



Project:	Accounting for revenue from licences issued by not-for-profit public sector entities	Meeting	AASB October 2017 (M160)
Topic:	Options for amendments to AASB 15 for public sector entity licences	Agenda Item:	3.2
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		Decision-Making:	High
		Project Status:	Developing accounting options and guidance

Introduction and objective of this paper

- 1 The objective of this paper is to seek the Board's decision on the guidance to be included in AASB 15 *Revenue from Contracts with Customers* to account for revenue from licences issued by not-for-profit (NFP) public sector entities.
- 2 To enable the Board to make its decision, this paper identifies and discusses possible options/approaches that could be taken in providing guidance in AASB 15 to account for revenue from licences issued by not-for-profit public sector entities.
- 3 Staff have also included some examples of public-sector licences and examined how the specific guidance in AASB 15 to account for revenue from intellectual property (IP) licence (in paragraphs B52 to B63 of AASB 15) might be applied to these examples. The purpose of this analysis is to facilitate the Board's decision on which option may be most suitable to account for revenue from licences issued by not-for-profit public sector entities. The option that the Board decides on will be proposed in Exposure Draft (ED) 280X *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Sector Entities that issue Licences*, which is expected to be released for public comment in December 2017.
- 4 This paper is structured as follows:
 - (a) Summary of staff recommendations (paragraph 5)

- (b) Staff analysis – What are the types of public sector licences? (paragraphs 6 to 12)
- (c) Options for amending and providing guidance in AASB 15 for accounting for revenue from licences issued by NFP public sector entities (paragraphs 13 to 18)
- (d) Appendix 1: Fact patterns of public sector examples analysed (paragraphs 19 to 26)
- (e) Appendix 2: Analysis of examples (application of paragraphs B52 to B63 of AASB 15 to public sector entity licences) (paragraph 27)

Summary of staff recommendations

5 Summary of staff recommendations are as follows:

- (a) As a result of being unable to find a clear example of a licence that involves the right to use or access an asset of the licensor (which is not a lease), staff recommend that ED 280X contains a specific question on whether constituents have identified such licences. The existence of such a licence type may impact the Board’s decision regarding which of the suggested options should be adopted to amend and add guidance and examples to AASB 15. After trying to find examples of licences that involve the right to use or access a licensor’s assets, (that are not leases), staff note that the ‘fibre optic cable’ licence and ‘abalone/fish’ licences originally considered, are not examples of licences involving the right to use or access assets that the licensor controls. Instead, as per paragraph B54 in AASB 15, these are examples of licences which are not distinct from services or goods being provided to the licensee, and therefore should be treated in the same way as revenue from the sale of goods or services.
- (b) Staff recommend that the Board adopt Option 2 to amend and provide guidance and implementation examples in AASB 15 to account for revenue from licences issued by NFP public sector entities. This option includes the following:
 - (i) For IP licences: apply (unamended) the specific requirements/guidance in paragraphs B52 to B63 of AASB 15 on IP licencing arrangements to account for revenue from IP licences issued by NFP public sector entities, because these requirements/guidance appear to work effectively for NFP public sector IP licence examples analysed in Appendices 1 and 2 of this Agenda Paper. This retains the principle of transaction neutrality for IP licences. Staff note examples of licences relating to research and development were developed as part of AASB 1058 *Income of Not-for-Profit Entities*;
 - (ii) For non-IP licences: develop guidance using general principles from AASB 15 because applying the specific licencing guidance in paragraphs B52 to B63 of AASB 15 to non-IP licences was not helpful, as a number of requirements/guidance were not relevant. Therefore if

applied unamended to non-IP licences could likely result in inconsistencies in practice; and

- (iii) For both IP and non-IP licences: add implementation examples to help entities apply (i) and (ii) above.
- (c) Staff also recommend the following guidance be added to AASB 15 for non-IP licences if Option 2 is adopted:
- (i) the general guidance in AASB 15 should be amended to reflect what is in paragraph B63 of AASB 15 for IP licences, (with respect of sales-based or usage-based royalties), to make it easier for entities to determine the transaction price and timing of revenue recognition of such licencing arrangements, (because the general guidance in AASB 15 would be more difficult to apply for such licencing arrangements compared to what is currently in paragraph B63 of AASB 15 for IP licences);
 - (ii) examples or guidance should be included to help entities determine when a licence is distinct or not distinct from other goods or services in the arrangement (for example similar to the discussion on the 'fibre optic cable' licence and 'abalone/fish' licences in paragraphs 10 to 12 of this paper and noted in staff recommendation 5(a) above); and
 - (iii) provide clarification that 'right to perform an activity' type licences do not generally result in performance obligations for the licensor and that the condition or 'promise' by the licensor to protect the licensee's rights (i.e. exclusivity) are attributes of the promised licence and do not determine whether the licensor satisfies its performance obligation at a point in time or over time.

