IFRS Accounting

September 2024

Project Summary and Feedback Statement

IFRS® Accounting Standards

Post-implementation Review

IFRS 15 *Revenue from Contracts with Customers*

Post-implementation Review

After issuing a new IFRS Accounting Standard (Accounting Standard) or major amendment, the International Accounting Standards Board (IASB) stands ready to act if evidence indicates a need for improvement to financial reporting. This evidence may arise from a variety of mechanisms, one of which is a post-implementation review.

This Project Summary and Feedback Statement (Report) summarises the work the IASB completed and the conclusions it reached in the Post-implementation Review of IFRS 15 *Revenue from Contracts with Customers* (Post-implementation Review).

Contents

from page

Contents *continued ...*

from page

At a glance

The IASB carried out the Post-implementation Review of IFRS 15 *Revenue from Contracts with Customers* between September 2022 and September 2024.

The objective of the Post-implementation Review was to assess whether the effects of applying the requirements in IFRS 15 on users of financial statements, preparers, auditors and regulators are as intended when the IASB developed those requirements.

The Post-implementation Review also provided an opportunity for the IASB to learn lessons that could be helpful for future standard-setting projects.

The IASB's overall conclusion

After analysing the evidence gathered in the Post-implementation Review, the IASB concluded that the requirements in IFRS 15 are working as intended. In particular, the IASB concluded that:

- there are no fundamental questions (fatal flaws) about the clarity or suitability of the core objectives or principles in the requirements;
- the benefits to users of financial statements of the information arising from applying the requirements in IFRS 15 are not significantly lower than was expected; and
- the costs of applying the requirements and auditing and enforcing their application are not significantly greater than was expected.

Outcomes

Matters to be considered in the IASB's next agenda consultation

The IASB will consider in its next agenda consultation the matters classified as low priority in the Post-implementation Review of IFRS 15. These matters relate to:

- reporting consideration payable to a customer (see Table C3 of Appendix C to this Report on page 25);
- assessing control over services and intangible assets to determine whether an entity acts as a principal or an agent (see Table C5 of Appendix C to this Report on pages 30–31); and
- applying IFRS 15 with IFRIC 12 *Service Concession Arrangements*—including accounting for contractual obligations to maintain or restore service concession infrastructure (see Table C9 of Appendix C to this Report on page 39).

The IASB also confirmed it will consider matters previously considered by the IASB—during the Post-implementation Review of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities* or during the Third Agenda Consultation—in its next agenda consultation. These matters relate to applying IFRS 15 with:

- IFRS 10—in particular, 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') (see Table C9 of Appendix C to this Report on page 37); and
- IFRS 11—in particular, accounting for collaborative arrangements (see Table C9 of Appendix C to this Report on page 38).

At a glance *continued ...*

Other action

The IASB will gather further evidence on some aspects of applying IFRS 15 with IFRS 16 *Leases* in the forthcoming Post-implementation Review of IFRS 16 (see Table C9 of Appendix C to this Report on page 39).

Matters on which no further action is required

The IASB decided to take no further action on the other matters identified in the Post-implementation Review.

Appendix C to this Report provides a summary of the feedback and the IASB's response to each of the matters identified in the Post-implementation Review.

Introduction

Post-implementation reviews

A post-implementation review is a mandatory step in the IFRS Foundation's due process. The IASB is required to conduct a post-implementation review of each new Accounting Standard or major amendment to an Accounting Standard.

The IFRS Foundation Due Process Handbook sets out the two phases of a post-implementation review. During both phases, the IASB reviews relevant academic research and other reports.

In the first phase, the IASB identifies matters to be examined, drawing on discussions with the IFRS Interpretations Committee (Committee), the IASB's advisory groups and other interested parties. The IASB consults publicly on the matters identified in the form of a request for information.

In the second phase, the IASB considers the comments from the public consultation along with the information it has gathered from any additional analysis and its other consultative activities.

A post-implementation review ends when the IASB presents its findings and sets out the steps it plans to take, if any, as a result of the review.

Objective of a post-implementation review

When the IASB issues a new requirement, it includes an effects analysis of the likely benefits and costs that might arise from the new requirement. Costs in this context comprise initial and ongoing financial and other costs.

The objective of a post-implementation review is to assess whether the effects of applying the new requirements on users of financial statements, preparers, auditors and regulators are as intended when the IASB developed those new requirements.

During a post-implementation review, the IASB revisits important or contentious matters that it considered when developing the new requirements. It also considers how an entity applying the new requirements has been affected by market developments since those requirements were issued.

The IASB concludes a post-implementation review by deciding:

- whether the new requirements are generally working as intended. Fundamental questions (that is, fatal flaws) about the clarity and suitability of the core objectives or principles in the new requirements would indicate that they are not working as intended.
- whether there are specific questions about the application of the new requirements. If there are specific application questions, the IASB might still conclude that the new requirements are working as intended. However, those specific application questions will be addressed if they meet the criteria necessary for the IASB to take further action (see the section 'Approach to assessing evidence' on pages 10–11 of this Report).

A post-implementation review is not a standard-setting project and does not automatically lead to standard-setting. It is also not intended to lead to the resolution of every application question.

However, a post-implementation review can identify potential improvements to a new requirement, to the standard-setting process or to the structure of an Accounting Standard.

Introduction *continued ...*

The IASB's objectives when issuing IFRS 15

IFRS 15 was issued in May 2014 and became effective for annual periods beginning on or after 1 January 2018.[1]

IFRS 15 was developed jointly with the FASB to improve the accounting for revenue arising from contracts with customers. When issued, the requirements in IFRS 15 and FASB ASC Topic 606 Revenue from Contracts with Customers were substantially converged.

Before IFRS 15, IFRS Accounting Standards included limited revenue recognition requirements. In particular, the Accounting Standards lacked requirements on important topics, such as accounting for multiple-element arrangements and allocating consideration to those elements. IFRS 15 was intended to provide a comprehensive and robust framework for revenue recognition, measurement and disclosure that the IASB expected:

- to improve comparability of revenue recognition among entities, industries, jurisdictions and capital markets;
- to reduce the need for interpretive guidance to be developed case-by-case to resolve emerging issues; and
- to enable entities to provide more useful information through improved disclosure requirements.

The objective of IFRS 15 is to establish the principles that an entity applies to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. To meet the objective, the Accounting Standard:

- establishes a core principle for revenue recognition—an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services; and
- introduces a five-step model to support the core principle.

Timeline

The timeline of the Post-implementation Review is presented in Appendix D to this Report.

More information

More information about this project, including recordings of public meetings, is available on the IFRS Foundation's website.

1 In April 2016 following discussions with the Transition Resource Group, the IASB issued *Clarifications to IFRS 15* to clarify, for some topics, its intentions when developing the requirements in IFRS 15. In September 2015 the IASB deferred the effective date of IFRS 15 by one year to 1 January 2018.

First phase—Identifying matters and gathering feedback

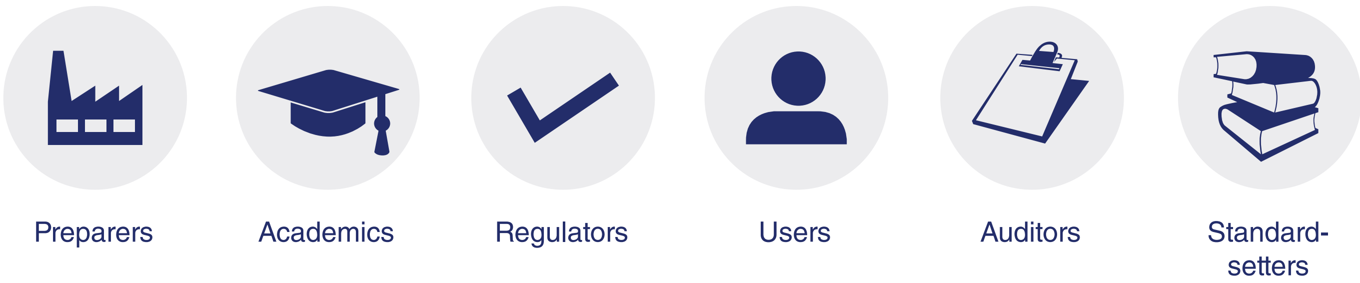
Identifying matters to be examined

To inform the first phase of the Post-implementation Review and to gather evidence on the application of IFRS 15, the IASB members and staff attended more than 40 stakeholder-engagement events and spoke to a wide range of stakeholders from across the world. These stakeholders included the IASB's main consultative bodies and groups of preparers representing industries that were expected to be most affected by the Accounting Standard.

