

## EFRAG STAFF PAPER FOR PUBLIC MEETING

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# **IFRS 15 *Revenue from Contracts with Customers***

## **Note to EFRAG Board Members**

### **Introduction**

- 1 On 28 May 2014, the IASB published IFRS 15 *Revenue from Contracts with Customers*. On 15 October 2014, EFRAG issued an Invitation to Comment relating to the endorsement of IFRS 15 for use in the European Union and the European Economic Area. The Invitation to Comment consulted on both EFRAG's initial assessment of IFRS 15 against the technical criteria for endorsement in the EU and on the initial assessment of the costs and benefits that would arise from the implementation and application of the Standard in the EU. In relation to the latter issue, EFRAG specifically asked whether it would be possible to apply IFRS 15 by 1 January 2017.
- 2 The EFRAG Board had an initial discussion about the endorsement of IFRS 15 during its December 2014 meeting. It was considered that:
  - (a) A paper should be prepared for the EFRAG Board to assist its assessment of whether endorsing IFRS 15 would be conducive to the European Public good. The paper should, among other things, consider prudence.
  - (b) EFRAG's Endorsement Advice should include a more elaborated analysis of the costs related to the disclosure requirements than that included in the Draft Endorsement Advice.
- 3 At the meeting it was noted that some lessors had some issues with IFRS 15. These issues were assessed by EFRAG TEG when considering the comment letters received in response to the Invitation to Comment.
- 4 EFRAG TEG considered the comment letters received in response to the Invitation to Comment at its January 2015 meeting. EFRAG TEG noted that comment letters received reflected a general, although not unanimous, support for the assessments included in EFRAG's Draft Endorsement Advice.
- 5 At its January 2015 meeting, EFRAG TEG also considered comments received from participants in the field test of the Exposure Draft resulting in IFRS 15. When preparing the Draft Endorsement Advice, EFRAG TEG assessed whether the input received from the field test would also have been received had the field test been carried out on the Standard instead of the Exposure Draft.
- 6 The comments received from participants in the field test generally supported the assessments of EFRAG TEG. However, in a few places EFRAG TEG decided to

*Effective date for IFRS 15 Revenue from Contracts with Customers*

amend the Endorsement Advice to reflect comments from participants in the field test and the comments received from constituents responding to the Invitation to Comment.

- 7 At its January 2015 meeting, EFRAG TEG also considered the effective date and decided to recommend a deferral of the effective date within the EU from 1 January 2017 (as included in IFRS 15) to 1 January 2018. Early application should be allowed.
- 8 The papers presented in this session represent the unanimous views of EFRAG TEG members that were present at the January meeting of EFRAG TEG.

**Papers for the session**

- 9 In addition to this note, the following papers have been prepared for the session:
  - (a) Paper 08.02 – A paper prepared to assist the EFRAG Board in assessing whether endorsing IFRS 15 would be conducive to the European Public good.
  - (b) Paper 08.03 – EFRAG TEG recommendation regarding the effective date of IFRS 15 in the EU.
  - (c) Paper 08.04 – Endorsement Advice on IFRS 15.