Staff analysis – What are the types of public sector licences?

- 6 Staff consider that in order for the Board to decide on the proposed accounting guidance option for revenue from licences issued by NFP public sector entities, the Board needs to understand the main types of licences that are currently being issued by these entities.
- 7 Staff identified three possible types of public sector entity licences:
- (a) **IP licences** - these licences involve the not-for-profit public sector entity (licensor) granting to a customer (licensee) rights over IP that the licensor is currently developing or has developed;
 - (b) **Non-IP licences involving an asset or assets of the licensor** - these licences involve the licensor granting to the licensee rights over assets that the licensor controls. In these instances, the licensor would need to ascertain whether the arrangement is, or contains a lease, in which case it would be accounted for under AASB 16 *Leases* (refer to paragraphs BC27 to BC32 in Agenda Paper 3.1 for a discussion on leases) rather than AASB 15. To be in the scope of AASB 15, rather than AASB 16, the assets subject to licence would need to not be identifiable; and

- (c) **Non-IP licences involving the right to perform an activity** - these licences involve the licensor granting to the licensee rights to perform an activity that does not involve an asset or assets of the licensor (for example, a Driver's licence).

8 However, staff had difficulty identifying non-IP licences involving an asset of the licensor that were not leases. This is because, in most cases, a non-IP licence involving an asset of the licensor (that was not a lease) was not distinct from other goods or services that the entity provided (ie in accordance with paragraph B54¹ of AASB 15). Accordingly these types of arrangements would be accounted for as sales of goods or provision of services, not licencing arrangements. Staff note that the existence of these types of licences might impact the Board's decision on which suggested option to adopt, which is why staff are keen to find examples of them.

9 Staff identified the following two licencing arrangements involving an asset of the licensor, (that are not leases), that do not appear to be distinct from other goods or services. These examples are outlined below:

- (a) licences to utilise a specified capacity within a licensor's 'fibre optic cable' asset (discussed below in paragraph 10); and
- (b) licences to fish for a licensor's 'abalone/fish' assets – see examples 3 and 4 in paragraphs Appendices 1 and 2 (and discussed below in paragraphs 11 to 12).

Example: fibre-optic cable

10 Staff considered whether the right to utilise a specified capacity within a fibre-optic cable connecting two cities, was an example of a licence that provides a licensee a right to access or use a licensor's asset. The scenario considered was based on Implementation Example 3 – Fibre-optic cable from IFRS 16 *Leases* (which was determined not to be a lease as it was not an identified asset), where a customer is provided with specified capacity equivalent to them having the use of three fibre strands within a cable. In that example, the supplier makes decisions about the transmission of data (eg lights the fibres, makes decisions about which fibres are used to direct the customer's traffic and makes decisions about the electronic equipment that it owns and connects to the fibres). Staff concluded that the nature and extent of activities performed by the supplier meant that they are effectively transmitting data for the customer. Therefore, the supplier is actually providing the customer with a service and the customer can benefit from the licence only in conjunction with a related service.

¹ AASB 15 paragraph 54 states 'If the promise to grant a licence is not distinct from other promised goods or services in the contract in accordance with paragraphs 26–30, an entity shall account for the promise to grant a licence and those other promised goods or services together as a single performance obligation. Examples of licences that are not distinct from other goods or services promised in the contract include the following: (a) a licence that forms a component of a tangible good and that is integral to the functionality of the good; and (b) a licence that the customer can benefit from only in conjunction with a related service (such as an online service provided by the entity that enables, by granting a licence, the customer to access content).'

Example: abalone/fish

- 11 Examples 3 (abalone licence) and 4 (fishing licence), (described and analysed in paragraphs 26 and 27), are examples where the licensor grants the licensee rights over the licensor's assets. In these examples, the bodies of water and the fish are arguably assets of the licensor, which the licensee has the right to access or use.
- 12 In these examples, the licensee has the ability to take and/or attempt to take abalone/fish (up to a maximum quota in the case of the abalone example). Abalone/fish are tangible goods and the licence is an inextricable part of those tangible goods and is therefore not distinct (refer paragraph B54 of AASB 15). This is similar to a take or pay arrangement.

Question 3.2.1 to the Board

Do you agree that the 'fibre optic cable' licence and the 'abalone/fish' licences are not examples of licences involving the right to use or access assets that the licensor controls, and instead, are examples of licences which are not distinct from services or goods being provided to the licensee?

Question 3.2.2 to the Board

If yes to the question above, does the Board have an example of a licence that does involve the right to use or access an asset of the licensor (which is not a lease)?

