

Item 10: Revenue with Performance Obligations

Amon Dhliwayo

Manager, Standards Development
and Technical Projects

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Illustrative Examples Retained and Removed (Agenda Item 10.2.5)

- The Task Force has not considered detailed wording or editing for examples at this stage.
- The Task Force's view is to **retain or modify** most IFRS 15 examples as they illustrate application of different parts of the [draft] Standard.
- The Task Force's view is that **5 (FIVE)** of the IFRS 15 examples **should be removed** as they are not relevant to the public sector (**Examples 36, 37 part 1, 44, 57, and 63).**

Illustrative Examples (Agenda Item 10.2.5)

Example	Retain/Modify /Remove	Task Force reason for Retaining, Modifying or Removing Example
Example 1–4 Identifying the Binding Arrangement	Modify	To be considered once there is a Board decision on paragraph 8(e).
Example 5–6 Modifications of a Binding Arrangement	Retain	Examples refer to a generic entity and generic product. Examples from IFRS 15 retained with no substantive changes. Only change is to terminology.

Illustrative Examples (Agenda Item 10.2.5)

Example	Retain/Modify/Remove	Task Force reason for Retaining, Modifying or Removing Example
Example 7–9 Modifications of a Binding Arrangement	Modify	Example 7 refers to Office cleaning services. Example 8 & 9 refer to Construction. Task Force replaced the example of cleaning services with legal aid or payroll processing. The Task Force retained the Construction scenario.

Illustrative Examples (Agenda Item 10.2.5)

Example	Retain/Modify /Remove	Task Force reason for Retaining, Modifying or Removing Example
Example 10–11 Identifying Performance Obligations	Modify	Example 10 refers to Construction. Example 11 refers to Software Developer. The Task Force retained the Construction scenario. The Task Force will consider replacing Intellectual Property (Software) developer with Wireless spectrum or use the example of a Shared services agreement .

Illustrative Examples (Agenda Item 10.2.5)

Example	Retain/Modify /Remove	Task Force reason for Retaining, Modifying or Removing Example
Example 12 Identifying Performance Obligations	Modify	Example 12 refers to a Manufacturer who sells products to a Distributor. The Task Force retained this example and replaced Distributor with Third-party beneficiaries to illustrate the three-party arrangements in the public sector

Illustrative Examples (Agenda Item 10.2.5)

Example	Retain/Modify /Remove	Task Force reason for Retaining, Modifying or Removing Example
Example 13-14 Performance Obligations Satisfied Over Time	Modify	Example 13 & 14 refer to Payroll Services. The Task Force changed Example 13 to the provision of legal services and changed Example 14 to the provision of Audit Services.
Example 15-17 Performance Obligations Satisfied Over Time	Modify	Example 15-17 refer to Construction. The Task Force retained the Construction scenario.

Illustrative Examples (Agenda Item 10.2.5)

Example	Retain/Modify/Remove	Task Force reason for Retaining, Modifying or Removing Example
Example 18-19 Measuring Progress Towards Complete Satisfaction of a Performance Obligation	Modify	Example 18 refers to Health Club Membership and Example 19 refers to Construction. The Task Force changed Example 18 to membership fees for Public swimming pools/fitness centers. The Task Force retained the Construction scenario.

Illustrative Examples (Agenda Item 10.2.5)

Example	Retain/Modify /Remove	Task Force reason for Retaining, Modifying or Removing Example
Example 20-24 Variable Consideration	Retain	Examples refer to a generic entity and generic product. Examples from IFRS 15 retained with no substantive changes. Only change is to terminology.
Example 25 Variable Consideration	Modify	Example 25 refers to entity providing Asset Management Services. The Task Force referred Asset Management Services in the context of Shared Services amongst Departments.

Illustrative Examples (Agenda Item 10.2.5)

Example	Retain/Modify /Remove	Task Force reason for Retaining, Modifying or Removing Example
Example 26, 28-29 Existence of Significant Financing Component in the Binding Arrangement	Retain	Examples refer to a generic entity and generic product. Examples from IFRS 15 retained with no substantive changes. Only change is to terminology.

Illustrative Examples (Agenda Item 10.2.5)

Example	Retain/Modify/Remove	Task Force reason for Retaining, Modifying or Removing Example
Example 27 and 30 Existence of Significant Financing Component in the Binding Arrangement	Modify	Example 27 refers to a Construction entity. Example 30 refers to an entity providing global telephone technology support. The Task Force retained the Construction scenario. The Task Force also propose to refer to a public sector entity providing telephone network services.

Illustrative Examples (Agenda Item 10.2.5)

Example	Retain/Modify /Remove	Task Force reason for Retaining, Modifying or Removing Example
Example 31 Non-Cash Consideration	Modify	Example 31 refers to a Common Shares used as consideration. The Task Force retained the example and replaced the consideration of Shares with either Inventory or PPE.
Example 32 Consideration payable to a Purchaser	Retain	Examples refer to a generic entity and generic product. Examples from IFRS 15 retained with no substantive changes. Only change is to terminology.

