

**UNCTAD-Intergovernmental Working Group of Experts on
International Standards of Accounting and Reporting**
Workshop on Accounting and Financial Reporting Standards

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Morning Session

IFRS 15 – Revenue from Contracts with Customers

Presented by

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Think Ahead

ACCA

IFRS15 – Revenue from contracts with customers

Richard Martin
Geneva, October
2016

ACCA

- **Global body for professional accountants**
- **178,000 members and 455,000 students**
- **In 181 countries served by 92 offices and centres**
- **IFRS in the professional qualification since 1996**
- **Diploma and Certificate in IFRS**

IFRS15 implementation



IFRS15 revenue from contracts with customers

- **5 step approach to revenue recognition**
- **identify the contract with a customer**
- **identify the separate performance obligations in the contract**
- **determine the contract price**
- **allocate the transaction price to the separate performance obligations**
- **recognise revenue when a performance obligation is satisfied.**

IFRS15 revenue from contracts with customers

- **Identify contract**
- **when modifications mean new contract**
- **Separate performance obligations**
- **Distinct good or services**
- **More emphasis on unbundling**
- **Greater clarity on warranties**

IFRS15 revenue from contracts with customers

- **Contract price**
- **variable consideration**
- **financing component**
- **Allocation to performance obligations**
- **based on stand alone selling prices**
- **variable consideration**

IFRS15 revenue from contracts with customers

- **Satisfaction of performance obligations**
- **transfer of control**
- **Repurchase arrangements**
- **Satisfied over time**
- **Satisfied at a point in time**
- **Where percentage of completion method used**
- **Contract costs**
- **can defer and amortise**

Implementing IFRS15

- **Measuring revenue is central to organisations**
- **Most significant number for many - margins**
- **New standard may delay or quicken revenue recognition**
- **Much more prescriptive guidance than in IAS18 or IAS11**
- **Sectoral approaches**
- **Impact on systems and procedures to prepare and demonstrate compliance**
- **research across organisation and trial runs**

Impact of IFRS15 – some indicators

- **Do you combine an initial sale with subsequent services?**
- **Do you make products for specific customers?**
- **Do you do provide products or services that need a long time to construct or develop?**
- **Do you have contingent income – bonuses based on targets, discounts?**
- **Do you have licence or royalty income?**
- **Do you have many contract modifications?**



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**Questions or
comments?**

Slide 10

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Richard Martin, 12/12/2015

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Thank you

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