The IASB also considered:

- matters that were important or contentious during the development of IFRS 15 (as described in paragraphs BC454–BC493 of the Basis for Conclusions on IFRS 15 and the *Project Summary and Feedback Statement IFRS 15* Revenue from Contracts with Customers);
- matters discussed by the Transition Resource Group jointly formed by the IASB and the FASB to support the implementation of IFRS 15 and Topic 606;[2]
- agenda decisions published by the Committee;
- the findings of the FASB's Post-implementation Review of Topic 606;
- simplifications to revenue requirements proposed in the Exposure Draft *Third Edition of the IFRS for SMEs Accounting Standard*; and
- evidence from the academic literature review, including findings in the papers submitted to 'Accounting for an Ever-Changing World', a conference jointly hosted in November 2022 by the IASB, the FASB and *The Accounting Review*.

Appendix B to this Report summarises how the IASB gathered evidence for the Post-implementation Review.



2 See paragraphs BC27A–BC27H of the Basis for Conclusions on IFRS 15.

First phase—Identifying matters and gathering feedback *continued ...*

Feedback from the first phase

Feedback from the first phase of the Post-implementation Review suggested that:

- IFRS 15 has achieved its objective and is working well. Stakeholders generally saw the five-step revenue recognition model as helpful—in particular, as a robust framework for analysing complex transactions.
- IFRS 15 has improved the comparability of revenue information among entities within the same industry, among industries and among entities in various capital markets. Stakeholders attributed some of these improvements to convergence between IASB and FASB requirements. Some stakeholders (especially preparers) mentioned that implementing IFRS 15 had resulted in further benefits, including improved internal controls and enhanced cooperation between accounting and business functions within entities.
- implementing IFRS 15 involved a significant learning process for entities. Many stakeholders reported that implementing IFRS 15 was challenging and costly, but entities have now developed accounting policies and procedures. Some stakeholders cautioned the IASB against making any fundamental changes to IFRS 15 that would result in disruption for stakeholders.

Most feedback during the first phase related to application matters. Some stakeholders said that entities need to use significant judgement in applying IFRS 15 requirements to complex fact patterns, which might lead to inconsistent outcomes among entities. For most of the application matters mentioned in the feedback, stakeholders asked the IASB to consider providing additional application guidance or illustrative examples to support consistent application of specific requirements.

Based on the evidence gathered in the first phase, the IASB decided to focus the Request for Information on specific matters related to applying the requirements in IFRS 15, including matters arising from applying IFRS 15 with other IFRS Accounting Standards. The IASB also decided to seek stakeholders' overall views relating to IFRS 15 and their views on the importance of convergence between IFRS 15 and Topic 606. In May 2023 the IASB approved the publication of the Request for Information *Post-implementation Review of IFRS 15*. The Request for Information was published on 29 June 2023, with comments due by 27 October 2023 (a 120-day comment period).

Appendix A to this Report sets out the questions asked in the Request for Information.

Second phase—Summary of findings and the IASB's response

Gathering evidence

In the second phase of the Post-implementation Review, the IASB gathered further evidence on the matters identified in the first phase. The evidence was collected from four main sources:

- 74 comment letters received in response to the Request for Information;
- 31 further meetings with stakeholders (including users of financial statements, preparers, academics, accounting firms, standard-setters and the IASB's consultative bodies);
- an updated review of the academic literature; and
- an education session with the FASB.

Appendix B to this Report summarises how the IASB gathered evidence for the Post-implementation Review.

Approach to assessing evidence

The IASB considers whether to take any action on matters identified in a post-implementation review if there is evidence that:

- there are fundamental questions (fatal flaws) about the clarity and suitability of the core objectives or principles in the new requirements; or
- 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
- the costs of applying some or all of the new requirements and auditing and enforcing their application are significantly greater than was expected (or there has been a significant market development since the new requirements were issued as a result of which it is now costly to apply the new requirements consistently).

The prioritisation of matters as 'high', 'medium' or 'low' depends on the extent to which evidence gathered during a post-implementation review indicates that:

- the matter has substantial consequences.
- the matter is pervasive.
- the matter arises from a financial reporting issue that can be addressed by the IASB or the Committee.
- the benefits of any action would be expected to outweigh the costs. (To determine this, the IASB considers the extent of the disruption and operational costs that would arise were the proposed change to be made, and the importance of the matter to users of financial statements.)

Second phase—Summary of findings and the IASB's response *continued ...*

The IASB prioritises matters in the second phase of a post-implementation review based on the characteristics set out in Table 1:

Table 1—Prioritisation of matters raised

Priority	Action taken	Matters to which the priority level applies
High	Address as soon as possible	Matters: • that relate to the core objective or principles of a new requirement and lead the IASB to conclude in a post-implementation review that the new requirement is not working as intended; or • 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. This category is expected to be used rarely.
Medium	Add to the IASB's research pipeline or the Committee's pipeline for action before the next agenda consultation	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.
Low	Consider in the next agenda consultation and explore if the IASB decides, in its deliberations on the feedback to that agenda consultation, to take action	Matters for which: • some of the prioritisation characteristics are present to some extent; and • the remainder of the prioritisation characteristics are not present or there is insufficient information to conclude that they are present.
No action	Not applicable	Matters for which few or none of the prioritisation characteristics are present. Matters in this category will not be further explored unless: • stakeholders identify the matters as a priority in their feedback on a future agenda consultation; and • the IASB decides, in its deliberations on the agenda consultation feedback, to take action.

Second phase—Summary of findings and the IASB's response *continued ...*

The IASB's overall conclusion

The IASB concluded that:

- there are no fundamental questions (fatal flaws) regarding the clarity or suitability of the core objectives or principles in IFRS 15;
- the benefits to users of financial statements of the information arising from applying the requirements in IFRS 15 are not significantly lower than was expected; and
- the costs of applying the requirements and auditing and enforcing their application are not significantly greater than was expected.

Outcomes

The IASB applied the approach to assessing evidence (described on pages 10–11 of this Report) to the matters raised in the Post-implementation Review. Table 2 sets out the matters on which the IASB decided that further action or consideration would be needed based on feedback from stakeholders. The IASB identified no matters that would be classified as a 'high' or 'medium' priority.

Table 2—Matters to be considered in the next agenda consultation

Matters classified as low priority in this Post-implementation Review	Outcome
Consideration payable to a customer	The IASB decided to consider in its next agenda consultation the matters related to reporting consideration payable to a customer, including: (a) 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; and (b) consideration payable to a customer that exceeds the amount of consideration expected to be received from the customer ('negative' revenue), including: (i) whether and in what circumstances an entity reclassifies 'negative' revenue and presents it in an 'expenses' category; and (ii) which unit of account an entity uses to assess whether 'negative' revenue exists. (See Table C3 of Appendix C to this Report for further details.)
Control in principal versus agent determinations	The IASB decided to consider in its next agenda consultation the matter related to assessing control over services and intangible assets to determine whether an entity acts as a principal or an agent. (See Table C5 of Appendix C to this Report for further details.)

Second phase—Summary of findings and the IASB's response *continued ...*

... continued

Table 2—Matters to be considered in the next agenda consultation

Matters classified as low priority in this Post-implementation Review	Outcome
Applying IFRS 15 with IFRIC 12	The IASB decided to consider in its next agenda consultation matters related to applying IFRS 15 with IFRIC 12. These matters include applying the requirements in IFRIC 12 on contractual obligations to maintain or restore service concession infrastructure, and the link with revenue recognition. (See Table C9 of Appendix C to this Report for further details.)
Matters previously considered in the Post-implementation Review of IFRS 10, 11 and 12 or in the Third Agenda Consultation	**Outcome**
Applying IFRS 15 with IFRS 10	The IASB confirmed that it will consider in its next agenda consultation—instead of as part of the Post-implementation Review of IFRS 15—matters related to applying IFRS 15 with IFRS 10, in particular, in relation to selling an asset through a corporate wrapper. (See Table C9 of Appendix C to this Report for further details.)
Applying IFRS 15 with IFRS 11	The IASB confirmed that it will consider in its next agenda consultation—instead of as part of the Post-implementation Review of IFRS 15—matters related to applying IFRS 15 with IFRS 11. In particular, those matters related to accounting for collaborative arrangements, including: (a) how to determine whether a collaborative arrangement is in the scope of IFRS 15, IFRS 11 and/or another Accounting Standard; (b) how to account for arrangements that contain both a supplier–customer relationship and joint control components; and (c) how to account for arrangements if no joint control is established and neither party is seen as a customer. (See Table C9 of Appendix C to this Report for further details.)

