IFRS Accounting

Staff paper

Agenda reference: 6A

IASB® meeting

Date	**July 2024**
Project	**Post-implementation Review of IFRS 15**
Topic	**Finalising decisions in the PIR of IFRS 15**
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Purpose and structure

1. In January–May 2024, the IASB discussed the feedback on the Request for Information: *Post-implementation Review of IFRS 15* Revenue from Contracts with Customers (the RFI) and made tentative decisions on application matters raised by respondents. Appendix A provides an overview of the IASB's discussions.

2. Many IASB stakeholders highlighted the importance of retaining at least the current degree of convergence with the FASB's ASC Topic 606, Revenue from Contracts with Customers. In June 2024 the IASB held a joint education session with the FASB to discuss the findings of their respective post-implementation reviews of the Revenue Standards before each Board finalises its decisions (see paragraph 14).

3. The IASB received additional input on the project from the Accounting Standards Advisory Forum (ASAF) in March 2024 and the Emerging Economies Group (EEG) in May 2024. In May 2024 the IASB discussed a summary of academic literature relevant to the Post-implementation Review (PIR), identified since the initial review.[1]

[1] See March 2023 Agenda Paper 6F and May 2024 Agenda Paper 6B for more details on academic literature review.

4. At this meeting, the IASB will be asked to finalise its decisions on the PIR of IFRS 15, that is:
   (a) to decide whether to include any explanations from the Basis for Conclusions on IFRS 15 in the Standard;
   (b) to finalise its decisions on the application matters raised in this PIR; and
   (c) to determine whether overall IFRS 15 is working as intended.

5. This paper provides:
   (a) summary of staff recommendations;
   (b) summary of additional input from the ASAF, the EEG and the FASB;
   (c) staff analysis and recommendations on:
      (i) including explanations from the Basis for Conclusions in IFRS 15;
      (ii) application matters; and
      (iii) overall assessment of IFRS 15.

6. There are two appendices to this paper:
   (a) Appendix A—Overview of the IASB's previous discussions on application matters; and
   (b) Appendix B—Extracts from the Basis for Conclusions on IFRS 15.

Summary of staff recommendations

7. Based on the analysis in this paper, the staff recommend the IASB:

Topic	**Staff recommendations**
Including explanations from the Basis for Conclusions	Not to include explanations from the Basis for Conclusions on IFRS 15 in the Standard.

Topic	Staff recommendations
Application matters	Confirm the IASB’s previous decisions on application matters. Specifically: (a) consider in the next agenda consultation matters identified as low priority in this PIR related to: (i) assessing control over services and intangible assets in determining whether an entity acts as a principal or an agent; (ii) accounting for consideration payable to a customer; and (iii) applying IFRS 15 with IFRIC 12 *Service Concession Arrangements*—in particular, in relation to accounting for contractual obligations to maintain or restore service concession infrastructure; (b) consider in the next agenda consultation, instead of as part of this PIR, the priority of matters previously considered by the IASB in the PIR of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities* or in the Third Agenda Consultation. These matters relate to applying IFRS 15 with: (i) IFRS 10—concerning accounting for transactions in which an entity—as part of its ordinary activities—sells an asset by selling an equity interest in a single-asset entity that is a subsidiary (a so called ‘corporate wrapper’); and (ii) IFRS 11—concerning accounting for collaborative arrangements; (c) gather further evidence in the forthcoming PIR of IFRS 16 *Leases* on the matters related to assessing whether the transfer of an asset is a sale in a sale and leaseback transaction; and (d) take no action on the other matters identified in the PIR of IFRS 15.
Overall assessment of IFRS 15	Conclude that overall IFRS 15 requirements are working as intended.

Summary of additional input from the ASAF, the EEG and the FASB

ASAF[2]

8. Most members said that IFRS 15 is generally working well. One member said that any change to the requirements would require sufficient evidence that the benefits of the change outweigh its costs and agreed with the IASB's February–March 2024 tentative decisions to take no further action on most application matters.

9. Many members highlighted the importance of addressing the application matters related to principal versus agent considerations the IASB discussed in February 2024. A few members noted that these matters are not new but have become more prevalent with economies becoming more service-based and digital. Members' suggestions for resolving the matters differed:

    (a) a few members suggested moving the explanation of the primacy of the control concept and its relationship with the indicators from paragraph BC385H of the Basis for Conclusions to the Standard (see paragraphs 15–20);

    (b) a few members made other suggestions, for example, providing additional application guidance and illustrative examples; and

    (c) a FASB member emphasised the need for judgement and said it would be difficult to resolve the matters by standard-setting as the IASB would need to carefully consider the costs and benefits of any change, especially given that many preparers have requested that the IASB not reopen the Standard.

10. One or two members suggested the IASB address application matters related to:

    (a) 'negative' revenue;

    (b) determining the nature of a licence;

[2] See Agenda Paper 6 and Meeting Summary from the ASAF's March 2024 meeting.

(c) timing of revenue from multi-unit property development; and

(d) applying IFRS 15 with IFRS 3 *Business Combinations*, IFRS 10 and IFRS 16.

11. One member noted that some of their stakeholders suggested the IASB consider a general project to examine the interaction between IFRS Accounting Standards.

EEG[3]

12. A few members said that application challenges remain. For example, entities face challenges related to principal versus agent determinations, licensing arrangements, the notion of 'distinct good or service' in identifying performance obligations, sales-based taxes, consideration payable to customers and the timing of revenue recognition when an entity has a call option.

13. A few members suggested the IASB prioritise application challenges related to principal versus agent determinations—such as providing illustrative examples, additional indicators and educational material—instead of waiting until the next agenda consultation to consider the matter.

FASB[4]

14. In the joint IASB–FASB education session the key messages were:

(a) overall, stakeholder feedback on Topic 606 was positive. Some stakeholders viewed convergence with IFRS Accounting Standards as a significant accomplishment.

(b) the FASB did additional research on certain application challenges reported by their stakeholders but has not determined that a project is warranted to address these application challenges at this time. The FASB continues to monitor them but does not expect to make any significant changes to Topic 606. Some

[3] See the materials for the May 2024 EEG meeting.

[4] See Agenda Papers 6, 6A and 6B as well as the Joint IASB-FASB Update from the joint IASB-FASB June 2024 meeting.

stakeholders suggested making minor improvements, such as adding illustrative examples or additional implementation guidance in certain areas. At the joint IASB-FASB education session, some FASB members questioned the usefulness of additional examples.

(c) the FASB did not hear requests to add guidance from the Basis for Conclusions to the Standard.

(d) regarding learning points for future standard-setting a few FASB members mentioned:

  (i) careful consideration of the scope of new projects and the interaction of new requirements with other standards;

  (ii) simplifying transition by sticking to more traditional transition approaches such as full retrospective and prospective; and

  (iii) considering how long it might take to develop required software systems when setting effective dates for standards.

(e) challenges relating to principal versus agent considerations are often observed in emerging industries, such as platform businesses, and often arise in complex arrangements. The quality of disclosed information varies, and in some cases users of financial statements could benefit from additional information. In addition, a few FASB members noted that many reported challenges relate to complex arrangements that involve significant judgements, which may not be significantly eased through additional accounting guidance or illustrative examples.

(f) the changes the FASB made to its ASC Topic 805, Business Combinations, that require an entity to apply Topic 606 to measure contract assets and contract liabilities acquired in a business combination, were made in response to user demand and were generally well received by users and preparers. However, one FASB member observed that not all users support the change, with some users preferring the accounting required by IFRS 3 for some of their assessments. This FASB member viewed that additional disclosure requirements rather than a change in measurement principles might also meet users' informational needs.