Options for amending and providing guidance in AASB 15 for accounting for revenue from licences issued by NFP public sector entities

- 13 Based on staff outreach activities, staff have been advised that most licences issued in the public sector are either IP licences or non-IP licences involving the right to perform an activity (and not non-IP licences involving an asset of the licensor). Based on this outreach and analysis staff have undertaken in Appendices 1 and 2 (paragraphs 19 to 27), staff have developed the following options (refer to Table 3.2.1 below in paragraph 16) and have made a recommendation as outlined in paragraphs 17 to 18.
- 14 Staff note that based on examples seen to date, the 'right to perform an activity' non-IP licences observed, do not result in performance obligations of the licensor to the licensee. In the case for most of these types of licences, the condition or 'promise' by the licensor is around protecting the licensees' rights (i.e. exclusivity) and those conditions define the attributes of the promised licence, rather than define whether the entity satisfies its performance obligation at a point in time or over time (refer to paragraph B62 of AASB 15). This is consistent with AASB 16, where continuing to provide a leased asset, is not regarded as a performance obligation. This is also consistent with the general guidance in AASB 15. Staff note that under the guidance in AASB 15, if Options 1 or 2 (described below in paragraph 16) are applied, it would most likely result in different accounting to current practice for some of these types of licences (i.e. more upfront revenue recognition for certain types of licences, such as gaming licences). Staff acknowledge that some entities are already recognising revenue upfront for these types of licences.

15 Staff also note that a key distinguishing feature that was found in example 5, the casino licence, (described and analysed in paragraphs 26 and 27), was variable contingent consideration (i.e. a sales-based royalty), which would affect the measurement of the transaction price of the licence. If either Option 1 or Option 2 (described below in paragraph 16) were applied, the outcome would be for revenue to be recognised when the transaction price can be determined, which generally would be when sales are made by the licensee. Under Option 1, determination of transaction price and recognition of revenue would be based on the specific requirements in paragraph B63 of AASB 15 whereas under Option 2, an entity would need to apply the general guidance in AASB 15 paragraphs 56 to 57 (*‘Constraining estimates of variable consideration’*) to determine the transaction price for the licencing arrangement, which in turn would determine the timing of revenue recognition. Therefore, for licences with sales-based revenue, it would be more straightforward to apply Option 1 to determine the transaction price (and therefore timing of revenue recognition) compared to Option 2.

16 Table 3.2.1: Summary of Options

	Option 1	Option 2	Option 3	Option 4
What is it?	<p>All licences:</p> <p>(i) Apply (unamended) principles from paragraphs B52 to B63 in AASB 15</p> <p>(ii) Add implementation guidance and examples to help entities apply (i) to all licences</p>	<p>(i) IP licences: Apply principles from paragraphs B52 to B63 in AASB 15;</p> <p>(ii) Non-IP licences: Develop guidance based on general principles from AASB 15; and</p> <p>(iii) IP and non-IP licences: Add implementation examples to help entities apply (i) and (ii) above to IP and non-IP licences.</p>	<p>All licences: Practical Expedients</p> <p>Any one, or a combination of the following:</p> <p>(i) Recognise revenue for all licences (IP and non-IP) at a point in time (upfront when licence is issued);</p> <p>(ii) Recognise revenue for all licences (IP and non-IP) over time²;</p> <p>(iii) Recognise revenue for all short-term licences (<1 year) at a point in time (upfront) and all long-term licences (>1 year) over time²; or</p> <p>(iv) Recognise revenue for all low value licences³ at a point in time (upfront) and all high value licences³ over time.²</p>	<p>All licences: GFS – split all licence transactions between a licence and a tax (consistent with GFS accounting for licences), where the reasonable price for the performance obligation is considered a licence and accounted for under AASB 15 (which may need specific guidance) and the ‘excess’ over a reasonable price for the performance obligation is considered a tax and accounted for under AASB 1058 <i>Income of Not-for-Profit Entities</i>.</p>

² As a further practical expedient, rather than requiring the licensor to apply paragraphs 39-45 of AASB 15 to select an appropriate method to measure its progress towards complete satisfaction of its performance obligation provided in the licence, revenue can be recognised using a systematic basis over the licencing period (eg on a straight-line basis).

³ What constitutes a low value and high value licence will need to be defined as part of this option.

