

This paper has been prepared by the EFRAG Secretariat for discussion at a public meeting of EFRAG FR TEG-CFSS. The paper forms part of an early stage of the development of a potential EFRAG position. Consequently, the paper does not represent the official views of EFRAG or any individual member of the EFRAG FRB or EFRAG FR TEG-CFSS. The paper is made available to enable the public to follow the discussions in the meeting. Tentative decisions are made in public and reported in the EFRAG Update. EFRAG positions, as approved by the EFRAG FRB, are published as comment letters, discussion or position papers, or in any other form considered appropriate in the circumstances.

Variable Consideration Cover Note

Objective

- 1 The purpose of this session is to:
 - (a) Provide a presentation of EFRAG's [Discussion Paper Accounting for variable consideration – from a purchaser's perspective](#) ('the DP'). The DP was issued in September 2022. The comment period is open until 30 November 2023.
 - (b) Ask for interest among EFRAG CFSS members for co-hosting outreach on the Discussion Paper.

Background

- 2 After considering feedback received in response to its 2018 Research Agenda Consultation, EFRAG decided to include a project on variable consideration on its proactive research agenda. This resulted in the DP.
- 3 When a project on variable consideration was included on EFRAG's proactive research agenda, the IASB also had a project on the topic in its research pipeline. However, as a result of other priorities, the IASB removed the project from its research pipeline following its Third Agenda Consultation. Nevertheless, the issues around how a purchaser should account for variable consideration remain unsolved. The IASB may therefore include a project on variable consideration at a later stage and/or consider some of the issues in relation to its projects on intangibles, provisions and financial instruments with characteristics of equity.

Outreach on the DP

- 4 Since the publication of the DP, EFRAG has presented the DP at the December 2022 ASAF meeting. Together with BusinessEurope, EFRAG hosted a webinar on variable consideration. In addition, EFRAG has participated in six closed outreach events with accounting professional associations, a national standard setter, and a user society and discussed the issues with the EFRAG Academic Panel.
- 5 A high-level summary of the input from these outreach activities is provided as part of the presentation for this session.

Other material

- 6 To stimulate interest in the topic, EFRAG also has, and is in the process of, finalising a series of podcasts available on Spotify and YouTube. [The first podcast](#) provides a high-level overview of the content of the DP.

Questions for EFRAG FR TEG/CFSS

- 7 Does EFRAG FR TEG/CFSS have any questions to the presentation of the DP and the initial feedback received?
- 8 Do EFRAG CFSS members want to do any outreach activities on the DP (in collaboration with EFRAG)?
- 9 Do EFRAG CFSS members plan to provide a comment letter in response to the DP?

Next steps

- 10 When the comment period has ended, the EFRAG Secretariat will summarise input received from the outreach activities and comment letters submitted. EFRAG FR TEG will then assess whether the feedback can provide a basis for making recommendations to the IASB on the topic.

Agenda Papers

- 11 In addition to this cover note, agenda paper 11-02 – *Presentation of EFRAG DP on variable consideration and initial input* – has been provided for the session.