Including explanations from the Basis for Conclusions in IFRS 15

Overview of feedback and the IASB's discussion to date

15. Some respondents said that the Basis for Conclusions on IFRS 15 includes explanations that they find helpful in making revenue recognition decisions. However, they noted that the Basis for Conclusions accompanies but is not part of the Standard and in some jurisdictions it is not endorsed or translated into local languages. The respondents suggested the IASB add such explanations to the body of the Standard.

16. At its February 2024 meeting, the IASB acknowledged some respondents' concerns that some useful explanations are provided in the Basis for Conclusions. Including such explanations in the Standard might increase the prominence of these explanations, helping entities make judgements, particularly in jurisdictions where the Basis for Conclusions is not translated. However, the IASB noted that any proposal to include these explanations in the Standard would have to go through due process and might not be worth doing in isolation. Therefore, the IASB decided to identify all such explanations before considering whether together they might result in sufficient improvement to IFRS 15 to warrant standard-setting.

17. In February 2024 many IASB members commented that the threshold for including these explanations in the Standard should be high because:

    (a) the overall feedback on IFRS 15 is very positive;

    (b) convincing evidence on the insufficiency or lack of clarity of the related IFRS 15 requirements would be needed to justify that the benefits of including these explanations in the Standard would exceed potential costs of implementing those changes;

(c) additional work could be needed to assess the risk of any unintended consequences; and

(d) bases for conclusions form part of IFRS literature that is widely used in practice in applying IFRS Accounting Standards. The preamble to Standards, including IFRS 15, states that the Standard 'should be read in the context of its objective and the Basis for Conclusions, the *Preface to IFRS Standards* and the *Conceptual Framework for Financial Reporting*'.

18. Having considered all application matters, the IASB identified explanations in two areas that could potentially be moved from the Basis for Conclusions to the Standard:

(a) in relation to identifying performance obligations—the discussions on 'separable risks' and 'transformative relationship' in paragraphs BC105 and BC116K; and

(b) in relation to principal versus agent considerations—the explanation of the primacy of the control concept and its relationship with the indicators in paragraph BC385H and the explanation about identifying a customer of a supplier who sells its goods or services through an intermediary in paragraph BC385E.[5]

Staff analysis, recommendation and question for the IASB

19. The staff think that there is insufficient evidence that the benefits of including the explanations mentioned in paragraph 18 in IFRS 15 would outweigh the costs of implementing those changes. In the staff's view:

(a) including these explanations in the Standard would provide marginal rather than significant improvements to IFRS 15 requirements. As discussed in February 2024 Agenda Papers 6A and 6B, IFRS 15 provides sufficiently clear principles for identifying performance obligations and for determining whether

[5] See Agenda Paper 6A and Agenda Paper 6B from the IASB's February 2024 meeting. See Appendix B for relevant extracts from the Basis for Conclusions on IFRS 15.

an entity acts as a principal or an agent. Adding the explanations from paragraphs BC105, BC116K, BC385H and BC385E into IFRS 15 could provide some additional clarity but is unlikely to significantly affect stakeholders' judgements. This is because these paragraphs were intended to explain the IASB's reasons for including those principles in IFRS 15, not to provide additional guidance. Specifically:

(i) paragraph BC105 along with paragraph BC103 explains the reason why the IASB decided not to specify 'separable risks' as a basis for identifying distinct goods or services. Instead, the IASB decided to specify the notion of 'separately identifiable' in paragraph 27(b) of IFRS 15 and to include the factors to consider in paragraph 29 of IFRS 15 to assist entities in making judgement of 'separably identifiable'.

(ii) paragraph BC116K discusses the IASB's considerations when clarifying the principle and the factors in paragraphs 27(b) and 29 of IFRS 15 for assessing whether an entity's promises to transfer goods or services are 'separably identifiable'. These paragraphs require an entity to consider the level of integration, interrelation or interdependence among the promises and so are intended to capture the evaluation of a transformative relationship.

(iii) paragraph BC385H explains that the indicators in paragraph B37 were included to support an entity's assessment of control when determining whether an entity is acting as an agent or as a principal. However, paragraphs B34A, B37 and B37A of IFRS 15 already establish the primacy of the concept of control in determining the nature of an entity's promise and explain the link between the concept of control and the indicators.

(iv) paragraph BC385E discusses how a supplier of goods or services through an intermediary would determine its customer by applying the guidance on principle versus agent considerations. The paragraph does not provide new guidance, but points the supplier towards the requirements in paragraphs B34–B37 of IFRS 15 to assess whether the intermediary acts as a principal or an agent and so to identify the supplier's customer.

(b) at the joint IASB–FASB education session the FASB members said they had not heard requests to add guidance from the Basis for Conclusions to Topic 606. Including explanations from the Basis for Conclusions into IFRS 15 might create a perception that the changes create new differences between IFRS 15 and Topic 606 even though the IASB's intention is not to change the principles in IFRS 15.

(c) feedback received throughout the project suggests that explanations from the Basis for Conclusions are widely considered in practice, especially by accounting firms. Thus, moving these explanations to the Standard might not have a big effect on practice but could cause disruption for stakeholders as they would need to consider the implications of the wording changes to their accounting policies.

20. Based on the analysis in paragraph 19, the staff recommend that the IASB not include explanations from the Basis for Conclusions on IFRS 15 in the Standard.

Question 1 for the IASB
Do IASB members agree with the staff recommendation in paragraph 20 of this paper?

Application matters

Overview of feedback and the IASB's discussions to date

21. Most of the feedback in response to the RFI related to application matters. Many respondents observed that although applying IFRS 15 was initially challenging, entities have now developed accounting policies. For most of the remaining challenges, respondents asked the IASB to consider providing application guidance,

illustrative examples and/or educational materials. Some respondents cautioned the IASB against making significant changes to IFRS 15 that would result in disruption to established practice.

22. The IASB analysed the feedback on application matters and considered whether to take further action on these matters applying its framework for responding to the matters identified in a post-implementation review (see paragraphs 8–9 of Agenda Paper 6B).

23. Appendix A provides an overview of the feedback and the previous discussions on application matters. Most of the matters did not meet the IASB's criteria for taking action. However, the IASB tentatively decided to classify some matters as low priority in this PIR and consider them in its next agenda consultation, namely:

    (a) assessing control over services and intangible assets in determining whether an entity is a principal or an agent;

    (b) accounting for consideration payable to a customer; and

    (c) applying IFRS 15 with IFRIC 12.

24. The IASB also confirmed that it is planning to consider in the next agenda consultation, instead of as part of this PIR, the priority of matters previously considered by the IASB in the PIR of IFRS 10, 11 and 12 or in the Third Agenda Consultation. These matters relate to applying IFRS 15 with:

    (a) IFRS 10—concerning accounting for 'corporate wrappers'; and

    (b) IFRS 11—concerning accounting for collaborative arrangements.

25. In addition, the IASB tentatively decided to gather further evidence on some aspects of applying IFRS 15 with IFRS 16 in the forthcoming PIR of IFRS 16.

Staff analysis, recommendation and question for the IASB

26. In the staff's view, the feedback received since the tentative decisions were made is consistent with the feedback received in response to the RFI.

27. The joint IASB-FASB education session showed that the main application matters identified by the IASB and by the FASB are very similar.[6] Similar feedback was received from the ASAF and the EEG.