	Option 1	Option 2	Option 3	Option 4
Likely revenue recognition outcome	<ul style="list-style-type: none"> • IP: either over time or point in time • Non-IP: most likely point in time (upfront) 	<ul style="list-style-type: none"> • IP: either over time or point in time • Non-IP: most likely point in time (upfront) 	<ul style="list-style-type: none"> • IP and non-IP: either over time or point in time depending on the practical expedient chosen 	<ul style="list-style-type: none"> • Licence component: either over time or point in time • Tax component: recognised under AASB 1058
Ease of application	<ul style="list-style-type: none"> ✓ Straightforward for IP licences ✓ Examples contained in guidance help application ✗ More challenging to apply to Non-IP licences (especially where licence does not involve a right to access or use the licensor's assets) ✗ Contingent consideration guidance in paragraphs B63 to B63B specifically relate to IP, therefore it might be more challenging to apply these paragraphs to non-IP licences ✗ It is difficult to identify examples of non-IP licences involving an asset of the licensor 	<ul style="list-style-type: none"> ✓ Straightforward for IP licences ✓ Easier than Option 1 to apply to non-IP licences (because not confined to revenue recognition guidance in Appendix B of AASB 15 that relates specifically to IP licences) ✗ Will need to provide examples of non-IP licences. ✗ Distinguishing between IP versus non-IP licences may be difficult and has not been tackled by the IASB 	<ul style="list-style-type: none"> ✓ Easy to apply IP and non-IP licences (if pattern of revenue recognition for the 'over time' Options within Option 3 sub-Options are simple, such as a straight-line basis over the licensing period) ✗ It may be difficult to determine what are low value licences in Option 3(iv), particularly if a quantitative threshold is not given ✗ In order to ensure these practical expedients are only applied to 'licences', it may be necessary to define a licence. This is not something that the IASB has done. This is necessary to ensure practical expedients offered under this Option are not applied to arrangements where the licence is not distinct (from the sales of goods or services). 	<ul style="list-style-type: none"> ✗ Difficult and time consuming to apply and will likely result in inconsistent outcomes due to the subjectivity required to separate licence and tax components of each licence transaction

	Option 1	Option 2	Option 3	Option 4
Transaction neutral / technically pure	<ul style="list-style-type: none"> ✓ Whilst paragraphs B52- B63 in AASB 15, apply to IP licences, it is not explicit that they only apply to IP licences. Therefore they can arguably apply to non-IP licences too. ✓ This is a transaction neutral Option as for-profit entities issuing non-IP licences could apply the guidance to account for revenue from their non IP licences. 	<ul style="list-style-type: none"> ✓ This is the most technically pure and therefore transaction neutral option, because it draws on the principles within AASB 15 and does not require the specific guidance which has been written for IP licences to be “stretched” for application to non-IP licences. 	<ul style="list-style-type: none"> ✗ This option will not result in technical pureness or be consistent with the Board’s policy on transaction neutrality. 	<ul style="list-style-type: none"> ✗ This option will not result in technical pureness or be consistent with the Board’s policy on transaction neutrality.
Cost / benefit	<ul style="list-style-type: none"> ✓ Based on outreach undertaken to date, revenue recognition outcomes for this option are consistent with current accounting practice (exceptions include some casino/gaming licences, (which do not include sales-based commission) that are being recognised over time based on protective rights/exclusivity). 	<ul style="list-style-type: none"> ✓ Based on outreach undertaken to date, revenue recognition outcomes for this option are consistent with current accounting practice (exceptions include some casino/gaming licences, (which do not include sales-based commission) that are being recognised over time based on protective rights/exclusivity) ✗ It is not clear economically that IP and non-IP licences are different to warrant different accounting treatment. 	<ul style="list-style-type: none"> ✓ The greatest benefit of this option is consistent revenue recognition for all public sector IP and non-IP licences. ◆ Based on outreach undertaken to date, most non-IP licences are currently recognised at a point in time (upfront) (exceptions are some casino/gaming licences – refer dot point under Options 1 and 2). Therefore, practical expedients that result in over time revenue recognition will be a change in accounting policy for the majority of non-IP licences⁴ 	<ul style="list-style-type: none"> ✗ Difficult and time consuming to apply and will likely result in inconsistent outcomes due to the subjectivity in separating the licence versus tax components.

17 Staff recommend that the Board adopts Option 2 because it is the most technically pure and transaction neutral approach. Option 1 is also technically correct and a transaction neutral approach. However, when staff performed analysis in Appendices 1 and 2 based on Option 1, staff observed that it was difficult to apply to non-IP licences

⁴ It should be noted that spreading over time might be quite difficult for certain licences such as marriage licences which are valid for an indefinite period.

and therefore could likely result in inconsistency if applied in practice. Option 3 offered convenient sub-options, each of which would result in consistency in practice. However is not technically pure or transaction neutral. Staff do not consider Option 4 to a viable approach as it appears to be quite subjective and difficult to apply, is not technically pure/transaction neutral and would most likely result in inconsistency if applied in practice.

