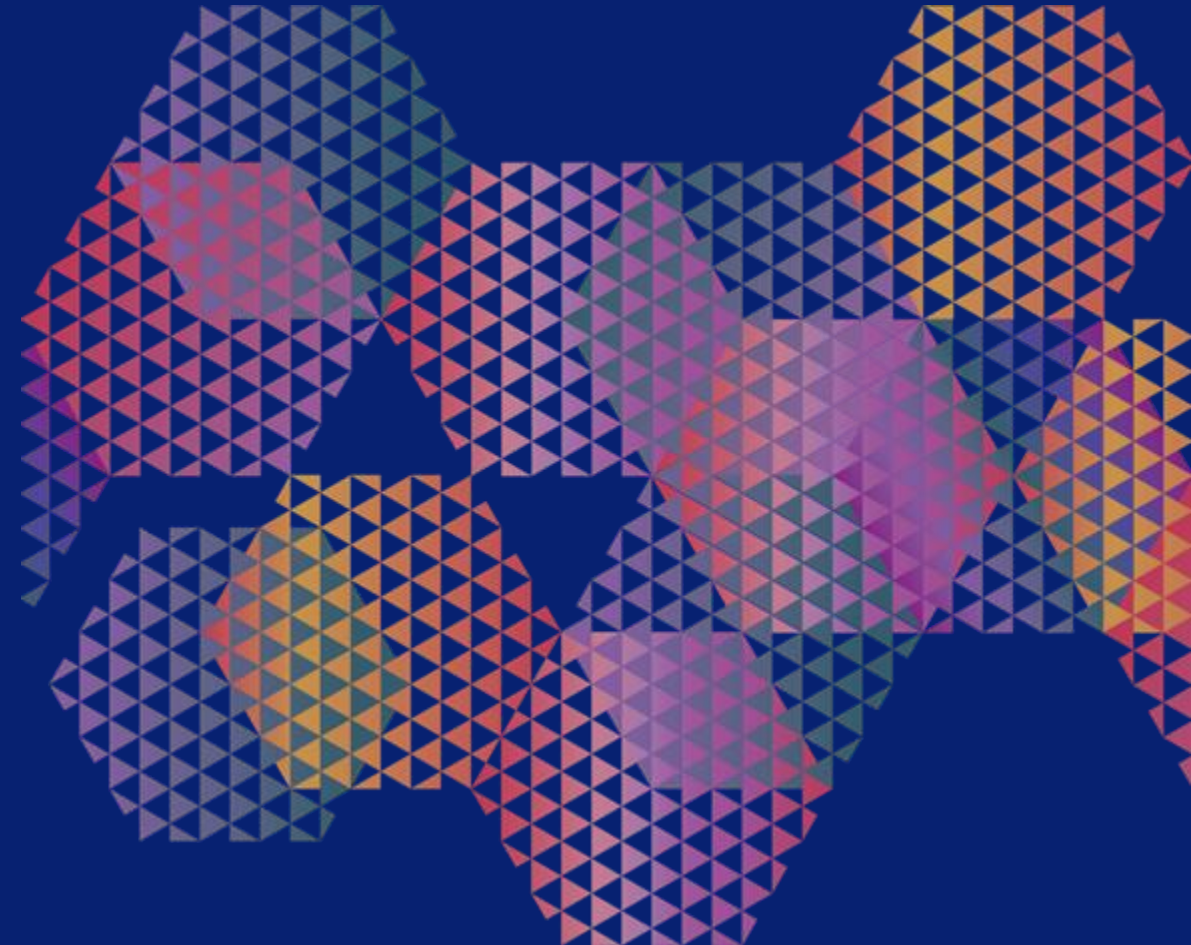


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Supporting materials



## Resources available on the IFRS Foundation's website



[www.ifrs.org/supporting-implementation/2025-ifrs-for-smes-supporting-materials/](http://www.ifrs.org/supporting-implementation/2025-ifrs-for-smes-supporting-materials/)



Project  
summary



Feedback  
Statement



Educational  
modules



Marked-up  
Standard



Webcasts



Quarterly  
newsletter



Podcasts



SMEIG  
Q&As

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