28. Principal versus agent assessment was consistently identified as a major application matter. In its February 2024 discussion, the IASB tentatively classified the matter related to principal versus agent consideration as a low priority because the staff's analysis indicated that the benefits of any changes might not justify the costs. In the staff's view, the feedback on this matter in subsequent discussions does not help identify an effective solution the benefits of which would justify the costs of the related changes. The staff note that:

    (a) ASAF members' views on resolving the matter varied (see paragraph 9); and

    (b) FASB members—similarly to some IASB members—observed that the challenges in principal versus agent determinations relate mostly to applying judgement in complex arrangements, so additional illustrative examples would be unlikely to help many stakeholders.

29. The FASB is yet to finalise its decisions in its PIR of Topic 606. However, the comments made at the joint IASB-FASB education session do not suggest that the FASB is considering making significant changes to Topic 606 as a result of their PIR.

30. Therefore, the staff recommend that the IASB confirm its previous tentative decisions on application matters. Specifically, the staff recommend the IASB:

    (a) consider in the next agenda consultation the matters identified as low priority in this PIR related to:

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[6] See paragraph 35 of Agenda Paper 6 for the June 2024 joint IASB-FASB education session.

(i) assessing control over services and intangible assets in determining whether an entity acts as a principal or an agent;

(ii) accounting for consideration payable to a customer;

(iii) applying IFRS 15 with IFRIC 12—in particular, in relation to accounting for contractual obligations to maintain or restore service concession infrastructure;

(b) consider in the next agenda consultation, instead of as part of this PIR, the priority of matters previously considered by the IASB in the PIR of IFRS 10, 11 and 12 or in the Third Agenda Consultation and related to applying IFRS 15 with:

(i) IFRS 10—concerning accounting for 'corporate wrapper' transactions; and

(ii) IFRS 11—concerning accounting for collaborative arrangements;

(c) gather further evidence in the forthcoming PIR of IFRS 16 on the matters related to assessing whether the transfer of an asset is a sale in a sale and leaseback transaction; and

(d) take no action on the other matters identified in the PIR.

Question 2 for the IASB
Do IASB members agree with the staff recommendation in paragraph 30 of this paper?

Overall assessment of IFRS 15

Summary of feedback

31. Respondents' overall assessment of IFRS 15 was very positive. Almost all respondents said that IFRS 15 has achieved its objective and is working well. The five-step model is generally seen as a suitable basis for analysing revenue contracts of varying complexity across a wide range of industries and business models. Respondents raised no fundamental questions about the objective and the core

principle of the Standard, although most respondents said that some application challenges remain.[7] A few respondents said that IFRS 15 is a significant improvement over the previous limited revenue recognition requirements.

32. Many respondents—and almost all users of financial statements in outreach meetings—said that IFRS 15 has improved the usefulness of revenue information, including its comparability among entities within the same industry, among industries and among entities in various capital markets. Many stakeholders attributed some of those improvements to the significant degree of convergence between IFRS 15 and Topic 606.

33. Some respondents mentioned other benefits of IFRS 15 implementation, such as:

(a) better knowledge of contracts and improved internal processes and controls;

(b) greater collaboration between accounting and business functions;

(c) better understanding of the business both within an entity and by auditors and users; and

(d) implementation of IFRS 15 driving further investment in other areas and bringing additional benefits beyond accounting.

34. Most respondents said that transition to IFRS 15 was challenging and costly, particularly for some industries such as telecommunications, construction and software. For most entities, incremental costs decreased over time and are now at an acceptable level. Respondents said that ongoing costs relate mainly to assessing new contracts and contract modifications, ongoing employee training and maintaining systems for complying with the requirements. A few respondents said that ongoing costs remain significant in some industries, for example, telecommunications.

35. Overall, most respondents expressed a view that the benefits of IFRS 15 outweigh the costs of implementing and applying the Standard. However, a few standard-setters

[7] A few respondents described their concerns as fundamental. However, those concerns were about specific aspects of the model rather than the objective or the core principle.

from Asia and Latin America questioned the cost-benefit of the Standard for entities whose financial statements were least affected by the Standard.

Suggestions for future standard-setting

36. In addition to comments on the benefits and costs of IFRS 15, some stakeholders made suggestions for the IASB to consider in developing future Standards. Their suggestions included:

    (a) improving understandability and accessibility of Standards, for example:

        (i) by structuring the Standard around the steps-model it introduces (such as the 5-step revenue model in IFRS 15) instead of the traditional 'recognition-measurement-presentation-disclosure' structure; or

        (ii) by providing flowcharts to help stakeholders navigate the core principles and application guidance;

    (b) continuing providing educational materials, including webinars, to help stakeholders understand new requirements;

    (c) using simple language that can be easily understood and translated—for example, avoiding technical jargon and negative expressions;

    (d) considering cross-cutting issues, including scope of the requirements, that might have consequential effects on other Standards;

    (e) considering other new Standards and amendments and complexity of implementation, including the need for software alterations, when deciding on the effective date; and

    (f) conducting robust field-testing as part of effective cost-benefit analysis.

Staff analysis, recommendation and question for the IASB

37. The stakeholders' overall feedback, the responses to specific questions 2–11 of the RFI, feedback from stakeholders in outreach meetings and the findings from the

academic research—all indicate that IFRS 15 is working as intended and that no fundamental changes to the requirements are needed.

38. In the staff's view, despite some remaining application challenges:

(a) there are no fundamental questions about the clarity and suitability of the requirements in IFRS 15. In most instances requirements are clear and sufficient for stakeholders to make revenue recognition decisions. Most challenges arise from the need to apply judgement to complex arrangements—such judgements are inherent in applying a principles-based Standard.

(b) the benefits to users of financial statements of the information arising from applying IFRS 15 requirements are not significantly lower than expected. Overall, evidence received throughout the project indicates that IFRS 15 has improved the usefulness of information to users. The IASB heard of some diversity in applying specific IFRS 15 requirements and analysed the underlying causes in agenda papers for the IASB's February–May 2024 meetings. The analysis does not indicate that, overall, there is a significant diversity in information resulting from IFRS 15. Many stakeholders, including users, said that comparability of information about contracts with customers has increased. Generally, stakeholders said that the disclosure requirements result in entities providing sufficient and useful information to users, although there are some concerns about the variation in the quality of disclosed information.[8]

(c) the costs of applying IFRS 15 requirements and auditing and enforcing their application are not significantly greater than expected. Ongoing costs have decreased compared to the initial implementation costs and are now at an acceptable level for most industries. Stakeholders developed appropriate accounting policies, systems and practices.

[8] See March 2024 Agenda Paper 6C.

39. Therefore, the staff recommend that the IASB conclude that overall IFRS 15 requirements are working as intended.

40. The staff also note stakeholders' suggestions for developing future Standards in paragraph 36. Many of them, like field-testing or providing educational materials, are already part of the IASB's process for developing Standards and the IASB could consider other suggestions in its future work.

Question 3 for the IASB
Do IASB members agree with the staff recommendation in paragraph 39 of this paper?