The IASB will gather further evidence on matters related to assessing whether the transfer of an asset is a sale in a sale and leaseback transaction in the forthcoming Post-implementation Review of IFRS 16 (see Table C9 of Appendix C to this Report for further details).

The IASB decided to take no further action on the other matters identified in the Post-implementation Review.

A summary of the feedback on all these matters, including matters that were important or contentious when developing the requirements, and the IASB's responses are set out in Appendix C to this Report.

Appendix A—Questions in the Request for Information

Table A1—Questions in the Request for Information	
Number	**Questions**
1	**Overall assessment of IFRS 15** **(a) In your view, has IFRS 15 achieved its objective? Why or why not?** Please explain whether the core principle and the supporting five-step revenue recognition model provide a clear and suitable basis for revenue accounting decisions that result in useful information about an entity's revenue from contracts with customers. If not, please explain what you think are the fundamental questions (fatal flaws) about the clarity and suitability of the core principle or the five-step revenue recognition model. **(b) Do you have any feedback on the understandability and accessibility of IFRS 15 that the IASB could consider:** (i) in developing future Standards; or (ii) in assessing whether, and if so how, it could improve the understandability of IFRS 15 without changing its requirements or causing significant cost and disruption to entities already applying the Standard—for example, by providing educational materials or flowcharts explaining the links between the requirements? **(c) What are the ongoing costs and benefits of applying the requirements in IFRS 15 and how significant are they?** If, in your view, the ongoing costs of applying IFRS 15 are significantly greater than expected or the benefits of the resulting information to users of financial statements are significantly lower than expected, please explain why you hold this view. These questions aim to help the IASB understand respondents' overall views and experiences relating to IFRS 15. Sections 2–9 of the Request for Information seek more detailed information on specific requirements.

Appendix A—Questions in the Request for Information *continued ...*

... continued

Table A1—Questions in the Request for Information

Number	Questions
2	**Identifying performance obligations in a contract** **(a) Does IFRS 15 provide a clear and sufficient basis to identify performance obligations in a contract? If not, why not?** Please describe fact patterns in which the requirements: (i) are unclear or are applied inconsistently; (ii) lead to outcomes that in your view do not reflect the underlying economic substance of the contract; or (iii) lead to significant ongoing costs. If diversity in application exists, please explain and provide supporting evidence about how pervasive the diversity is and explain what causes it. Please also explain how the diversity affects entities' financial statements and the usefulness of the resulting information to users of financial statements. **(b) Do you have any suggestions for resolving the matters you have identified?**
3	**Determining the transaction price** **(a) Does IFRS 15 provide a clear and sufficient basis to determine the transaction price in a contract—in particular, in relation to accounting for consideration payable to a customer? If not, why not?** Please describe fact patterns in which the requirements on how to account for incentives paid by an agent to the end customer or for negative net consideration from a contract are unclear or are applied inconsistently. If diversity in application exists, please explain and provide supporting evidence about how pervasive the diversity is and explain what causes it. Please also explain how the diversity affects entities' financial statements and the usefulness of the resulting information to users of financial statements. **(b) Do you have any suggestions for resolving the matters you have identified?**

Appendix A—Questions in the Request for Information *continued ...*

... continued

Table A1—Questions in the Request for Information

Number	Questions
4	**Determining when to recognise revenue** **(a) Does IFRS 15 provide a clear and sufficient basis to determine when to recognise revenue? If not, why not?** Please describe fact patterns in which the requirements are unclear or are applied inconsistently—in particular, in relation to the criteria for recognising revenue over time. If diversity in application exists, please explain and provide supporting evidence about how pervasive the diversity is and explain what causes it. Please also explain how the diversity affects entities' financial statements and the usefulness of the resulting information to users of financial statements. **(b) Do you have any suggestions for resolving the matters you have identified?**
5	**Principal versus agent considerations** **(a) Does IFRS 15 provide a clear and sufficient basis to determine whether an entity is a principal or an agent? If not, why not?** Please describe fact patterns in which the requirements are unclear or are applied inconsistently—in particular, in relation to the concept of control and related indicators. If diversity in application exists, please explain and provide supporting evidence about how pervasive the diversity is and explain what causes it. Please also explain how the diversity affects entities' financial statements and the usefulness of the resulting information to users of financial statements. **(b) Do you have any suggestions for resolving the matters you have identified?**
6	**Licensing** **(a) Does IFRS 15 provide a clear and sufficient basis for accounting for contracts involving licences? If not, why not?** Please describe fact patterns in which the requirements are unclear or are applied inconsistently—in particular, in relation to accounting for licence renewals, determining whether an arrangement is a licensing arrangement or a sale of intellectual property (IP) and identifying performance obligations in arrangements that include an obligation to provide goods or services as well as a licence. If diversity in application exists, please explain and provide supporting evidence about how pervasive the diversity is and explain what causes it. Please also explain how the diversity affects entities' financial statements and the usefulness of the resulting information to users of financial statements. **(b) Do you have any suggestions for resolving the matters you have identified?**

Appendix A—Questions in the Request for Information *continued ...*

... continued

Table A1—Questions in the Request for Information

Number	Questions
7	**Disclosure requirements** **(a) Do the disclosure requirements in IFRS 15 result in entities providing useful information to users of financial statements? Why or why not?** Please identify any disclosures that are particularly useful to users of financial statements and explain why. Please also identify any disclosures that do not provide useful information and explain why the information is not useful. **(b) Do any disclosure requirements in IFRS 15 give rise to significant ongoing costs?** Please explain why meeting the requirements is costly and whether the costs are likely to remain high over the long term. **(c) Have you observed significant variation in the quality of disclosed revenue information? If so, what in your view causes such variation and what steps, if any, could the IASB take to improve the quality of the information provided?**
8	**Transition requirements** **(a) Did the transition requirements work as the IASB intended? Why or why not?** Please explain: (i) whether entities applied the modified retrospective method or the practical expedients and why; and (ii) whether the transition requirements in IFRS 15 achieved an appropriate balance between reducing costs for preparers of financial statements and providing useful information to users of financial statements.
9	**Applying IFRS 15 with other IFRS Accounting Standards** **(a) Is it clear how to apply the requirements in IFRS 15 with the requirements in other IFRS Accounting Standards? If not, why not?** Please describe and provide supporting evidence about fact patterns in which it is unclear how to apply IFRS 15 with the requirements of other IFRS Accounting Standards, how pervasive the fact patterns are, what causes the ambiguity and how that ambiguity affects entities' financial statements and the usefulness of the resulting information to users of financial statements. The IASB is particularly interested in your experience with the matters arising from applying IFRS 15 with IFRS 3 *Business Combinations* (accounting for contract assets and contract liabilities acquired as part of a business combination), IFRS 9 *Financial Instruments* (accounting for price concessions and liabilities arising from IFRS 15) and IFRS 16 (accounting for contracts that include a service component and a lease component). **(b) Do you have any suggestions for resolving the matters you have identified?**

Appendix A—Questions in the Request for Information *continued ...*

... continued

Table A1—Questions in the Request for Information

Number	Questions
10	**Convergence with Topic 606** (a) **How important is retaining the current level of convergence between IFRS 15 and Topic 606 to you and why?**
11	**Other matters** (a) **Are there any further matters that you think the IASB should examine as part of the Post-implementation Review of IFRS 15? If yes, what are those matters and why should they be examined?** Please explain why those matters should be considered in the context of this Post-implementation Review, and the pervasiveness of any matter raised. Please provide examples and supporting evidence.