- 18 Staff also recommend the following guidance be added for non-IP licences to AASB 15 if Option 2 is adopted:
- (a) the general guidance in AASB 15 should be amended to reflect what is in paragraph B63 of AASB 15 for IP licences, (with respect to sales- based or usage-based royalties), to make it easier for entities to determine the transaction price and timing of revenue recognition of such licencing arrangements. (As noted in paragraph 15 above, the general guidance in AASB 15 would be more difficult to apply for such licencing arrangements compared to what is currently in paragraph B63 of AASB 15 for IP licences);
 - (b) examples or guidance should be included to help entities determine when a licence is distinct or not distinct from other goods or services in the arrangement (staff suggest that this guidance is similar to the discussion in paragraphs 10 to 12 above); and
 - (c) provide clarification that ‘right to perform an activity’ type licences do not generally result in performance obligations for the licensor and that the condition or ‘promise’ by the licensor to protect the licensees’ rights (i.e. exclusivity) are attributes of the promised licence and do not determine whether the licensor satisfies its performance obligation at a point in time or over time.

Question 3.2.3 to the Board

Does Board agree with staff recommendation of Option 2 to be included in the ED as the proposed accounting approach in AASB 15 on accounting for revenue from licences issued by NFP public sector entities? If no, which option would the Board prefer staff include in the ED?

If yes to Option 2, does the board agree that specific guidance be developed for non-IP licences as outlined in paragraph 18 above?

Appendix 1: Fact patterns of public sector examples analysed

- 19 In order to assess the ease of applying Option 1 (described in paragraph 16), specifically the application of paragraphs B52 to B63 in AASB 15 to public sector licences, staff analysed six different examples of licences issued by not-for-profit public sector entities (including two examples from each of the three types of licences described in paragraph 7).
- 20 Despite the discussion in paragraphs 11 and 12 of this paper, staff have included in the examples analysed in Appendix 2, the abalone and fishing licences as examples of non-IP licences that involve a licensor's asset. This was done to provide an opportunity to see how paragraphs B52 to B63 of AASB 15 might apply to examples of non-IP licences that involve a licensor's assets. When doing so, staff have ignored the outcome of paragraph B54 in AASB 15, and instead carried on as if the licence was distinct. This was done to demonstrate how the remaining requirements may be applied in cases where the licence was distinct.
- 21 Table 3.2.2 (in paragraph 26), provides the fact patterns of examples analysed in Appendix 2. Where relevant, these examples can also form the basis of illustrative examples in the proposed ED, which will accompany amendments and guidance to AASB 15
- 22 When analysing the examples in Appendix 2 (refer Table 3.2.3 in paragraph 27), staff have used the following annotations to denote whether a requirement/criteria in a particular paragraph (from B52 to B63 of AASB 15) is:
- (a) relevant and was satisfied, it was marked with a check mark (“✓”);
 - (b) relevant but not satisfied, it was marked with a cross (“✗”); and
 - (c) not relevant (ie because the fact pattern in the example did not contain facts to be measured against the criteria/requirement in those paragraphs), it was marked with a dash (“-”).

Where it was not clear on how to apply a requirement / criteria from AASB 15 paragraphs B52 to B63 to the fact pattern in an example, it was marked with a question mark. The number of question marks might be indicative of how difficult it could be to adopt Option 1.

- 23 Based on analysis performed in Appendix 2 using the fact patterns of examples described in Appendix 1, staff observed the following after applying paragraphs B52 to B63 of AASB 15 unamended to licences issued by NFP public sector entities:
- (a) For IP licences – application appeared relatively straight forward as evidenced in examples 1 and 2. This is because IP licences issued by NFP public sector entities appear to align comfortably with those issued by for-profit entities;

- (b) For non-IP licences – application of many of the requirements was more challenging as evidenced in examples 3 to 6. This was particularly notable where the licence didn't involve an asset of the licensor (noting that staff are yet to find an example of this type of non-IP licence). The main challenges included:
- (i) Many of the requirements (eg AASB 15 paragraphs B58 to B59A, which are used to determine whether an IP licence transfers over time) require an assessment whether the licensor's activities significantly affect the intellectual property (i.e. the underlying asset). For most NFP public sector non-IP licences, there is no underlying asset. Therefore, staff recommend that guidance for non-IP licences is developed based on general principles of AASB 15 rather than trying to stretch specific principles in Appendix B of AASB 15, which have been written for IP licences;
 - (ii) In the case of some NFP public sector non-IP licences, the licensor may conduct a number of activities throughout the licence period. However, the activities are performed more generally in the public interest. It is not clear whether these activities are undertaken to significantly affect the licensee's rights granted by the licence. The specific guidance in Appendix B of AASB 15 for IP licences does not explicitly address this matter as it is not written from a public sector perspective.

24 Based on the above observations, staff do not recommend the Board adopt Option 1 (described in paragraph 16) because whilst applying paragraphs B52 to B63 of AASB 15 unamended to NFP public sector IP licences appears reasonable, staff recommend additional guidance is developed which draws on the general principles of AASB 15 for NFP public sector non-IP licences.

25 Staff also recommend asking constituents as a specific question in the ED whether they are aware of any other examples where there are performance obligations, other than protective one, attached to NFP public sector non-IP licences that are 'right to perform' type licences.