Appendix A—Overview of the IASB's previous discussions on application matters

	Application matter	The IASB's previous discussion
1	***Identifying performance obligations*** Many stakeholders said that IFRS 15 provides a clear and sufficient basis to identify performance obligations for most contracts. However, many stakeholders reported challenges in practice. The most commonly raised application matter related to applying the notion of 'distinct good or service', in particular, in bundled arrangements including a software licence and goods or services such as updates, modification, customisation, maintenance or cloud-based services. Stakeholders suggested that the IASB: (a) provide additional illustrative examples and/or application guidance; and (b) incorporate the discussion on 'separable risks' and 'transformative relationship' in paragraphs BC105 and BC116K of the Basis for Conclusions on IFRS 15 into the Standard itself (see paragraph 18(a)). In addition, a few respondents: (a) said that distinguishing promises to transfer goods or services from activities that do not transfer a good or service to the customer can be complex, for example, in arrangements that include non-refundable upfront fees, pre-production activities or	In February 2024 the IASB tentatively decided to take no action on matters related to identifying performance obligations. As discussed in the February 2024 Agenda Paper 6A: (a) the feedback from stakeholders indicated that the requirements for identifying performance obligations in a contract work well for most transactions. (b) staff analysis suggested that IFRS 15 already provides sufficient application guidance and illustrative examples for identifying performance obligations in a contract. Most challenges reported by stakeholders related to complex underlying arrangements and offerings. Identifying performance obligations in such cases requires careful consideration of facts and circumstances. The analysis did not identify any additional guidance that would significantly simplify judgements in complex cases. (c) the IASB's reasons for not making amendments similar to those made by the FASB in relation to shipping activities and immaterial promised goods or services are still valid.[10] In February 2024 the IASB also decided to consider whether to include the explanations from paragraphs BC105 and BC116K of the Basis for Conclusions on IFRS 15 in the Standard (see paragraphs 15–20 of this paper).

[10] See paragraphs BC116A–BC116E and BC116R–BC116U of the Basis for Conclusions on IFRS 15.

	Application matter	The IASB's previous discussion
	marketing incentives; and (b) asked the IASB to consider the amendments made by the FASB to Topic 606 related to shipping activities and immaterial promised goods or services.[9]	
2	***Determining the transaction price*** Many stakeholders said that generally IFRS 15 provides a clear and sufficient basis to determine the transaction price in a contract, but they identified some specific application matters.	As discussed in the March 2024 Agenda Paper 6A and April 2024 Agenda Paper 6F, the feedback from stakeholders suggested that largely the requirements for determining the transaction price are working as intended.
	Consideration payable to a customer Many stakeholders reported challenges in accounting for consideration payable to a customer. Most commonly stakeholders asked for application guidance on: (a) accounting for consideration paid by an agent to an end customer (often in the form of marketing incentives) that is not made in exchange for a distinct good or service. Most of the examples given related to discounts, bonuses, loyalty points and/or cashbacks offered by digital platform entities such as food ordering and ride hail platforms, online distributors of retail and consumer goods and fintech companies. (b) accounting for consideration payable to a customer that exceeds the amount of consideration expected to be	*Consideration payable to a customer* In April 2024 the IASB tentatively decided to consider in its next agenda consultation (classify as low priority in the PIR) the matters related to the consideration payable to a customer. The analysis of feedback in the March 2024 Agenda Paper 6A and in the April 2024 Agenda Paper 6F indicated that: (a) there is some evidence to suggest that the requirements in IFRS 15 are insufficiently clear for entities to consistently account for incentives paid by an agent to an end customer and for 'negative' revenue; and (b) there is some evidence to suggest that the benefits to users are lower than expected because of reported diversity in practice and its potential significant effect on reported revenue.

[9] The FASB amended Topic 606 to include the accounting policy election to account for shipping and handling activities that occur after the customer obtains control of a good as a fulfilment activity and to include the practical expedient for immaterial items as part of FASB ASU 2016-10, Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing.

	Application matter	The IASB's previous discussion
	received from the customer ('negative' revenue), including: (i) whether and in what circumstances an entity should reclassify 'negative' revenue and present it in the 'expenses' categories; and (ii) what the unit of account should be for assessing whether there is 'negative' revenue. Some users of financial statements noted that there is diversity in practice in how entities present consideration payable to a customer. They said disclosed information is often insufficient for users to compare margins across entities. A few users said it would be helpful if entities disclosed gross revenue, amounts of incentives deducted from revenue or recognised as expenses and judgements behind the accounting policy choices because this information helps users forecast future cash flows.	However, the staff analysis in the April 2024 Agenda Paper 6F indicated that there is insufficient evidence that: (a) the matters are prevalent; or (b) the benefits of any action would justify the costs.
	Variable consideration Some stakeholders asked for additional application guidance and/or illustrative examples related to applying the requirements on accounting for variable consideration. The main reported challenges related to: (a) estimating the amount of variable consideration in some circumstances—for example, when no historical information is available or the amount is highly uncertain. (b) applying the requirements for constraining estimates of variable consideration. Specifically,	*Variable consideration* In March 2024 the IASB tentatively decided to take no action on matters related to variable consideration. As discussed in the March 2024 Agenda Paper 6A, estimating variable consideration inherently requires the exercise of judgement, especially in conditions of high uncertainty. The analysis did not identify any improvements that would make the estimation guidance significantly easier to apply. In response to stakeholders' concerns related to the requirements on constraining estimates of variable consideration, the paper noted that:

	Application matter	The IASB's previous discussion
	stakeholders reported diversity in applying the 'highly probable that a significant reversal … will not occur' threshold. A few stakeholders questioned whether the constraint is working as intended because in some cases entities: (i) make extremely conservative judgements and on initial recognition constrain the amount of variable consideration to zero; and/or (ii) do not regularly reassess variable consideration and only update the transaction price when the uncertainty is resolved or when an invoice is issued rather than when it is highly probable that a significant reversal will not occur.	(a) the 'highly probable' threshold had already been used in IFRS Accounting Standards—for example, IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* provides a definition of 'highly probable'; (b) paragraph 57 of IFRS 15 provides guidance on factors that could increase the likelihood and the magnitude of a revenue reversal to help entities apply the threshold; (c) paragraph BC207 of the Basis for Conclusions on IFRS 15 explains the IASB's reasons for the downward bias in the constraint; and (d) paragraph 59 of IFRS 15 already requires an entity to update the estimate of variable consideration, including the constraint, at the end of each reporting period.
	Sales-based taxes Some stakeholders said that IFRS 15 provides insufficient guidance on accounting for sales-based taxes. A few stakeholders reported diversity in practice between entities in the same industry within the same market, for example, in relation to excise taxes on alcoholic beverages, fuel and tobacco. A few of these stakeholders said that the impact on the financial statements is significant. Some stakeholders suggested the IASB provide more guidance and/or illustrative examples to help entities determine whether sales-based taxes are collected on behalf of third parties. A few	*Sales-based taxes* In March 2024 the IASB tentatively decided to take no action on matters related to sales-based taxes. As discussed in the March 2024 Agenda Paper 6A, the IASB's reasons for not making amendments similar to those made by the FASB in relation to sales-based taxes are still valid.[12] The analysis has not identified any additional guidance and/or illustrative examples that would be useful and could be applied broadly because the determination would be dependent on specific facts and circumstances, including specific characteristics of the tax.

[12] See paragraphs BC188A–BC188D of the Basis for Conclusions on IFRS 15.