Appendix B—How the IASB gathered evidence

Public consultation through the Request for Information

In June 2023 the IASB published the Request for Information for public comment. The Request for Information was open for comment until 27 October 2023. The IASB received 74 comment letters, which are available on the IFRS Foundation's website.

The data in these tables should be considered in conjunction with the stakeholder-engagement events that were held during the project (see Tables B3 and B4).

Respondents to the Request for Information represented various stakeholder groups:

Table B1—Respondents by stakeholder type

Type of respondent[3]	Number of comment letters	Percentage of respondents (%)
Academics	3	4
Accountancy bodies	15	20
Accounting firms	15	20
Preparers and industry organisations	13	17
Regulators	2	3
Standard-setters	22	30
Users of financial statements	2	3
Others	2	3
Total	**74**	**100**

Respondents to the Request for Information represented various geographical regions:

Table B2—Respondents by geographical region

Geographical region	Number of comment letters	Percentage of respondents (%)
Africa	5	7
Asia-Oceania	26	35
Europe	20	27
Latin America	8	11
North America	3	4
Global	12	16
Total	**74**	**100**

3 Some comment letters include views of a group of mixed stakeholders. In these cases the mixed type of stakeholders is not captured in Table B1 of this Report (for example, some comment letters from standard-setters also include the views of preparers or users of financial statements, but these comment letters are categorised in standard-setters).

Appendix B—How the IASB gathered evidence *continued ...*

Stakeholder engagement

During the Post-implementation Review, the IASB members and staff met with a wide range of stakeholders at 43 stakeholder-engagement events held during the first phase of the project and 31 events held during its second phase. Stakeholders consulted included users of financial statements, preparers, academics, accounting firms, regulators, standard-setters and the IASB's consultative bodies (the Capital Markets Advisory Committee, the Global Preparers Forum, the Accounting Standards Advisory Forum, the Emerging Economies Group and the Islamic Finance Consultative Group).[4] Standard-setters or professional accountancy bodies facilitated some of these meetings.

Participants from various stakeholder groups attended the events:

Table B3—Participants by stakeholder type		
Type of participant	**Number of events**	**Percentage of events (%)**
Academics	4	5
Accountancy bodies	2	3
Accounting firms	9	12
Preparers and industry organisations	25	34
Regulators	2	3
Standard-setters	6	8
Users of financial statements	16	22
Mixed groups	10	13
Total	**74**	**100**

Participants from various geographical regions attended the events:

Table B4—Participants by geographical region		
Geographical region	**Number of events**	**Percentage of events (%)**
Africa	1	1
Asia-Oceania	7	10
Europe	27	36
Latin America	8	11
North America	7	10
Global	24	32
Total	**74**	**100**

4 See the meeting summaries for the October 2022 and October 2023 Capital Markets Advisory Committee meetings, November 2022 and November 2023 Global Preparers Forum meetings, December 2022 and March 2024 Accounting Standards Advisory Forum meetings and December 2022 and May 2024 Emerging Economies Group meetings.

Appendix B—How the IASB gathered evidence *continued ...*

Review of academic research

During the Post-implementation Review, the IASB reviewed academic research papers that were:

- identified in the Social Science Research Network, Google Scholar or other databases of academic studies through a search for papers on topics relevant to the Post-implementation Review.
- presented at the 2020 IASB Research Forum.
- submitted to 'Accounting for an Ever-Changing World', a conference jointly hosted in November 2022 by the IASB, the FASB and *The Accounting Review*.
- selected by academics who participated in an IASB workshop with the European Accounting Association and EFRAG. These academics were asked to gather academic evidence relevant to the topics included in the Request for Information. The same team of academics submitted a comment letter providing a list of academic references that have also been considered in the review.
- identified through other engagements between academics and the IASB.

During the Post-implementation Review, the IASB carried out two academic literature reviews, one before and the second after it published the Request for Information. The IASB reviewed 35 academic papers that examine the implementation and application of both IFRS 15 and Topic 606.[5]

The main findings from the academic research were:

- most evidence showed that IFRS 15 has improved the usefulness of financial statement revenue information for users' decision-making, particularly through enhanced disclosures.
- the effects of making the transition to IFRS 15 depended on an entity's characteristics and the sector in which it operated. The overall effect of making the transition to IFRS 15 on the amounts in financial statements was minimal but involved high implementation costs. IFRS 15 implementation improved operational efficiencies despite high initial costs.
- compliance with IFRS 15 disclosure requirements varied between sectors and regions.
- most entities elected to apply the modified retrospective transition method in IFRS 15.

Findings of the FASB's Post-implementation Review of Topic 606

As part of its Post-implementation Review of IFRS 15, the IASB monitored the findings of the FASB's Post-implementation Review of Topic 606. In June 2024, before finalising its decisions, the IASB held an education session with the FASB in which the boards shared the findings of their post-implementation reviews of revenue standards.

5 For further details see Agenda Paper 6F from the IASB's March 2023 meeting and Agenda Paper 6B from the IASB's May 2024 meeting.

Appendix C—Feedback and the IASB's responses

Overall assessment of IFRS 15

Table C1—Question 1 of the Request for Information	
Summary of feedback	**Summary of the IASB's response**
Overall, feedback from stakeholders was very positive. Almost all stakeholders said that IFRS 15 has achieved its objective and is working well. The five-step model is generally seen as providing a robust framework for analysing revenue contracts of varying complexity across a wide range of industries and business models. Many stakeholders—including almost all users of financial statements—said 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 (see Table C10). Some stakeholders mentioned other benefits of IFRS 15 implementation, such as better knowledge of contracts, improved internal processes and controls, and greater collaboration between accounting and business functions. Most stakeholders said that the transition to IFRS 15 was challenging and costly, particularly for industries such as telecommunications, construction and software. For most entities, incremental costs decreased over time and are now at an acceptable level. Ongoing costs remain significant in some industries, for example, telecommunications. Overall, most stakeholders expressed a view that the benefits of IFRS 15 outweigh the costs of implementing and applying the Standard. However, a few stakeholders questioned the cost–benefit balance for entities whose financial statements were least affected by the Standard.	This question was intended to help the IASB understand the overall views of stakeholders about IFRS 15 and to determine whether IFRS 15 is generally working as intended. The IASB considered stakeholders' overall feedback, the responses to questions 2–11 of the Request for Information, feedback from stakeholder-engagement meetings and the findings from the academic research. The IASB concluded that IFRS 15 is working as intended and that no fundamental changes to the requirements are needed.[6]

6 For further details see Agenda Paper 6A from the IASB's January 2024 meeting and Agenda Paper 6A from the IASB's July 2024 meeting.

Appendix C—Feedback and the IASB's responses *continued ...*

... continued

Table C1—Question 1 of the Request for Information

Summary of feedback	Summary of the IASB's response
Stakeholders raised no fundamental questions about the objective and the core principle of IFRS 15, although most said some application challenges remain. For most of those challenges, stakeholders asked the IASB to consider providing application guidance, illustrative examples and/or educational materials. Some stakeholders cautioned the IASB against making fundamental changes to IFRS 15 that would result in disruption to established practice.	
Suggestions for future standard-setting Some stakeholders made suggestions for the IASB to consider in developing future Accounting Standards. The suggestions included: (a) continuing to provide educational materials, including webinars, to help stakeholders understand new requirements; (b) providing flowcharts to help stakeholders navigate the core principles and application guidance; (c) using simple language that can be easily understood and translated—for example, avoiding technical jargon and negative expressions; and (d) carrying out robust field tests as part of effective cost–benefit analyses.	The IASB will consider these suggestions in future standard-setting projects.