26 Table 3.2.2 - Fact patterns of examples of licences analysed

[**STAFF NOTE TO BOARD:** Examples include the ‘abalone/fishing’ licences discussed in paragraphs 11 to 12 despite staff deciding that these are not likely to be licences distinct from the provision of goods – this has been done for illustrative purposes only]

	Example 1	Example 2	Example 3	Example 4	Example 5	Example 6
Title	IP licence: over time	IP licence: point in time	Commercial fishing licence: over time	Recreational fishing licence: point in time	Casino licence: over time	Working with Children licence: point in time
What is being licenced	Research results, as and when they are produced, throughout the licencing period	Research results that have already been produced	The right to access Geographical zone C to take, or attempt to take a maximum individual quota of abalone each year	The right to take, or attempt to take, any species of fish by any method of fishing within Geographical location C	The right to operate a casino in Geographical location C	The right to work with children
Licensor	University A	University A	Authority A	Authority A	Authority A	Authority A
Licensee	Road Safety Authority B	Road Safety Authority B	Fisher B	Angler B	Casino Operator B	Teacher B
Period	3 years	3 years	3 years	3 years	10 years	3 years
Price	CU1.2 million	CU10,000 per month (for 36 months)	CU2 million	CU95	CU100 million plus a portion of Licensee’s casino revenue (i.e. variable sales-based commission)	CU80
Payment method	Cash upfront	Cash throughout period	Cash upfront	Cash upfront	CU50 million up front plus CU50 million in two years plus monthly variable commission	Cash upfront

	Example 1	Example 2	Example 3	Example 4	Example 5	Example 6
Other features	<ul style="list-style-type: none"> • Licensors must return unspent funds and funds not spent in accordance with agreement • Licensors must provide publication of research results in conference presentations / school journals, annual progress reports and a final report • Licensors retain control of the IP arising from research • IP is permanently licensed to Licensee at the commencement of agreement 	<ul style="list-style-type: none"> • Contract does not include any other goods or services • Contract is non-cancellable 	<ul style="list-style-type: none"> • Licensors set maximum individual quotas for all licensees after undertaking a robust process to set a Total Allowable Commercial Catch (TACC) for abalone each year • Licensors grant a maximum of 30 licences within Geographical zone C • Licensees are provided with a new maximum individual quota each year from Licensors • Licensors perform robust monitoring activities over Geographical zone C • The licence is non-refundable. • Licensors will pay damages to Licensee if it has not fulfilled its obligations (including monitoring that helps ensure Licensee has access to maximum individual quota) • Individual quotas may be transferred between licensees. 	<ul style="list-style-type: none"> • Licensee is not licensed to fish within any of the “Restricted locations” detailed on Licensors’ website • Licensors perform monitoring activities over Geographical location C including restricted areas to ensure no authorised fishing • the licence is non-refundable 	<ul style="list-style-type: none"> • The contract contains an Exclusivity Agreement, whereby no other casinos may operate within Geographical location C during the licencing period. Licensors are responsible for protecting the exclusivity of the arrangement and will be responsible for the payment of damages to Licensee if exclusivity is breached. • The licence will be revoked if the Licensee fails to pay the monthly variable commission 	<ul style="list-style-type: none"> • Prior to issuing the licence, Licensors must perform a number of activities (such as performing a police check) to ensure Licensee qualifies for the licence • Throughout the licencing period, Licensors continue to perform monitoring activities of all licensees and are responsible for taking immediate steps to protect children if it becomes known that a licensee no longer qualifies. At that point, Licensors must also remove the licencing rights of the licensee and does not have to provide that Licensee with a refund

Appendix 2: Analysis of examples (application of paragraphs B52 to B63 of AASB 15 to public sector entity licences)

27 Table 3.2.3 Analysis of licence examples against the requirements / criteria within AASB 15 paragraphs B52 to B63

			IP		Non-IP ⁵			
					Right to access or use Licensor's asset		Right to perform an activity ⁶	
			Example 1 Research activities—IP licence –over time	Example 2 Research activities—IP licence –point in time	Example 3 – Commercial fishing licence – over time	Example 4 – Recreational fishing licence – point in time	Example 5 – casino licence with sales-based royalties – over time	Example 6 – Working with Children licence – point in time
Is there a licence?	B52	A licence establishes a customer's rights to the intellectual property of an entity. Licences of intellectual property may include, but are not limited to, licences of any of the following: (a) software and technology; (b) motion pictures, music and other forms of media and entertainment; (c) franchises; and (d) patents, trademarks and copyrights.	✓ Arrangement transfers to licensee rights to IP arising from research activities yet to be undertaken	✓ Arrangement transfers to licensee rights to IP arising from research activities that have already been undertaken	✗ Arrangement transfers to licensee rights to take or attempt to take an annual maximum individual quota of abalone each year over a three year period	✗ Arrangement transfers to licensee rights to take or attempt to take, any species of fish by any method of fishing within a restricted area over a three year period	✗ Arrangement transfers to licensee rights to operate a casino in Geographical location C for a ten year period	✗ Arrangement transfers to licensee rights to work with children for a three year period