	Application matter	The IASB's previous discussion
	stakeholders suggested the IASB consider the FASB's amendment to Topic 606 which allows an entity to make an accounting policy election to exclude certain taxes from the transaction price.[11]	
	Non-cash consideration A few stakeholders said there is a lack of clarity on: (a) determining the date for measuring non-cash consideration—some entities measure non-cash consideration at contract inception, some when the consideration is received and others when the related performance obligation is satisfied; (b) accounting for changes in the fair value of non-cash consideration after initial recognition; and (c) accounting for non-cash consideration payable to a customer, including consideration in the form of share-based payments. A few stakeholders suggested the IASB consider the FASB's amendments to Topic 606 which: (a) require non-cash consideration to be measured at contract inception; (b) clarify accounting for the changes in the fair value of non-cash consideration after contract inception;[13] and	*Non-cash consideration* In March 2024 the IASB tentatively decided to take no action on matters related to non-cash consideration. The March 2024 Agenda Paper 6A discussed reasons for no action that are similar to those provided in paragraphs BC254D, BC254E and BC254H of the Basis for Conclusions on IFRS 15: (a) the matters have important interactions with other Standards (including IFRS 2 *Share-based Payment* and IAS 21 *The Effects of Changes in Foreign Exchange Rates*) and any action might cause unintended consequences. (b) any practical effect of different measurement dates would arise in only limited circumstances. The IASB also noted that paragraph 126 of IFRS 15 requires an entity to disclose information about the methods, inputs and assumptions used for measuring non-cash consideration. With respect to requests for further guidance on non-cash consideration payable to a customer or consideration in the form of share-based payments, the overall feedback does not suggest the matters are widespread.

[11] See FASB ASU 2016-12, Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients.

[13] See FASB ASU 2016-12, Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients.

	Application matter	The IASB's previous discussion
	(c) require equity instruments granted by an entity in conjunction with selling goods or services to be measured by applying ASC Topic 718, Compensation—Stock Compensation.[14]	
	Significant financing component A few stakeholders reported challenges with applying the requirements on accounting for a significant financing component. The most common concerns related to the requirement in paragraph 64 of IFRS 15 not to update the discount rate once it is determined at the inception of the contract. Specifically: (a) a few stakeholders from one jurisdiction suggested the discount rate should be regularly adjusted for inflation, otherwise, in their view, the information in the financial statements does not reflect the economic substance of long-term contracts with consideration indexed to inflation. Such contracts are common in the energy concession industry. (b) a few other stakeholders said it is unclear whether the discount rate should be updated when a contract is modified, or circumstances change after the inception of the contract. They suggested the IASB add application guidance and/or illustrative examples.	*Significant financing component* In April 2024 the IASB tentatively decided to take no action on matters related to significant financing component. As discussed in the April 2024 Agenda Paper 6F, in developing the requirements, the IASB and the FASB (the boards) decided against re-evaluating the discount rate if there is a change in circumstances, because it would be impractical (see paragraphs BC242–BC243 of the Basis for Conclusions on IFRS 15). Additionally, paragraph BC244 of the Basis for Conclusions on IFRS 15 explains the rationale for the current accounting model. The IFRS 15 requirement not to update the discount rate, if circumstances change, is generally consistent with the requirements in other IFRS Accounting Standards (for example, on accounting for leases and financial instruments—see paragraph 43 of IFRS 16 or paragraph BC193 of the Basis for Conclusions on IFRS 16). As for the question on whether the discount rate should be updated when a contract is modified, the paper noted that paragraphs 20–21 of IFRS 15 provide requirements on accounting for a contract modification.

[14] See FASB ASU 2019-08, Compensation—Stock Compensation (Topic 718) and Revenue from Contracts with Customers (Topic 606).

	Application matter	The IASB's previous discussion
3	***Determining when to recognise revenue*** Many stakeholders said that generally IFRS 15 provides a clear and sufficient basis for determining when to recognise revenue. However, some stakeholders said applying the criteria for recognising revenue over time in paragraph 35(c) of IFRS 15 is challenging: (a) a few stakeholders said assessing whether the right to payment is enforceable can be complex and costly because it requires consideration of laws and legal precedence as well as historical business practice. A few stakeholders expressed a view that application of this criterion can lead to outcomes not reflecting the economic substance of transactions, for example, in multi-unit real estate development in Brazil. (b) a few stakeholders asked specific questions related to assessing whether the right to payment is enforceable—for example, how to consider a customer's right to terminate the contract and whether an entity should reassess its continued right to payment if laws or legal practice change. (c) a few stakeholders reported challenges related to making judgements on whether an asset has an alternative use—for example, for complex assets developed to a customer's specification or in determining the unit of account for the 'alternative use' assessment if components, such as automotive	In March 2024 the IASB tentatively decided to take no action on matters related to determining when to recognise revenue. As discussed in the March 2024 Agenda Paper 6B, the feedback indicated that the requirements are working as intended. The paper noted that the criteria for recognising revenue over time are principle-based and require the application of judgement. Adding examples for specific complex fact patterns is unlikely to help many stakeholders and might result in unintended consequences. The paper also discussed a stakeholder's suggestion to expand the concept of control to achieve the revenue reporting that stakeholders in Brazil regard as better reflecting the economic substance of the transactions. Such a change would be a fundamental change to the principles for revenue recognition and would cause major disruption for entities in other industries and jurisdictions. The analysis in the paper indicated that making such a fundamental change to the requirements for revenue recognition is not justified based on the overall feedback that the requirements are working as intended. As for the feedback on selecting the method for measuring progress, the paper noted that judgement is inherent in applying principle-based requirements. As the IASB explained in developing the requirements, it would not be feasible to consider all possible methods and prescribe when an entity should use each method. Accordingly, an entity should use judgement when selecting an appropriate method that is consistent with the clearly stated objective of depicting the entity's performance—that is, the satisfaction of an entity's performance

	Application matter	The IASB's previous discussion
	parts, are sold under purchase orders related to a master supply agreement. In addition, a few stakeholders said that in some cases entities struggle with selecting the appropriate method for measuring progress—and this might lead to entities applying different methods for similar transactions. The stakeholders asked for additional guidance, illustrative examples or educational materials—most commonly for complex arrangements in technology, software, gaming and construction industries.	obligation—in transferring control of goods or services to the customer.[15]
4	***Principal versus agent considerations*** Challenges with determining whether an entity is a principal or an agent in a multi-party arrangement was one of the most common topics raised by stakeholders. Many stakeholders said that the requirements are generally clear and sufficient and agreed with the main principles for the principal versus agent assessment. However, many stakeholders said that entities—especially in service industries—sometimes struggle to apply the concept of control and the related indicators in determining whether an entity acts as a principal or an agent. Some stakeholders said that the large degree of judgement involved in analysing arrangements could result in diversity in practice or said they observed inconsistent outcomes in applying the requirements. This was	In February 2024 the IASB tentatively decided to consider in its next agenda consultation (classify as low priority in the PIR) the matter related to assessing control over services and intangible assets. As discussed in the February 2024 Agenda Paper 6B, the feedback indicated that most of the difficulties in assessing control over services and intangible assets relate to significant market developments since IFRS 15 was issued. With increasing digitalisation, more entities may struggle to apply the requirements consistently and the costs of applying the requirements may increase for a broader range of stakeholders. The analysis in the paper showed there is some evidence to suggest that the costs of applying the requirements for determining control for services and intangible assets and auditing and

[15] See paragraph BC159 of the Basis for Conclusions on IFRS 15.