Appendix C—Feedback and the IASB's responses *continued ...*

Identifying performance obligations in a contract

Table C2—Question 2 of the Request for Information	
Summary of feedback	**Summary of the IASB's response**
Many stakeholders said that IFRS 15 provides a clear and sufficient basis to identify performance obligations for most contracts. However, many stakeholders reported application challenges in practice. The most commonly raised application matter related to applying the notion of a '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 should: (a) provide additional illustrative examples and/or application guidance; and (b) include in the requirements in IFRS 15 the discussions on 'separable risks' and 'transformative relationship' from paragraphs BC105 and BC116K of the Basis for Conclusions on IFRS 15. 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 marketing incentives; and (b) asked the IASB to consider making amendments similar to those made by the FASB to Topic 606 in relation to shipping activities and immaterial promised goods or services.[7]	The IASB decided to take no action on matters related to identifying performance obligations. Feedback indicated that the requirements for identifying performance obligations in a contract work well for most transactions. In the IASB's view, IFRS 15 already provides sufficient application guidance and illustrative examples for identifying performance obligations in a contract. The IASB noted that most challenges reported by stakeholders relate to complex arrangements and offerings. Identifying performance obligations in such cases requires careful consideration of the specific facts and circumstances. The IASB has identified no additional guidance that would significantly simplify judgements in complex cases. The IASB decided against including in IFRS 15 explanations from paragraphs BC105 and BC116K of the Basis for Conclusions on the Standard. In the IASB's view, the benefits of such isolated amendments would be marginal and so would be unlikely to outweigh the costs. The IASB noted that paragraphs BC105 and BC116K are not intended to provide additional guidance. Instead, paragraph BC105 explains the IASB's reasons for not specifying 'separable risks' as a basis for identifying distinct goods or services. Paragraph BC116K discusses the IASB's considerations in linking the 'separately identifiable' principle to the evaluation of a transformative relationship rather than a functional relationship. The IASB also confirmed that its 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.[8,9]

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

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

9 For further details on the IASB's discussion of matters related to identifying performance obligations, see Agenda Paper 6A from the IASB's February 2024 meeting and Agenda Paper 6A from the IASB's July 2024 meeting.

Appendix C—Feedback and the IASB's responses *continued ...*

Determining the transaction price

<table>
<tr><th colspan="2">Table C3—Question 3 of the Request for Information</th></tr>
<tr><th>Summary of feedback</th><th>Summary of the IASB's response</th></tr>
<tr><td>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 application matters.</td><td>Feedback indicated that the requirements for determining the transaction price are generally working as intended.[10]</td></tr>
<tr><td>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 examples related to discounts, bonuses, loyalty points or cashback offered by digital platform entities (such as food-ordering and ride-hailing platforms), online distributors of retail and consumer goods, and fintech entities.
(b) accounting for consideration payable to a customer that exceeds the amount of consideration expected to be received from the customer ('negative' revenue), including:
(i) whether and in what circumstances an entity reclassifies 'negative' revenue and presents it in an 'expenses' category.
(ii) which unit of account an entity uses to assess whether 'negative' revenue exists.
Some users of financial statements noted diversity in how entities present consideration payable to a customer. They said disclosed information is often insufficient for users to compare margins between entities. A few users said it would help them predict future cash flows if entities disclosed gross revenue, the amounts of incentives deducted from revenue or recognised as expenses, and the judgements underlying their adopted accounting policies.</td><td>The IASB decided to consider in its next agenda consultation the matters related to reporting consideration payable to a customer.
Feedback provided some evidence to suggest that:
(a) the requirements in IFRS 15 might be insufficiently clear for entities to account consistently for incentives paid by an agent to an end customer and for 'negative' revenue; and
(b) the benefits to users might be lower than expected because of reported diversity in practice and its potentially significant effect on reported revenue.
Despite this evidence, the IASB decided to consider the matters related to reporting consideration payable to a customer in its next agenda consultation because the feedback did not indicate that:
(a) the matters are prevalent; or
(b) the benefits of any action at this time would justify the costs.</td></tr>
</table>

10 For further details on the IASB's discussions on matters related to determining the transaction price, see Agenda Paper 6A from the IASB's March 2024 meeting and Agenda Paper 6F from the IASB's April 2024 meeting.

Appendix C—Feedback and the IASB's responses *continued ...*

... continued

Table C3—Question 3 of the Request for Information

Summary of feedback	Summary of the IASB's response
Variable consideration Some stakeholders asked for additional application guidance and/or illustrative examples related to applying the requirements on accounting for variable consideration. 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, 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. (ii) do not reassess variable consideration regularly. Some entities might update the transaction price only 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.	The IASB decided to take no action on the matters related to variable consideration. Estimating variable consideration inherently requires the exercise of judgement, especially in conditions of high uncertainty. The IASB did not identify improvements that would make estimating variable consideration significantly easier. In relation to the requirements on constraining estimates of variable consideration, the IASB noted that: (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 includes a list of factors that could increase the likelihood and 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 requires an entity to update estimates of variable consideration, including the constraint, at the end of each reporting period.

Appendix C—Feedback and the IASB's responses *continued ...*

... continued Table C3—Question 3 of the Request for Information	
Summary of feedback	**Summary of the IASB's response**
Sales-based taxes Some stakeholders said that IFRS 15 provides insufficient guidance on accounting for sales-based taxes. A few stakeholders reported diversity in how entities in the same industry and market account for sales-based taxes—for example, excise taxes on alcoholic beverages, fuel and tobacco. The amounts of such taxes can be significant. Some stakeholders suggested that the IASB should provide more guidance and/or illustrative examples to help entities determine whether sales-based taxes are collected on behalf of third parties. A few stakeholders suggested that the IASB should consider the FASB's amendment to Topic 606, which allows an entity to make an accounting policy election to exclude particular taxes from the transaction price.[11]	The IASB decided to take no action on the matters related to sales-based taxes. The IASB noted that its reasons for not making amendments, similar to those made by the FASB in relation to sales-based taxes, are still valid.[12] The IASB has identified no additional guidance or illustrative examples that would be useful and could be applied broadly to various contracts. The determination would depend on the specific facts and circumstances, including the specific characteristics of the taxes in question.
Significant financing component A few stakeholders reported challenges in accounting for a significant financing component. Most commonly, stakeholders mentioned the requirement in paragraph 64 of IFRS 15 not to update the discount rate after contract inception. Specifically: (a) a few stakeholders from one jurisdiction suggested that the discount rate should be regularly adjusted for inflation; otherwise, in their view, the information provided does not reflect the economic substance of long-term contracts with consideration indexed to inflation. (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 contract inception. They suggested that the IASB should add application guidance and/or illustrative examples.	The IASB decided to take no action on matters related to a significant financing component. When developing IFRS 15, the IASB had decided against requiring an entity to re-evaluate the discount rate if circumstances change, because it would be impractical for an entity to update the transaction price for changes in the assessment of the discount rate.[13] The requirement in IFRS 15 not to update the discount rate if circumstances change is generally consistent with the approach required by other Accounting Standards for financial instruments accounted for using the effective interest method.[14] The IASB also noted that paragraphs 20–21 of IFRS 15 provide requirements on accounting for a contract modification.

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

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

13 See paragraphs BC242–BC243 of the Basis for Conclusions on IFRS 15.

14 See paragraph BC193 of the Basis for Conclusions on IFRS 16.

Appendix C—Feedback and the IASB's responses *continued ...*

... continued

Table C3—Question 3 of the Request for Information

Summary of feedback	Summary of the IASB's response
Non-cash consideration A few stakeholders said that IFRS 15 lacks 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 that the IASB should consider the FASB's amendments to Topic 606 which: (a) require non-cash consideration to be measured at contract inception; (b) clarify the accounting for changes in the fair value of non-cash consideration after contract inception;[15] and (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.[16]	The IASB decided to take no action on matters related to non-cash consideration for reasons similar to those that the IASB cited when it decided against aligning IFRS 15 with the FASB's amendments.[17] Specifically: (a) the matters have important connections with other IFRS Accounting Standards (including IFRS 2 *Share-based Payment* and IAS 21 *The Effects of Changes in Foreign Exchange Rates*) and any action might have unintended consequences. (b) any practical effect of different measurement dates would arise only in 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. Feedback on non-cash consideration payable to a customer and consideration in the form of share-based payments does not suggest that concerns about the matters are widespread.