⁵ Guidance in AASB 15 paragraphs B52 to B63 has been applied by analogy to non-IP licences

⁶ Where there is no associated Licensor asset

			IP		Non-IP ⁵			
					Right to access or use Licensor's asset		Right to perform an activity ⁶	
			Example 1 Research activities—IP licence –over time	Example 2 Research activities—IP licence –point in time	Example 3 – Commercial fishing licence – over time	Example 4 – Recreational fishing licence – point in time	Example 5 – casino licence with sales-based royalties – over time	Example 6 – Working with Children licence – point in time
Is there more than one performance obligation?	B53	In addition to a promise to grant a licence (or licences) to a customer, an entity may also promise to transfer other goods or services to the customer. Those promises may be explicitly stated in the contract or implied by an entity's customary business practices, published policies or specific statements (see paragraph 24). As with other types of contracts, when a contract with a customer includes a promise to grant a licence (or licences) in addition to other promised goods or services, an entity applies paragraphs 22–30 to identify each of the performance obligations in the contract.	✗ Licensor must provide publication of research results in conference presentations / school journals, annual progress reports and a final report but these are merely acquittal processes not transfers of others goods or services.	✗ The contract does not include any other goods or services to be provided by Licensor	✗ Licensor's activities, which include capping the number of licences, setting maximum individual quotas and monitoring for over-fishing and unauthorised fishing are part of a single performance obligation provided within the licence rather than separate performance obligations.	✗ Monitoring activities performed by Licensor throughout the licence are to benefit (ie protect) the environment not Licensee. Therefore the contract does not include any other good or service to be provided by Licensor to Licensee other than the rights granted by the licence.	✗ Licensor's activities, which include exclusivity rights provided to Licensee are part of a single performance obligation provided within the licence rather than separate performance obligations.	✗ Monitoring activities performed by Licensor throughout the licence are to benefit children not Licensee. Therefore the contract does not include any other good or service to be provided by Licensor to Licensee other than the rights granted by the licence.

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			Example 1 Research activities—IP licence –over time	Example 2 Research activities—IP licence –point in time	Example 3 – Commercial fishing licence – over time	Example 4 – Recreational fishing licence – point in time	Example 5 – casino licence with sales-based royalties – over time	Example 6 – Working with Children licence – point in time						
If the licence is not distinct from other promised goods or services (including examples of licences that are not distinct)	B54	If the promise to grant a licence is not distinct from other promised goods or services in the contract (per paras 26–30), an entity shall account for these as a single performance obligation. Examples of licences that are not distinct from other goods or services promised in the contract include the following:	–	Not relevant, the licence is the only distinct good or service provided in this example	–	Not relevant, the licence is the only distinct good or service provided in this example	–	For the purpose of demonstrating the remaining requirements of AASB 15 (paragraphs B56 to B63), staff have ignored the outcome of this requirement and continued as if the licence is the only distinct good or service provided in this example	–	For the purpose of demonstrating the remaining requirements of AASB 15 (paragraphs B56 to B63), staff have ignored the outcome of this requirement and continued as if the licence is the only distinct good or service provided in this example	–	Not relevant, the licence is the only distinct good or service provided in this example	–	Not relevant, the licence is the only distinct good or service provided in this example
	B54 (a)	A licence that forms a component of a tangible good and that is integral to the functionality of the good												
	B54 (b)	A licence that the customer can benefit from only in conjunction with a related service (such as an online service provided by the entity that enables, by granting a licence, the customer to access content).												
If the licence is not distinct	B55	If the licence is not distinct, an entity shall apply paras 31–38 to determine whether the performance obligation (which includes the promised licence) is a performance obligation that is satisfied over time or satisfied at a point in time.	–	Not relevant, the licence is the distinct good provided in this example	–	Not relevant, the licence is the distinct good provided in this example	–	Refer to comments above in B54	–	Refer to comments above in B54	–	Not relevant, the licence is the distinct good provided in this example	–	Not relevant, the licence is the distinct good provided in this example