	Application matter	The IASB's previous discussion
	particularly the case for online e-commerce platforms, internet advertising services, consumer goods and retail, fintech and technology-based industries. The most commonly reported application matters included: (a) difficulties in understanding the relationship between the concept of control and the indicators in paragraph B37 of IFRS 15. For example, some stakeholders raised concerns about entities overlooking the concept of control or struggling to apply indicators when they point to different conclusions. (b) difficulties in assessing control over services and intangible assets. Many stakeholders provided examples of challenging fact patterns. The examples mostly related to complex, highly structured arrangements in emerging, often digital, business models—with some arrangements involving multiple service providers. Stakeholders' suggestions for resolving the matters included: (a) highlighting the primacy of the concept of control and explaining its relationship with the indicators—for example, such additional guidance could be based on paragraph BC385H of the Basis for Conclusions on IFRS 15 (see paragraph 18(b)); (b) expanding the list of indicators of control to include indicators which might be more suitable for services; and	enforcing their application might be greater than expected. On balance, the IASB decided to consider the matter in its next agenda consultation (classify as low priority in the PIR) because the analysis in the paper suggested that there is insufficient evidence that the benefits of any action would justify the costs. The paper noted that stakeholders' challenges are often linked to complex transactions that include multiple unique features, terms and conditions. The paper suggested that providing additional illustrative examples or developing additional control indicators would be unlikely to lead to significant improvement and help a wide variety of stakeholders because the outcome of the 'principal versus agent' determination would depend on specific facts and circumstances. The paper also noted that any changes to indicators or additional illustrative examples could lead to reduced comparability between entities applying IFRS 15 and those applying Topic 606. In February 2024 the IASB also tentatively decided to take no action on other matters. The analysis in the paper suggested that IFRS 15 already provides sufficient application guidance and illustrative examples explaining the relationship between the concept of control and the indicators as well as assisting in resolving other application matters. The paper also considered whether to include additional disclosure requirements related to an entity's principal versus agent determinations. On balance, the analysis suggested that paragraph 110(b) of IFRS 15 and the guidance on disaggregation provide sufficient requirements to provide information about arrangements that involve principal versus agent considerations. In addition, the paper noted that IFRS 18

	Application matter	The IASB's previous discussion
	(c) providing application guidance and/or up-to-date illustrative examples on assessing whether an entity acts as a principal or an agent in identified challenging fact patterns, especially those related to platform companies and provision of services and intangible assets. Other comments made by a few stakeholders each, included: (a) requests for application guidance on identifying a customer of a supplier that sells its goods or services through an intermediary that could be based on paragraph BC385E of the Basis for Conclusions on IFRS 15 (see paragraph 18(b)). (b) requests for application guidance or examples on identifying performance obligations—for example, when an entity partners with, or subcontracts to, others to provide digital services such as internet advertising or payment processing; and (c) suggestions for additional disclosure requirements, such as revenue recognised on a gross basis and revenue recognised on a net basis if an entity acts as a principal and as an agent in different transactions.	*Presentation and Disclosure in Financial Statements* will provide further guidance on disaggregation. At that meeting the IASB also decided it would consider whether to include the explanations from paragraphs BC385E and BC385H of the Basis for Conclusions on IFRS 15 in the Standard (see paragraphs 15–20 of this paper).
5	***Licensing*** Many stakeholders commented on challenges applying judgement when analysing complex licensing arrangements. Most of the challenges related to identifying performance obligations and are covered in item 1 of	In February 2024 the IASB tentatively decided to take no action on licensing matters. As discussed in the February 2024 Agenda Paper 6C, the feedback indicated that the

	Application matter	The IASB's previous discussion
	this table. Less frequently reported challenges were: (a) determining the timing of revenue recognition for licence renewals. A few stakeholders said the lack of specific guidance creates diversity in practice, for example, for renewals of right to use software licences that are often agreed before the end of the initial contract period. Some stakeholders suggested the IASB consider the FASB's amendment to Topic 606, which requires an entity to recognise revenue from a licence renewal no earlier than the beginning of the renewal period.[16] (b) determining the nature of a licence (the 'right to access' versus the 'right to use'), in particular for complex contracts in software, pharmaceutical, media and entertainment industries. A few stakeholders suggested the IASB add guidance, illustrative examples and/or educational materials, for example, for software licences or cloud-based software solutions sold with continuous updates. (c) determining whether to apply the guidance on licensing or the general requirements of IFRS 15, in particular for software as a service arrangements, or for differentiating a licence from an in-substance sale of IP in the pharmaceutical industry. A few stakeholders suggested the IASB provide a definition of a licence and	requirements for accounting for licensing arrangements are working as intended. The feedback provided no evidence of widespread diversity in accounting for renewals of IP licences applying IFRS 15. The paper acknowledged that entities might find it challenging to make judgements, especially in cases when the extension of a contract term is combined with other changes to terms and conditions of a licence. In such complex cases, it is to be expected that the entity would need to consider all facts and circumstances in determining the timing of revenue recognition. The paper also noted that IFRS 15 already provides detailed application guidance and illustrative examples related to licensing. The analysis in the paper has not identified any additional guidance that would significantly simplify judgements in complex situations. The analysis also suggested that the IASB's reasons against expanding the royalty exception in paragraph B63 of IFRS 15 or developing general principles that could be applied to all contracts remain valid (see paragraphs BC417–BC421 of the Basis for Conclusions on IFRS 15).

[16] See FASB ASC paragraph 606-10-55-58C(b).

	Application matter	The IASB's previous discussion
	clarify when to apply the guidance for licensing. (d) accounting for sales-based or usage-based royalties. A few stakeholders suggested the IASB broaden the scope of the royalty exception in paragraph B63 of IFRS 15.[17] A few asked for more guidance on how to determine whether a licence of IP is the predominant item to which the royalty relates.	
6	***Disclosure requirements*** Most stakeholders said that overall, the more comprehensive disclosure requirements compared to IAS 18 *Revenue* resulted in entities providing sufficient and useful information to users of financial statements. Users of financial statements expressed support for the current package of disclosures and said that IFRS 15 improved the quality of disclosed information. Users commonly identified disaggregation of revenue, changes in contract assets and contract liabilities, transaction price allocated to the remaining performance obligations and significant judgements as the most useful information provided by entities. Some other stakeholders expressed concerns about the balance of costs and benefits of information provided in relation to transaction price allocated to the remaining performance obligations and	In March 2024 the IASB tentatively decided to take no action on matters related to disclosure requirements. As discussed in the March 2024 Agenda Paper 6C, the feedback indicated no fundamental questions about the clarity and suitability of disclosure requirements in IFRS 15. Both stakeholder feedback and evidence from academic literature showed that revenue information provided by entities is useful to users of financial statements. In considering stakeholders' concerns about the balance of costs and benefits related to disclosure requirements, the paper noted that stakeholders questioned the usefulness to users of information related to remaining performance obligations and changes in contract assets and contract liabilities. Given that users identified these disclosures among most useful, the paper suggested that the benefits of related disclosure

[17] Paragraph B63 of IFRS 15 applies to licences of intellectual property for which the consideration is based on sales or usage and requires an entity not to recognise any revenue for the uncertain amounts until the uncertainty is resolved—when the subsequent sales or usage occurs.