15 See FASB ASU 2016-12.

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

17 See paragraphs BC254C, BC254E and BC254H of the Basis for Conclusions on IFRS 15.

Appendix C—Feedback and the IASB's responses *continued ...*

Determining when to recognise revenue

<table>
<tr><th colspan="2">Table C4—Question 4 of the Request for Information</th></tr>
<tr><th>Summary of feedback</th><th>Summary of the IASB's response</th></tr>
<tr><td>Many stakeholders said that, generally, IFRS 15 provides a clear and sufficient basis for determining when to recognise revenue. However, some stakeholders said that applying the criteria for recognising revenue over time in paragraph 35(c) of IFRS 15 is challenging. Specifically:
(a) a few stakeholders said assessing whether the right to payment is enforceable can be complex and costly because it requires consideration of legislation and legal precedents as well as customary business practices. A few stakeholders expressed a view that application of this criterion can lead to outcomes that do not reflect the economic substance of transactions—for example, in multi-unit real-estate developments 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.
(c) a few stakeholders reported challenges in assessing whether an asset has an alternative use—for example, for complex assets developed to a customer's specification.
A few stakeholders said that in some cases entities find it difficult to select the appropriate method for measuring progress.
Stakeholders asked for additional guidance, illustrative examples and/or educational materials—most commonly for complex arrangements in the technology, software, gaming and construction industries.</td><td>The IASB decided to take no action on matters related to determining when to recognise revenue. Feedback indicated that the requirements are working as intended.
In considering matters related to applying the criteria for recognising revenue over time, the IASB noted that the criteria are principle-based and require the application of judgement. Adding examples for specific, complex fact patterns would be unlikely to help many stakeholders and could result in unintended consequences.
The IASB also considered a suggestion to expand the concept of control to achieve the revenue reporting that a few stakeholders 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, therefore, cause considerable disruption for entities in other industries and jurisdictions. In the IASB's view and based on the overall feedback that the requirements are working as intended, making such a fundamental change to the requirements for revenue recognition would not be justified.
Regarding selecting a method for measuring progress, the IASB noted that judgement is inherent in applying principle-based requirements. When developing the requirements, the IASB had concluded that it would not be feasible to consider all possible methods and prescribe when an entity would use each method. An entity therefore uses its judgement when selecting an appropriate method consistent with the objective of depicting the entity's performance in transferring control of goods or services to the customer.[18,19]</td></tr>
</table>

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

19 For further details on the IASB's discussion of matters related to determining when to recognise revenue, see Agenda Paper 6B from the IASB's March 2024 meeting.

Appendix C—Feedback and the IASB's responses *continued ...*

Principal versus agent considerations

Table C5—Question 5 of the Request for Information

Summary of feedback	Summary of the IASB's response
Challenges with determining whether an entity is a principal or an agent in a multi-party arrangement was one of the most common topics stakeholders raised. 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 is a principal or an agent. Some said the judgement involved in analysing arrangements could result in diversity in practice or said they observed inconsistent outcomes—in particular, for online e-commerce platforms and internet advertising services, and in the 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. For example, some stakeholders raised concerns about entities overlooking the concept of control or struggling to apply indicators when they point to various 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.	The IASB decided to consider in its next agenda consultation the matter related to assessing control over services and intangible assets. Most of the difficulties in assessing control over services and intangible assets arise from market developments since IFRS 15 was issued. With increasing digitalisation, more entities might be struggling to apply the requirements consistently and the costs of applying the requirements might have increased. Therefore, some evidence suggests that the costs of applying the requirements for determining control over services and intangible assets, and auditing and enforcing their application, might be greater than expected. On balance, the IASB decided to consider the matter in its next agenda consultation because the IASB was not convinced that the benefits of any action at this time would justify the costs. The IASB noted that stakeholders' challenges are often linked to complex transactions that include many unique features, terms and conditions. In the IASB's view, providing additional illustrative examples or developing additional control indicators would be unlikely to lead to significant improvements, or help a wide variety of stakeholders, because the outcome of the principal versus agent assessment depends on the specific facts and circumstances of each arrangement. The IASB also noted that any changes to indicators or additional illustrative examples could lead to reduced comparability between entities applying IFRS 15 and entities applying Topic 606. The IASB decided to take no action on other matters.

Appendix C—Feedback and the IASB's responses *continued ...*

<table>
<tr><th colspan="2">... continued
Table C5—Question 5 of the Request for Information</th></tr>
<tr><th>Summary of feedback</th><th>Summary of the IASB's response</th></tr>
<tr><td>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, by providing additional guidance based on paragraph BC385H of the Basis for Conclusions on IFRS 15;
(b) expanding the list of indicators of control to include indicators that might be more suitable for services; and
(c) providing application guidance and/or up-to-date illustrative examples for challenging fact patterns, especially those related to platform entities and the provision of services and intangible assets.
Other comments, each made by a few stakeholders, included:
(a) requests for application guidance on identifying a customer of a supplier that sells its goods or services through an intermediary—the guidance could be based on paragraph BC385E of the Basis for Conclusions on IFRS 15;
(b) requests for application guidance or examples on identifying performance obligations—for example, when an entity partners with others to provide digital services such as 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 various transactions.</td><td>In the IASB's view, IFRS 15 provides sufficient application guidance and illustrative examples explaining the relationship between the concept of control and the related indicators, as well as assisting in resolving other application matters.
The IASB decided against including in IFRS 15 explanations from paragraph BC385E or paragraph BC385H of the Basis for Conclusions on IFRS 15, because:
(a) paragraphs B34A, B37 and B37A of IFRS 15 already set out 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;
(b) paragraph BC385E does not provide new guidance but points a supplier towards the requirements in paragraphs B34–B37 of IFRS 15 to assess whether its intermediary acts as a principal or an agent and, thus, to identify the supplier's customer; and
(c) the benefits of such isolated amendments are unlikely to outweigh the costs.
The IASB considered whether to include additional disclosure requirements. On balance, the IASB concluded that paragraph 110(b) of IFRS 15 and the requirements on disaggregation are sufficient to provide useful information about principal versus agent considerations. In addition, IFRS 18 Presentation and Disclosure in Financial Statements provides further requirements on disaggregation.[20]</td></tr>
</table>

20 For further details on the IASB's discussion of matters related to principal versus agent considerations, see Agenda Paper 6B from the IASB's February 2024 meeting and Agenda Paper 6A from the IASB's July 2024 meeting.

Appendix C—Feedback and the IASB's responses *continued ...*

Licensing

Table C6—Question 6 of the Request for Information	
Summary of feedback	**Summary of the IASB's response**
Many stakeholders commented on challenges in analysing complex licensing arrangements. Most of the challenges relate to identifying performance obligations and are covered in Table C2. Less frequently reported challenges were: (a) determining the timing of revenue recognition for licence renewals. A few stakeholders said that the lack of specific requirements creates diversity in practice—for example, for right-to-use software licences that are often renewed before the end of the initial contract period. Some suggested that the IASB should 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.[21] (b) determining the nature of a licence ('right to access' versus 'right to use')—in particular, for complex contracts in the software, pharmaceutical, media and entertainment industries. A few stakeholders suggested that the IASB should add guidance, illustrative examples and/or educational materials—for example, for cloud-based software solutions sold with continuous updates. (c) determining whether to apply the application guidance on licensing or the general requirements in 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 that the IASB should define a licence and clarify when an entity applies the licensing requirements. (d) accounting for sales-based or usage-based royalties. A few stakeholders suggested that the IASB should broaden the scope of the royalty exception in paragraph B63 of IFRS 15.[22]	The IASB decided to take no action on matters related to licensing. Feedback indicated that the requirements on licensing arrangements are working as intended. Feedback also provided no evidence of widespread diversity in accounting for renewals of licences. The IASB 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 the terms and conditions of a licence. In such complex cases, it is to be expected that an entity would need to apply judgement when considering the specific facts and circumstances in determining the timing of revenue recognition. The IASB also noted that IFRS 15 provides detailed application guidance and illustrative examples related to licensing. The IASB identified no additional guidance that would significantly simplify judgements in complex cases. The IASB noted that its reasons for not expanding the royalty exception in paragraph B63 of IFRS 15, and for not developing additional application guidance on royalties, remain valid.[23,24]

21 See FASB ASU 2016-10 (paragraph 606-10-55-58C(b)).

22 Paragraph B63 of IFRS 15 applies to licences of intellectual property for which the consideration is based on sales or usage. It requires that an entity recognise revenue for uncertain amounts only when the uncertainty is resolved—for example, when the subsequent sale or usage occurs.