Illustrative Examples (Agenda Item 10.2.5)

Example	Retain/Modify /Remove	Task Force reason for Retaining, Modifying or Removing Example
Example 33-34 Allocating the Transaction Price to Performance Obligations	Retain	Examples refers to generic entity and generic product. Examples from IFRS 15 retained with no substantive changes. Only change is to terminology.
Example 35 Allocating the Transaction Price to Performance Obligations	Modify	Example refers to Intellectual Property licenses. The Task Force considered replacing Intellectual Property (IP) with Wireless spectrum or retain IP because other Universities hold IP.

Illustrative Examples (Agenda Item 10.2.5)

Example	Retain/Modify /Remove	Task Force reason for Retaining, Modifying or Removing Example
Example 36-37 Binding Arrangement Costs	Remove	Examples refer to costs incurred in a competitive bidding scenario. The Task Force instructed staff to remove the example as the scenario is rare for the public sector.
Example 38-40 Presentation	Retain	Examples refer to a generic entity and generic product. Examples from IFRS 15 retained with no substantive changes. Only change is to terminology.

Illustrative Examples (Agenda Item 10.2.5)

Example	Retain/Modify/Remove	Task Force reason for Retaining, Modifying or Removing Example
Example 41 Disclosure	Retain	Examples refer to a generic entity and generic product. Examples from IFRS 15 retained with no substantive changes. Only change is to terminology.
Example 42-43 Disclosure	Modify	Example 42 and 43 refer to cleaning and Construction respectively. The Task Force replaced Cleaning with Legal services. The Task Force retained the Construction scenario.

Illustrative Examples (Agenda Item 10.2.5)

Example	Retain/Modify /Remove	Task Force reason for Retaining, Modifying or Removing Example
Example 44 Warranties	Remove	Examples refers to Warranties. The Task Force consider Warranties not to be applicable for the public sector.
Example 45-48 Principal versus Agent Considerations	Modify	Examples refer to entity that operates a website. The Task Force agreed to distinguish between three-party and the principal versus agent arrangements in these examples.

Illustrative Examples (Agenda Item 10.2.5)

Example	Retain/Modify /Remove	Task Force reason for Retaining, Modifying or Removing Example
Example 49 Purchaser Options for Additional Goods and Services	Retain	Examples refer to a generic entity and generic product. Examples from IFRS 15 retained with no substantive changes. Only change is to terminology.

Illustrative Examples (Agenda Item 10.2.5)

Example	Retain/Modify /Remove	Task Force reason for Retaining, Modifying or Removing Example
Example 50-52 Purchaser Options for Additional Goods and Services	Modify	Example 50 refers to entity providing telecom services. Example 51 refers to maintenance services and Example 52 refers to loyalty programs. The Task Force retained the telecoms example, decided to either remove the maintenance services example or make it more generic and referred to the loyalty program in the context of a Museum.

Illustrative Examples (Agenda Item 10.2.5)

Example	Retain/Modify /Remove	Task Force reason for Retaining, Modifying or Removing Example
Example 53 Non-refundable upfront fee	Modify	Example 53 refers to entity charging an upfront fee. The Task Force decided to modify the fact pattern and make them more relevant to the public sector.
Example 54-56 Licensing of Intellectual Property	Modify	Examples refers to Licensing of IP. The Task Force decided to modify the fact pattern and make them more relevant to the public sector.

Illustrative Examples (Agenda Item 10.2.5)

Example	Retain/Modify /Remove	Task Force reason for Retaining, Modifying or Removing Example
Example 57 Franchise Rights	Remove	Examples refers to Franchise agreements. The Task Force decided to remove the example because it is not relevant to the public sector.
Example 58-61 Franchise Rights – Access to IP	Modify	Examples refer to use of IP of Comic strips, music record companies and sports teams. The Task Force decided to modify the fact pattern and make them more relevant to the public sector.

Illustrative Examples (Agenda Item 10.2.5)

Example	Retain/Modify /Remove	Task Force reason for Retaining, Modifying or Removing Example
Example 62 Repurchase Agreements	Retain	Example refers to a generic entity and generic product. Examples from IFRS 15 retained with no substantive changes. Only change is to terminology.
Example 63 Bill-and-Hold Arrangements	Remove	The Task Force instructed staff to remove this example, as Bill-and-Hold arrangements are rare in the public sector.

Illustrative Examples (Agenda Item 10.2.5)

- **Does the IPSASB agree with the examples to be retained or modified?**
- **Does the IPSASB agree with the examples to be removed?**

Additional Illustrative Examples (Agenda Item 10.2.5)

- The Task Force's view is that additional examples need to be added to illustrate material that has been added to the [draft] Standard.
- Example on **Scope** that distinguish arrangements in ED 70 and ED 71.
- Example on **Hybrid Transactions** that contain components in ED 70 and ED 71.
- Example on **Enforceability by Mechanisms other than Legal means**.
- Examples illustrating **Three-party arrangements**.
- Does the IPSASB agree with the additional examples?
- Are there any other examples that should be included?



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