	Application matter	The IASB's previous discussion
	changes in contract assets and contract liabilities. Some stakeholders said that they observed variations in the quality of disclosed information. Users of financial statements said there is diversity in the degree of detail and quality of information provided by entities, especially in disaggregation of revenue. Only a few stakeholders said that a lack of specificity in the disclosure requirements caused the variations in quality. Some stakeholders said the variations are caused by other factors, for example, entities applying the disclosure requirements as a checklist and not considering the disclosure objective. A regulator suggested that the IASB consider providing more prescriptive disclosure requirements—for example, requiring the disaggregation of specific categories of revenue.	requirements justify the costs of providing the information. In relation to the variation in the degree of detail and quality of information, most concerns related to the need to apply judgement and information provided on revenue disaggregation. The paper noted that: (a) in developing IFRS 15, the IASB decided to specify an objective for disclosure requirements rather than prescriptive disclosure requirements. Judgement is inevitable with objective-based requirements. IFRS 15 also requires an entity to consider the level of detail necessary to satisfy the disclosure objective. (b) IFRS 15 specifies the objective for providing disaggregated information and provides related guidance, including examples of disaggregation categories. IFRS 18 provides further guidance on disaggregation of information in financial statements and, once implemented may lead to improvements in the quality of the information entities provide.
7	***Applying IFRS 15 with other IFRS Accounting Standards*** In the RFI the IASB asked stakeholders to provide information about challenges in applying IFRS 15 with other IFRS Accounting Standards, in particular with IFRS 3, IFRS 9 and IFRS 16. Stakeholders also commented on applying IFRS 15 with IFRS 10, IFRS 11, IFRIC 12 and other Standards.	

	Application matter	The IASB's previous discussion
	IFRS 3 Some stakeholders, including users of financial statements, reported challenges related to the difference in the measurement principles in IFRS 3 and in IFRS 15. Specifically: (a) some stakeholders, including a few users, raised concerns that measuring contract assets and contract liabilities at fair value on acquisition leads to an entity's performance being depicted differently depending on whether growth has occurred organically or through acquisition; (b) some stakeholders said different measurement requirements in IFRS 15 and IFRS 3 are difficult to apply in practice, both on acquisition and in subsequent accounting; and (c) a few users said that challenges related to fair value adjustments on acquisition relate not only to contract assets and contract liabilities, but also to other assets and liabilities, for example, inventory. Views on resolving the matters differed: (a) some suggested the IASB consider the changes the FASB made to its ASC Topic 805, Business Combinations, which require an entity to apply Topic 606 to measure contract assets and contract liabilities acquired in a business combination. (b) a few stakeholders asked for additional guidance on measurement and subsequent accounting, especially for contract liabilities.	*IFRS 3* In April 2024 the IASB tentatively decided to take no action on matters related to applying IFRS 15 with IFRS 3. The April 2024 Agenda Paper 6B stated that: (a) there was insufficient evidence to suggest that there are fundamental questions about the clarity and suitability of the requirements. (b) the relevance of fair value measurement was considered in the PIR of IFRS 3 and *Business Combination—Disclosures, Goodwill and Impairment* projects. The IASB acknowledged it is difficult to compare entities that grow organically with those that grow through acquisitions but concluded that fair value remains the best approach for measuring the assets acquired and liabilities assumed in business combination and did not reopen the matter in the *Business Combination—Disclosures, Goodwill and Impairment* project. (c) users' views on the usefulness of fair value measurement in a business combination remain mixed.

	Application matter	The IASB's previous discussion
	(c) other stakeholders suggested retaining the fair value measurement principle on acquisition for all assets and liabilities arguing, that fair value is the most appropriate basis for accounting for a business combination.	
	IFRS 9 The main reported application matters were: (a) accounting for cases when an entity accepts lower consideration from a customer (price reductions). Such price reductions could arise because of customer's credit deterioration or for commercial reasons (such as a price reduction to a customer to enhance a customer relationship). Some stakeholders asked whether entities are required to account for such reductions by applying IFRS 15 (as a price concession which reduces revenue) or as expected credit losses applying IFRS 9. (b) accounting for some of the liabilities arising from IFRS 15, for example, liabilities relating to points under loyalty programmes or gift cards which a customer can exchange for the entity's goods or services or a third party's goods or services at the customer's discretion.	*IFRS 9* In April 2024 the IASB tentatively decided to take no action on matters related to applying IFRS 15 with IFRS 9. The analysis in the April 2024 Agenda Paper 6A suggested that the requirements in IFRS 15 are clear and sufficient: (a) on accounting for price reductions, the paper noted that the impairment requirements in IFRS 9 are applied to the gross carrying amount of trade receivables and contract assets arising from IFRS 15. In other words, the impairment requirements are applied to these assets after their carrying amounts have been determined applying IFRS 15, including its requirements for variable consideration and contract modifications, if relevant. (b) on accounting for liabilities arising from IFRS 15, the paper noted that an entity would consider specific facts and circumstances of an arrangement and might need to apply requirements in paragraph 2.1(j) of IFRS 9 which state that IFRS 9 does not apply to rights and obligations within the scope of IFRS 15 that are financial instruments, except for those that IFRS 15 specifies are accounted for in accordance with IFRS 9.[18]

[18] The analysis covered the feedback received in the PIR of IFRS 15 and in the PIR of IFRS 9–Impairment.

	Application matter	The IASB's previous discussion
	IFRS 10 The IASB decided against including in the RFI a question about accounting for 'corporate wrapper' transactions (see Spotlight 9.4 in the RFI). Given its previous work on this cross-cutting matter, the IASB decided to assess the demand for resolving the matter in the next agenda consultation. Some stakeholders asked the IASB to clarify whether an entity should account for a sale of a corporate wrapper applying IFRS 10 or IFRS 15. Many of them reported diversity in practice, in particular in the real estate, pharmaceutical and utilities sectors, although a few said common practice has generally developed, especially in jurisdictions where such transactions are common. Most commonly stakeholders suggested that accounting for corporate wrappers should reflect the substance of the transaction, which in their view would mean accounting for them applying IFRS 15. A few stakeholders noted that such treatment would lead to closer alignment with US GAAP under which the sale of a corporate wrapper to a customer would generally be in the scope of Topic 606.	*IFRS 10* In April 2024 the IASB tentatively confirmed its previous decision to consider the priority of the corporate wrapper matter in the next agenda consultation rather than as part of this PIR. The April 2024 Agenda Paper 6C stated that this is a cross-cutting issue. Developing a comprehensive solution for corporate wrappers could affect multiple IFRS Accounting Standards and would require significant resources.
	IFRS 11 A few stakeholders asked for guidance on applying IFRS 15 with IFRS 11, including: (a) how to determine whether a collaborative arrangement is in the scope of IFRS 15, IFRS 11 and/or another Standard;	*IFRS 11* In April 2024 the IASB tentatively confirmed its previous decision to consider the priority of the matters related to applying IFRS 15 with IFRS 11 in the next agenda consultation rather than as part of this PIR.

	Application matter	The IASB's previous discussion
	(b) how to account for arrangements that contain both a supplier-customer and joint control components; and (c) how to account for arrangements when no joint control is established and when neither party is seen as a customer. Some of those commenting on the topic said that the challenges related to accounting for collaborative arrangements are common, in particular in the pharmaceutical, biotechnology, oil and gas, healthcare, media, telecommunications and real estate industries. A few stakeholders noted that the FASB provided guidance on collaborative arrangements in FASB ASC Topic 808, Collaborative Arrangements.	As discussed in the April 2024 Agenda Paper 6C, the application challenges raised by the stakeholders relate to complex collaborative arrangements and entities need to apply judgement in determining which IFRS Accounting Standards to apply and how.
	IFRS 16 Many stakeholders commented on applying IFRS 15 with IFRS 16. Stakeholders asked for additional guidance and/or illustrative examples on: (a) accounting for a contract that contains lease and non-lease components. A few stakeholders said that it is unclear: (i) whether to use the duration of the contract applying IFRS 15 or the lease term applying IFRS 16; and (ii) whether to measure variable consideration based on the requirements of IFRS 15 or those of IFRS 16. (b) assessing whether the transfer of an asset in a sale and leaseback	*IFRS 16* In April 2024 the IASB tentatively decided to gather further evidence in the forthcoming PIR of IFRS 16 on the matters related to assessing whether the transfer of an asset is a sale in a sale and leaseback transaction. The IASB tentatively decided to take no action on other matters raised by stakeholders. See the April 2024 Agenda Paper 6D for further details.

