
IASB[®] meeting

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| Date | July 2024 |
| Project | Post-implementation Review of IFRS 15 |
| Topic | Summary of the IASB's work undertaken and next steps |
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Introduction

1. In September 2022 the IASB began the first phase of the post-implementation review (PIR) of IFRS 15 *Revenue from Contracts with Customers*, which resulted in the publication of the [Request for Information Post-implementation Review of IFRS 15](#) (the RFI) in June 2023.
2. During the comment period on the RFI, the IASB and staff continued consulting with a wide range of stakeholders, including preparers and users of financial statements, auditors and national standard-setters.
3. In January 2024 the IASB started the second phase of the PIR when it discussed a summary of feedback on the RFI. In February 2024, the IASB began its deliberations by considering responses to the RFI, along with information gathered through other consultative and research activities, to determine whether further action is needed on any of the matters identified.

Purpose of this paper

4. The purpose of this paper is to provide a summary of the IASB's work undertaken in response to feedback received during the second phase of the PIR.

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5. At this meeting, the IASB will be asked to decide whether to conclude the PIR of IFRS 15.

This paper is structured as follows:

- (a) [reminder of the due process requirements](#);
- (b) [reminder of the requirements for assessing feedback raised in a PIR](#);
- (c) [staff analysis of the work undertaken](#);
- (d) [next steps](#); and
- (e) [staff recommendation and question for the IASB](#).

Reminder of the due process requirements

6. Paragraphs 6.56–6.59 of the [IFRS Foundation Due Process Handbook](#) (Due Process Handbook) set out the due process requirements following publication of a request for information. In particular, paragraph 6.56 of the Due Process Handbook states that the IASB:

...considers whether it is necessary to supplement the responses to the request for information with other information or evidence, such as by undertaking:

- (a) an analysis of financial statements or of other financial information;
- (b) a review of academic and other research related to the implementation of the IFRS Standard being reviewed; and
- (c) surveys, interviews and other consultations.

7. Paragraph 6.58 of the Due Process Handbook states that the IASB:

...considers the comments that it has received from the request for information along with the evidence and information that it has obtained from any additional analysis. When the Board has completed its deliberations, it presents its findings in a public report.

Reminder of the requirements for assessing feedback raised in a PIR

8. The description of the [IASB post-implementation reviews](#) sets out a framework for deciding whether and when to take further action in response to specific application matters. Specifically:
- (a) first, the IASB assesses whether the findings from the PIR provide evidence that:
 - (i) there are fundamental questions about the clarity and suitability of the new requirements;
 - (ii) the benefits to users of financial statements of the information arising from applying the new requirements are significantly lower than expected (for example, there is significant diversity in application); or
 - (iii) the costs of applying the new requirements and auditing and enforcing their application are significantly greater than expected.
 - (b) then, if the findings provide evidence that any of the characteristics described in (a) are present, the IASB determines the prioritisation of the matter based on the extent to which evidence indicates:
 - (i) the matter has substantial consequences;
 - (ii) the matter is pervasive;
 - (iii) the matter can be addressed by the IASB or the IFRS Interpretations Committee; and
 - (iv) the benefits of an action are expected to outweigh the costs. To determine this, the IASB considers the extent of disruption and operational costs from change and importance of the matter to users.
9. Depending on the above assessment:
- (a) high priority matters would be addressed as soon as possible. This category is expected to be used rarely, for those matters:

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- (i) that relate to the core objective or principles of a new requirement that lead the IASB to conclude in the PIR that the new requirement is not working as intended; or
 - (ii) for which most of the prioritisation characteristics are present to a large extent, the benefits of any action are expected to exceed the costs and solutions are needed urgently.
 - (b) medium priority matters would be added to the IASB's research pipeline or the IFRS Interpretations Committee's pipeline. This category consists of those matters for which most of the prioritisation characteristics are present to a large extent and for which the benefits of any action are expected to exceed the costs. The IASB will endeavour to make pipeline projects active before the next agenda consultation.
 - (c) low priority matters would be considered in the next agenda consultation and explored if the IASB decides, in its deliberations on the feedback to that agenda consultation, to take action. This category consists of those matters for which:
 - (i) some of the prioritisation characteristics are present to some extent; and
 - (ii) the remainder of the prioritisation characteristics are not met or there is insufficient information to conclude whether the characteristic is present.
 - (d) no action matters. This category consists of those matters for which few or none of the prioritisation characteristics are met. Matters in this category will not be explored unless:
 - (i) stakeholders identify the matters as a priority in their feedback on a future agenda consultation; and
 - (ii) the IASB decides, in its deliberations on the agenda consultation feedback, to take action.