23 See paragraphs BC417–BC421 of the Basis for Conclusions on IFRS 15.

24 For further details on the IASB's discussion of matters related to licensing, see Agenda Paper 6C from the IASB's February 2024 meeting.

Appendix C—Feedback and the IASB's responses *continued ...*

Disclosure requirements

Table C7—Question 7 of the Request for Information	
Summary of feedback	**Summary of the IASB's response**
Most stakeholders said that, overall, the more comprehensive disclosure requirements in IFRS 15—compared to those in IAS 18 *Revenue*—resulted in entities providing useful information to users of financial statements. Users of financial statements expressed support for the package of disclosure requirements in the Standard, noting that IFRS 15 improved the quality of disclosed revenue information. Users commonly identified the most useful disclosures required by IFRS 15 as those relating to the disaggregation of revenue, changes in contract assets and contract liabilities, the transaction price allocated to the remaining performance obligations and the entity's significant judgements. However, some other stakeholders expressed concerns about the balance of costs and benefits of information provided in relation to some disclosures. Specifically, stakeholders were concerned about information explaining changes in contract assets and contract liabilities and the transaction price allocated to the remaining performance obligations. Some stakeholders said that they observed variations in the quality of disclosed information. Users of financial statements noted diversity in the degree of detail and quality of information provided by entities, especially when disaggregating revenue. Only a few stakeholders said that a lack of specificity in the disclosure requirements caused the variations in quality. Some said the variations were 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 should consider providing more prescriptive disclosure requirements—for example, requiring the disaggregation of specific categories of revenue.	The IASB decided to take no action on matters related to the disclosure requirements. Feedback indicated no fundamental questions about the clarity and suitability of the disclosure requirements in IFRS 15. Both feedback and evidence from academic literature showed that revenue information entities provide is useful to users of financial statements. In considering the balance of costs and benefits, the IASB noted that stakeholders questioned the usefulness to users of information related to changes in contract assets and contract liabilities and to remaining performance obligations. Because users identified these disclosures among the most useful, the IASB concluded that the benefits of the related disclosure requirements justify the costs of providing the information. In relation to variations in the detail and quality of information, most concerns related to the need for an entity to apply judgement and to information provided on the disaggregation of revenue. The IASB noted that: (a) IFRS 15 reflects the IASB's decision to specify an objective for disclosure requirements to avoid the need for detailed and prescriptive disclosure requirements to accommodate the many and varied types of contracts within the scope of the Accounting Standard. Judgement is inevitable with objective-based requirements. IFRS 15 requires an entity to consider the level of detail necessary to satisfy the disclosure objective. (b) IFRS 15 specifies the objective for providing disaggregated revenue information and provides related application guidance, including examples of disaggregation categories. IFRS 18 provides further requirements on disaggregating information in financial statements and, once implemented, is expected to lead to improvements in the quality of information entities provide.[25]

25 For further details on the IASB's discussion on matters related to disclosure requirements, see Agenda Paper 6C from the IASB's March 2024 meeting.

Appendix C—Feedback and the IASB's responses *continued ...*

Transition requirements

Table C8—Question 8 of the Request for Information	
Summary of feedback	**Summary of the IASB's response**
Although implementing IFRS 15 was challenging, many stakeholders said that the modified retrospective method and practical expedients were helpful. They also said that the transition requirements achieved an appropriate balance between reducing costs for preparers and providing useful information to users of financial statements. Most users said that the transition to IFRS 15 was relatively smooth from their perspective. Entities' disclosures—such as how each financial statement line item had been affected—helped them understand the effects of the Standard being applied for the first time. A few users said that a fully retrospective method is always preferable because it provides the best information for assessing trends. They said that the disclosures provided were not always sufficiently detailed.	The IASB was not asked to make any decisions about transition. Feedback generally acknowledged that the requirements and reliefs provided on transition to IFRS 15 achieved an appropriate balance of costs and benefits. The IASB noted suggestions provided by a few stakeholders for improving transition requirements in future standard-setting projects, such as: (a) considering the use of modified retrospective methods and practical expedients to assist preparers; (b) carrying out more in-depth field-testing when developing a new accounting standard to reduce the costs of transition; and (c) assessing the costs to users resulting from the application of modified retrospective methods or practical expedients.[26]

26 For further details on the IASB's discussion of transition requirements, see Agenda Paper 6A from the IASB's January 2024 meeting.

Appendix C—Feedback and the IASB's responses *continued ...*

Applying IFRS 15 with other IFRS Accounting Standards

Table C9—Question 9 of the Request for Information	
The Request for Information 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 Accounting Standards.	
Summary of feedback	**Summary of the IASB's response**
IFRS 3 *Business Combinations* Some stakeholders, including users of financial statements, reported challenges related to differences in the measurement principles in IFRS 3 and in IFRS 15. Specifically: (a) some, 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 said the different measurement requirements in IFRS 15 and IFRS 3 are difficult to apply in practice, both on acquisition and subsequently; 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.	The IASB decided to take no action on matters related to applying IFRS 15 with IFRS 3. The IASB noted that: (a) the evidence was insufficient to suggest that stakeholders have fundamental questions about the clarity and suitability of the requirements. (b) the relevance of fair value measurement was considered in the Post-implementation Review of IFRS 3 and in the Business Combinations—Disclosures, Goodwill and Impairment project. The IASB acknowledged the difficulty of comparing entities that grow organically with those that grow through acquisitions. However, the IASB concluded that the evidence was insufficient to justify changing the fair value measurement requirements for assets acquired and liabilities assumed in a business combination. (c) the views of users on the usefulness of fair value measurement in a business combination remain mixed.[27]

27 For further details on the IASB's discussion on the matters related to applying IFRS 15 with IFRS 3, see Agenda Paper 6B from the IASB's April 2024 meeting.

Appendix C—Feedback and the IASB's responses *continued ...*

... continued **Table C9—Question 9 of the Request for Information**	
Summary of feedback	**Summary of the IASB's response**
Views on resolving the matters differed. Specifically: (a) some suggested that the IASB should consider the amendments the FASB made to 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, especially for contract liabilities; and (c) others suggested retaining the fair value measurement principle in IFRS 3, arguing that fair value is the most appropriate basis for accounting for a business combination.	
IFRS 9 *Financial Instruments* The main application matters raised related to: (a) accounting for situations in which an entity accepts lower consideration from a customer (price reductions). Such price reductions could arise because of a customer's credit deterioration or for commercial reasons (such as 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 by applying IFRS 9 (as expected credit losses). (b) accounting for some liabilities arising from the application of IFRS 15—for example, liabilities related to gift cards that a customer can exchange for the entity's goods or services or a third party's goods or services at the customer's discretion.	The IASB decided to take no action on matters related to applying IFRS 15 with IFRS 9. The feedback indicated no fatal flaws in these requirements: (a) on accounting for price reductions, 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 in accordance with IFRS 15, including its requirements for variable consideration and contract modifications. (b) on accounting for liabilities arising from the application of IFRS 15, an entity would consider the specific facts and circumstances of an arrangement. Paragraph 2.1(j) of IFRS 9 states 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.[28]

28 The analysis covered feedback received in the Post-implementation Review of IFRS 15 and in the Post-implementation Review of IFRS 9–Impairment. For further details see Agenda Paper 6A from the IASB's April 2024 meeting.

Appendix C—Feedback and the IASB's responses *continued ...*

... continued **Table C9—Question 9 of the Request for Information**	
Summary of feedback	**Summary of the IASB's response**
IFRS 10 *Consolidated Financial Statements* The IASB decided against including in the Request for Information a question about 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'). Because of the IASB's previous work on this cross-cutting matter, it decided to assess the demand for resolving the matter in the IASB's next agenda consultation. Some stakeholders asked the IASB to clarify whether an entity accounts for a sale of a corporate wrapper by applying IFRS 10 or IFRS 15. Many of them reported diversity in practice—in particular, in the real estate, pharmaceutical and utilities sectors. A few said practice has 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 by applying IFRS 15. A few said such treatment would more closely align IFRS Accounting Standards with US GAAP, under which the sale of a corporate wrapper to a customer is generally in the scope of Topic 606.	The IASB previously considered the corporate wrapper matter while discussing a question submitted to the IFRS Interpretations Committee, in the Post-implementation Review of IFRS 10, IFRS 11 and IFRS 12, and in the Third Agenda Consultation. In the Third Agenda Consultation the matter did not meet the criteria for adding a project to the work plan. In the Post-implementation Review of IFRS 15 the IASB decided to consider the corporate wrapper matter in its next agenda consultation, instead of as part of this Post-implementation Review. Developing a comprehensive solution for corporate wrappers would be complex and could affect several Accounting Standards and require significant resources.[29]

29 For further details on the IASB's discussion of matters related to applying IFRS 15 with IFRS 10 *Consolidated Financial Statements*, see Agenda Paper 6C from the IASB's April 2024 meeting.