	Application matter	The IASB's previous discussion
	transaction is a sale in accordance with IFRS 15.	
	IFRIC 12 A few stakeholders provided comments on applying IFRS 15 with IFRIC 12. Most of the questions related to accounting for contractual obligations to maintain or restore service concession infrastructure, although a few stakeholders suggested the IASB conduct a comprehensive review of IFRIC 12 and make amendments to the Interpretation to align it with IFRS 9, IFRS 15 and IFRS 17 *Insurance Contracts*.	*IFRIC 12* In April 2024 the IASB tentatively decided to consider in its next agenda consultation (classify as low priority in the PIR) the matters related to IFRIC 12. The analysis in the April 2024 Agenda Paper 6E indicated that there is some evidence to suggest that the clarity and suitability of the requirements in IFRIC 12 on accounting for obligations to maintain or restore service concession infrastructure could be improved. However, given the limited feedback on the matter, the analysis suggested that the benefits of any action would be unlikely to justify the costs. Therefore, the IASB tentatively decided to consider the matter in its next agenda consultation (classify as low priority in the PIR). The paper also noted that stakeholders raised multiple matters related to applying IFRS 15 with IFRIC 12 and a few stakeholders asked for a comprehensive review of IFRIC 12. Therefore, the paper suggested that in the next agenda consultation, the IASB could consider whether to ask stakeholders about the scope of any potential project on IFRIC 12.
	Other IFRS Accounting Standards In addition, one or a few stakeholders provided the feedback on applying IFRS 15 with other IFRS Accounting Standards, such as IFRS 8 *Operating Segments*, IFRS 17, IFRS 18, IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*, IAS 37 *Provisions, Contingent Liabilities*	*Other IFRS Accounting Standards* In April 2024 the IASB tentatively decided to take no action on any of the matters related to applying IFRS 15 with other IFRS Accounting Standards. As discussed in the April 2024 Agenda Paper 6E, the feedback did not provide evidence of fundamental questions about the clarity or suitability of the principles in the requirements, of significant diversity in application or significant

	Application matter	The IASB's previous discussion
	and Contingent Assets and IAS 2 *Inventories*.	ongoing costs. The feedback received did not suggest that the matters are pervasive or have substantial consequences on revenue information provided in financial statements.
8	***Other matters*** In addition to questions on specific topics, the RFI provided stakeholders with an opportunity to comment on other matters relevant to the PIR of IFRS 15. Based on the feedback the IASB identified one main application matter—allocating the transaction price to performance obligations. A few stakeholders said applying IFRS 15 requirements on allocating the transaction price is challenging, in particular when determining a stand-alone selling price (SSP) for goods or services with no observable prices, such as highly customised ('bespoke') software, software updates or some complex bundled products of telecommunication companies. The stakeholders suggested the IASB add application guidance and illustrative examples to assist entities with estimating SSP for such fact patterns. A few stakeholders suggested the IASB extend the use of the residual method of allocating the transaction price (see paragraph 79(c) of IFRS 15) to reduce costs.	In May 2024 the IASB tentatively decided to take no action on matters identified by stakeholders. As discussed in the May 2024 Agenda Paper 6A, the feedback provided insufficient evidence that: (a) there are fundamental questions (fatal flaws) about the clarity and suitability of the requirements in IFRS 15; (b) the benefits to users of financial statements of the information arising from applying IFRS 15 requirements are significantly lower than expected; or (c) the costs of applying IFRS 15 requirements and auditing and enforcing their application are significantly greater than expected.

Appendix B—Extracts from the Basis for Conclusions on IFRS 15

Identifying performance obligations

BC103 During the development of IFRS 15, the existence of 'separable risks' was identified as a basis for assessing whether a good or service is distinct within the context of the contract. In that assessment, the individual goods or services in a bundle would not be distinct if the risk that an entity assumes to fulfil its obligation to transfer one of those promised goods or services to the customer is a risk that is inseparable from the risk relating to the transfer of the other promised goods or services in that bundle. The boards considered whether to specify 'separable risks' as a necessary attribute of a distinct good or service. However, the boards decided that the concept of 'separable risks' may not be a practical criterion for determining whether a good or service is distinct.

BC105 Consequently, the boards decided to specify in paragraph 27(b) of IFRS 15 that the objective in identifying whether a promised good or service is distinct within the context of the contract is to determine whether an entity's promise to transfer that good or service is separately identifiable from other promises in the contract. The notion of 'separately identifiable' is based on the notion of separable risks in paragraph BC103 (ie whether the risk that an entity assumes to fulfil its obligation to transfer one of those promised goods or services to the customer is a risk that is inseparable from the risk relating to the transfer of the other promised goods or services). The boards observed that determining whether the entity's promise to transfer a good or service is separately identifiable requires judgement, taking into account all of the facts and circumstances. The boards decided to assist entities in making that judgement by including the factors in paragraph 29 of IFRS 15.

BC116K The boards previously considered the concept of 'separable risks' (see paragraph BC103) as an alternative basis for assessing whether an entity's promise to transfer a good or service is separately identifiable from other promises in the contract. Although the boards decided not to use this terminology in IFRS 15, the notion of separable risks continues to influence the separately identifiable principle. The evaluation of whether an entity's promise is separately identifiable considers the relationship between the various goods or services within the contract in the context of the process of fulfilling the contract. Therefore, an entity should consider the level of integration, interrelation or interdependence among the promises to transfer goods or services. The boards observed that rather than considering whether one item, by its nature, depends on the other (ie whether two items have a functional relationship), an entity evaluates whether there is a transformative relationship between the two items in the process of fulfilling the contract.

Principal versus agent

BC382 The nature of the entity's promise may not always be readily apparent. For that reason, the boards included indicators in paragraph B37 of IFRS 15 to help an entity determine whether the entity controls the goods or services before transferring them and thus whether the entity is a principal or an agent. Those indicators are based on indicators that were included in previous revenue recognition requirements in IFRS and US GAAP. However, as noted in paragraph BC380, the indicators in IFRS 15 have a different purpose than previous revenue recognition requirements in that they are based on the concepts of identifying performance obligations and the transfer of control of goods or services.

BC385E In addition, the boards noted that an entity that itself manufactures a good or performs a service is always a principal if the entity transfers control of that good or service to another party. Such an entity does not need to evaluate whether it is a principal or an agent using the guidance in paragraphs B34–B38 because the entity transfers the good or provides the service directly to its customer, without the involvement of another party. If the entity transfers a good or provides a service to an intermediary that is a principal in providing that good or service to an end customer (whether individually or as part of a distinct bundle of goods or services), the entity's customer is the intermediary.

BC385H The boards' considerations (explained in paragraph BC382) highlight that the indicators in paragraph B37 were included to support an entity's assessment of whether it controls a specified good or service before transfer in scenarios for which that assessment might be difficult. The indicators (a) do not override the assessment of control; (b) should not be viewed in isolation; (c) do not constitute a separate or additional evaluation; and (d) should not be considered a checklist of criteria to be met, or factors to be considered, in all scenarios. Considering one or more of the indicators will often be helpful and, depending on the facts and circumstances, individual indicators will be more or less relevant or persuasive to the assessment of control.