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## IASB<sup>®</sup> meeting

Date	<b>February 2024</b>
Project	<b>Post-implementation Review of IFRS 15</b>
Topic	<b>Cover note</b>
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## Purpose of paper

1. This paper:
  - (a) introduces papers for this meeting; and
  - (b) provides a reminder of the IASB's framework for deciding whether and when to take further action in response to specific application matters.

## Papers for this meeting

2. The IASB is analysing feedback to the [Request for Information: Post-implementation Review of IFRS 15 Revenue from Contracts with Customers](#) (the RFI).
3. At this meeting, the IASB will discuss feedback and staff analysis presented in:
  - (a) Agenda Paper 6A *Identifying performance obligations in a contract*—this paper analyses respondents' feedback to question 2 of the RFI and the feedback on identifying performance obligations in licensing arrangements provided in response to question 6 *Licensing*;
  - (b) Agenda Paper 6B *Principal versus agent considerations*—this paper analyses the feedback to question 5 of the RFI; and

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- (c) Agenda Paper 6C *Licensing*—this paper analyses the feedback to question 6, except for comments on identifying performance obligations in licensing arrangements that are covered in Agenda Paper 6A.
4. Agenda papers 6A–6C ask the IASB to decide whether to take further action on matters raised by respondents and if so, how to prioritise those matters, applying the framework for responding to the matters identified in a post-implementation review (see paragraphs 5–6).

### **Framework for deciding whether and when to take further action**

5. The description of [IASB post-implementation reviews](#) sets out a framework for deciding whether and when to take further action in response to specific application matters. Specifically:
- (a) first, the IASB assesses whether the findings from the PIR provide evidence that:
    - (i) there are fundamental questions about the clarity and suitability of the new requirements;
    - (ii) the benefits to users of financial statements of the information arising from applying the new requirements are significantly lower than expected (for example, there is significant diversity in application); or
    - (iii) the costs of applying the new requirements and auditing and enforcing their application are significantly greater than expected.
  - (b) then, if the findings provide evidence that any of the characteristics described in (a) are present, the IASB determines the prioritisation of the matter based on the extent to which evidence indicates:
    - (i) the matter has substantial consequences;
    - (ii) the matter is pervasive;

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- (iii) the matter can be addressed by the IASB or the IFRS Interpretations Committee;
  - (iv) the benefits of an action are expected to outweigh the costs. To determine this, the IASB considers the extent of disruption and operational costs from change and importance of the matter to users.
6. Depending on the above assessment:
- (a) high priority matters would be addressed as soon as possible. This category is expected to be used rarely, for those matters:
    - (i) that relate to the core objective or principles of a new requirement that lead the IASB to conclude in the PIR that the new requirement is not working as intended; or
    - (ii) for which most of the prioritisation characteristics are present to a large extent, the benefits of any action are expected to exceed the costs and solutions are needed urgently.
  - (b) medium priority matters would be added to the IASB's research pipeline or the IFRS Interpretations Committee's pipeline. This category consists of those matters for which most of the prioritisation characteristics are present to a large extent and for which the benefits of any action are expected to exceed the costs. The IASB will endeavour to make pipeline projects active before the next agenda consultation.
  - (c) low priority matters would be considered in the next agenda consultation and explored if the IASB decides, in its deliberations on the feedback to that agenda consultation, to take action. This category consists of those matters for which:
    - (i) some of the prioritisation characteristics are present to some extent; and
    - (ii) the remainder of the prioritisation characteristics are not met or there is insufficient information to conclude whether the characteristic is present.

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- (d) no action matters. This category consists of those matters for which few or none of the prioritisation characteristics are met. Matters in this category will not be explored unless:
- (i) stakeholders identify the matters as a priority in their feedback on a future agenda consultation; and
  - (ii) the IASB decides, in its deliberations on the agenda consultation feedback, to take action.