Staff analysis of the work undertaken

10. Following the publication of the RFI, IASB members and the staff have:
- (a) held 31 stakeholder engagement events with a wide range of stakeholders and other consultative bodies (paragraph 6.56(c) of the Due Process Handbook). Stakeholders consulted included users of financial statements, preparers, academics, accounting firms, standard-setters and the IASB's consultative bodies (the [Capital Markets Advisory Committee](#), the [Global Preparers Forum](#), the [Accounting Standards Advisory Forum](#) and the [Emerging Economies Group](#)).
 - (b) performed an [academic literature review](#) (paragraph 6.56(b) of the Due Process Handbook).
 - (c) [summarised feedback on the RFI](#) from 74 comment letters (paragraph 6.58 of the Due Process Handbook).¹
 - (d) held an [education session with the FASB](#) to share each board's findings in their PIRs of revenue standards (paragraph 6.56(c) of the Due Process Handbook).

Questions in the RFI that did not require decisions by the IASB

11. Two questions in the RFI did not require decisions by the IASB:
- (a) question 8 dealing with transition (paragraphs 12–15);
 - (b) question 10 dealing with convergence with FASB ASC Topic 606 Revenue from Contracts with Customers (paragraphs 16–19).

¹ [Agenda Paper 6A](#) of the January 2024 IASB meeting summarises the feedback on IFRS 15 as a whole and on specific requirements in the Standard. [Agenda Paper 6B](#) of that meeting summarises the feedback on applying IFRS 15 with other IFRS Accounting Standards.

Transition

12. Question 8 in the RFI aimed to help the IASB understand whether the transition requirements worked as intended and the transition disclosures achieved an appropriate balance between reducing costs for preparers of financial statements and providing useful information to users of financial statements.
13. As reported in paragraphs 84–87 of [Agenda Paper 6A](#) of the IASB’s January 2024 meeting, feedback indicated that the requirements and reliefs provided on transition to IFRS 15 achieved a good balance between costs for preparers and benefits for users. Most users said that transition to IFRS 15 went relatively smoothly and that entities’ disclosures—such as how each financial statement line item is affected by the application of IFRS 15 when the modified retrospective method was used—helped them understand the effects of implementing the Standard.
14. A few respondents provided suggestions for the IASB to consider in developing transition requirements for future Standards:
 - (a) most of them encouraged the IASB to continue assessing the costs and benefits for both preparers and users, including:
 - (i) considering the use of modified retrospective methods and practical expedients to assist preparers with the transition;
 - (ii) conducting more in-depth field-testing when developing a new Standard to reduce the costs of transition;
 - (iii) considering providing an option to apply new requirements prospectively for entities whose financial statements are not expected to be significantly affected by the transition to the new requirements; and
 - (iv) assessing the costs to users related to limited comparative information resulting from the application of modified retrospective methods or practical expedients.

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- (b) one academic respondent said that there is little benefit in extending effective dates for new standards because entities do not use the additional time to proceed with the implementation.
15. The IASB was not asked to make any decisions in relation to this topic. However, the staff have noted the suggestions provided by respondents for improving transition requirements in future standard-setting projects.

Convergence with Topic 606

16. IFRS 15 was developed jointly with the FASB. Question 10 in the RFI sought information on how important retaining the current level of convergence between IFRS 15 and Topic 606 is. The question aimed to help the IASB decide whether to take action on the findings of the PIR.
17. As reported in paragraphs 88–89 of [Agenda Paper 6A](#) of the IASB’s January 2024 meeting, almost all stakeholders said that it is important to retain at least the current level of convergence between IFRS 15 and Topic 606. Some stakeholders called for the IASB and the FASB to work together to ensure that there are no significant differences between IFRS 15 and Topic 606. In addition, users of financial statements strongly supported convergence between the standards.
18. The IASB considered effects on convergence when considering whether to take action on application matters raised by stakeholders in response to questions 2–9 and 11 of the RFI.
19. In June 2024 the IASB held an education session with the FASB to share each board’s findings in their PIRs of revenue standards. We have included the observations from that session in Agenda Paper 6A for the IASB to consider in finalising its decisions in this PIR.

Questions in the RFI that required decisions by the IASB

20. At its meetings in February–May 2024 the IASB made tentative decisions on whether to take any action on application matters identified in the PIR. Agenda Paper 6A for this meeting asks the IASB:
- (a) to decide whether to include some explanations from the Basis for Conclusions on IFRS 15 in the Standard. The explanations relate to identifying performance obligations in a contract and principal versus agent considerations.
 - (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.

Next steps

21. The staff will prepare a Project Summary and Feedback Statement (the Project Summary) on the PIR which will be reviewed by the IASB. The Due Process Oversight Committee (DPOC) will also be provided with a draft of the Project Summary. Once the DPOC is satisfied that the IASB has completed the review satisfactorily, the Project Summary will be published.

Staff recommendation and question for the IASB

22. Subject to the IASB's decisions on the staff recommendations in Agenda Paper 6A of this meeting, the staff are of the view that sufficient work has been completed to conclude the PIR in accordance with paragraphs 6.56–6.59 of the Due Process Handbook.

Question for the IASB

Does the IASB agree that sufficient work has been completed to conclude the PIR and for the staff to prepare the Project Summary and Feedback Statement of this project?