Appendix C—Feedback and the IASB's responses *continued ...*

... continued

Table C9—Question 9 of the Request for Information

Summary of feedback	Summary of the IASB's response
IFRS 11 *Joint Arrangements* 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 Accounting Standard; (b) how to account for arrangements that contain both a supplier–customer relationship and joint control components; and (c) how to account for arrangements if no joint control is established and 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, particularly in the pharmaceutical, biotechnology, oil and gas, healthcare, media, telecommunications and real estate industries. A few noted that US GAAP provides guidance on collaborative arrangements in FASB ASC Topic 808, Collaborative Arrangements.	In the Post-implementation Review of IFRS 10, IFRS 11 and IFRS 12 the IASB considered matters related to accounting for collaborative arrangements. The IASB decided to do further research on these matters if they are identified as a priority in the IASB's next agenda consultation. The IASB confirmed that it will consider in its next agenda consultation—instead of as part of the Post-implementation Review of IFRS 15—the matters related to applying IFRS 15 with IFRS 11. The feedback from the Post-implementation Review of IFRS 15 provided no new insights compared to the feedback from the Post-implementation Review of IFRS 10, IFRS 11 and IFRS 12.[30]

30 For further details on the IASB's discussion on matters related to applying IFRS 15 with IFRS 11, see Agenda Paper 6C from the IASB's April 2024 meeting.

... continued

Table C9—Question 9 of the Request for Information

Summary of feedback	Summary of the IASB's response
IFRS 16 *Leases* 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 said it is unclear: (i) whether to use the duration of the contract in accordance with IFRS 15 or the lease term in accordance with IFRS 16. (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 transaction is a sale in accordance with IFRS 15.	The IASB decided to gather further evidence during the forthcoming Post-implementation Review of IFRS 16 on matters related to assessing whether the transfer of an asset is a sale in a sale and leaseback transaction. The IASB decided to take no action on the other matters.[31]
IFRIC 12 *Service Concession Arrangements* 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. A few suggested that the IASB should carry out a comprehensive review of, and make amendments to, IFRIC 12 to align it with IFRS 9, IFRS 15 and IFRS 17 *Insurance Contracts*.	The IASB decided to consider in its next agenda consultation matters related to IFRIC 12. The IASB concluded that some evidence suggests 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. The IASB decided to consider the matter in its next agenda consultation because only a few stakeholders raised concerns and, in the IASB's view, the benefits of any action at this stage would be unlikely to justify the costs. The IASB also noted that stakeholders raised several matters related to applying IFRS 15 with IFRIC 12 and a few asked for a comprehensive review of IFRIC 12. Therefore, in its next agenda consultation, the IASB will consider whether to ask stakeholders about the scope of any potential project on IFRIC 12.[32]

31 For further details on the IASB's discussion on matters related to applying IFRS 15 with IFRS 16, see Agenda Paper 6D from the IASB's April 2024 meeting.

32 For further details on the IASB's discussion on matters related to applying IFRS 15 with IFRIC 12 *Service Concession Arrangements*, see Agenda Paper 6E from the IASB's April 2024 meeting.

Appendix C—Feedback and the IASB's responses *continued ...*

... continued **Table C9—Question 9 of the Request for Information**	
Summary of feedback	**Summary of the IASB's response**
Other IFRS Accounting Standards A few stakeholders provided 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 and Contingent Assets* and IAS 2 *Inventories*.	The IASB decided to take no action on matters related to applying IFRS 15 with other Accounting Standards. Feedback provided no evidence of fundamental questions about the clarity or suitability of the requirements, of significant diversity in application or of significant ongoing costs.[33]

33 For further details on the IASB's discussion on matters related to applying IFRS 15 with other Accounting Standards, see Agenda Paper 6E from the IASB's April 2024 meeting.

Appendix C—Feedback and the IASB's responses *continued ...*

Convergence with Topic 606

Table C10—Question 10 of the Request for Information	
Summary of feedback	**Summary of the IASB's response**
Almost all stakeholders said that it is important to retain at least the current degree of convergence between IFRS 15 and Topic 606.[34] 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. Users of financial statements also strongly supported convergence between the standards. Stakeholders said that convergence: (a) made it easier for users to compare information between entities; and (b) reduced costs for preparers, especially for multinational entities and listed entities with dual reporting requirements. Some stakeholders asked the IASB to reduce differences between IFRS 15 and Topic 606 by considering some or all of the amendments that the FASB has made to Topic 606 since it was issued. In contrast: (a) a few stakeholders said that convergence is important but should not be an objective in itself. For them, convergence considerations should not stop the IASB from amending IFRS 15 if the amendment would significantly enhance the usefulness of the resulting information. (b) a few stakeholders—mostly from jurisdictions where few entities are required to provide financial statements in accordance with US GAAP—said that convergence is not a high priority for them.	As noted elsewhere in this appendix, the IASB considered the effects on convergence when considering whether to take action on application matters. The IASB also held an education session with the FASB to share each board's findings in their respective post-implementation reviews before finalising their decisions.[35] The boards observed that they are not expecting to take any actions that would lead to significant changes in the degree of convergence between IFRS 15 and Topic 606.

34 See Agenda Paper 6 from the June 2024 joint IASB–FASB education session for a summary of differences between IFRS 15 and Topic 606.

35 For further details see materials for the June 2024 joint IASB–FASB education session.

Appendix C—Feedback and the IASB's responses *continued ...*

Other matters

Table C11—Question 11 of the Request for Information	
Summary of feedback	**Summary of the IASB's response**
In addition to questions on specific topics, the Request for Information provided stakeholders with an opportunity to comment on other matters relevant to the Post-implementation Review of IFRS 15. Feedback indicated one main application matter—allocating the transaction price to performance obligations. A few stakeholders said applying the requirements on allocating the transaction price is challenging—in particular, when determining a stand-alone selling price for goods or services with no observable prices, such as highly customised ('bespoke') software, software updates or some complex bundled telecommunications products. Stakeholders suggested that the IASB should add application guidance and illustrative examples to assist entities with estimating stand-alone selling prices for such fact patterns. A few suggested that the IASB should extend the use of the residual method of allocating the transaction price (see paragraph 79(c) of IFRS 15) to reduce costs.	The IASB decided to take no action on other matters. 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 requirements in IFRS 15 are significantly lower than expected; or (c) the costs of applying requirements in IFRS 15, and auditing and enforcing their application, are significantly greater than expected.[36]

36 For further details see Agenda Paper 6A from the IASB's May 2024 meeting.

Appendix D—Timeline of the Post-implementation Review

FIRST PHASE

September 2022–February 2023 — The IASB consulted stakeholders and reviewed academic research.

March 2023 — The IASB decided which matters would be examined further and prepared the Request for Information.

June 2023 — The IASB published the Request for Information.

SECOND PHASE

July–October 2023 — Extensive and focused consultation with stakeholders.

October 2023 — Request for Information comment deadline—74 comment letters received.

January 2024 — Summary of the feedback and other evidence presented to the IASB.

February–May 2024 — Further consultation with stakeholders and an update on academic research. The IASB assessed evidence gathered in the second phase and tentatively decided the project outcomes.

June 2024 — The IASB held an education session with the FASB.

July 2024 — The IASB finalised its decisions in the Post-implementation Review.

September 2024 — The IASB published the Project Summary and Feedback Statement.

Columbus Building
7 Westferry Circus
Canary Wharf
London E14 4HD, UK

Tel **+44 (0) 20 7246 6410**
Email **customerservices@ifrs.org**

ifrs.org