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			Example 1 Research activities—IP licence –over time	Example 2 Research activities—IP licence –point in time	Example 3 – Commercial fishing licence – over time	Example 4 – Recreational fishing licence – point in time	Example 5 – casino licence with sales-based royalties – over time	Example 6 – Working with Children licence – point in time		
If the licence is distinct – consider whether the licence transfers over time or at a point in time	B56	If the promise to grant the licence is distinct from the other promised goods or services in the contract and, therefore, the promise to grant the licence is a separate performance obligation, an entity shall determine whether the licence transfers to a customer either at a point in time or over time. In making this determination, an entity shall consider whether the nature of the entity's promise in granting the licence to a customer is to provide the customer with either:	✓ See 56(a) and 56(b) below	✓ See 56(a) and 56(b) below	✓ See 56(a) and 56(b) below	✓ See 56(a) and 56(b) below	✓ See 56(a) and 56(b) below	✓ See 56(a) and 56(b) below		
If the licence is distinct – consider whether the licence transfers over time or at a point in time (continued)	B56 (a)	a right to access the entity's intellectual property as it exists throughout the licence period; or	✓ See B58 below	✗ Criterion not satisfied	✓ By analogy, see B58 below	✗ Criterion not satisfied	✓ Criteria in B58 are satisfied largely through the provision of exclusivity rights – which B62 state should be disregarded. However, sales based commission criteria in B63 are satisfied. Therefore revenue is recognised throughout the licence period.	✗ Criterion not satisfied		

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			Example 1 Research activities—IP licence –over time	Example 2 Research activities—IP licence –point in time	Example 3 – Commercial fishing licence – over time	Example 4 – Recreational fishing licence – point in time	Example 5 – casino licence with sales-based royalties – over time	Example 6 – Working with Children licence – point in time		
B56 (b)	a right to use the entity's intellectual property as it exists at the point in time at which the licence is granted.	– Not relevant because B58 satisfied	✓ See B61 below	– Not relevant because B58 satisfied	✓ See B61 below	– Not relevant because of reasons detailed above in B56(a) and B63 below.	✓ See B61 below			
Are the right to access criteria in B58(a) to B58(c) met?	B58 The nature of an entity's promise in granting a licence is a promise to provide a right to access the entity's intellectual property if all of the following criteria are met:	✓ See B58(a) to B58(c) below	✗ See B58(a) to B58(c) below	? See B58(a) to B58(c) below – B58(a) and (b) appear to be satisfied but B58(c) is unclear	✗ See B58(a) to B58(c) below	✗ See B58(a) to B58(c) below	✗ See B58(a) to B58(c) below			
Is the right to access criterion met (B58 continues after B59A below)	B58 (a) The contract requires, or the customer reasonably expects, that the entity will undertake activities that significantly affect the intellectual property to which the customer has rights (see paras B59 and B59A below)	✓ See paras B59 and B59A below	✗ See paras B59 and B59A below	✓ See paras B59 and B59A below	✗ See paras B59 and B59A below	✓ See paras B59 and B59A below	✗ See paras B59 and B59A below			

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			Example 1 Research activities—IP licence –over time	Example 2 Research activities—IP licence –point in time	Example 3 – Commercial fishing licence – over time	Example 4 – Recreational fishing licence – point in time	Example 5 – casino licence with sales-based royalties – over time	Example 6 – Working with Children licence – point in time
Right to access factors indicative of activities that could significantly affect the IP - either of factors in B59A	B59	Factors that may indicate that a customer could reasonably expect that an entity will undertake activities that significantly affect the intellectual property include the entity's customary business practices, published policies or specific statements. Although not determinative, the existence of a shared economic interest (for example, a sales-based royalty) between the entity and the customer related to the intellectual property to which the customer has rights may also indicate that the customer could reasonably expect that the entity will undertake such activities	✓ Licensor promises to continue to perform research that changes the form of the IP throughout the three year research period.	✗ Licensor does not have any contractual or implied obligations to change the research (IP) that it had undertaken and granted to Licensee.	✓ Licensor has contractual and implied obligations that can change the functionality and the benefit derived by Licensee from the licence (ie Licensor caps the number of licences granted, sets maximum individual quotas each year and monitors for over-fishing and unauthorised fishing).	✗ Licensor does not have any contractual or implied obligations to change the functionality of the licence to benefit Licensee. Monitoring activities performed by Licensor throughout the licence are to benefit (ie protect) the environment not Licensee.	✓ Licensor has contractual and implied obligations that can change the functionality and benefit derived by Licensee from the licence (ie Licensor must maintain the exclusivity of the arrangement – i.e. Licensee has been granted the only casino licence in the region). There are also sales-based commissions, which are indicative of a shared economic interest.	✗ Licensor does not have any contractual or implied obligations to change the functionality of the licence to benefit Licensee. Monitoring activities performed by Licensor throughout the licence are to benefit (ie protect) the public (ie children) not Licensee.
	B59 A	An entity's activities significantly affect the intellectual property to which the customer has rights when either:						
	B59 A (a)	those activities are expected to significantly change the form (for example, the design or content) or the functionality (for example, the ability to perform a function or task) of the intellectual property; or						

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		Example 1 Research activities—IP licence –over time	Example 2 Research activities—IP licence –point in time	Example 3 – Commercial fishing licence – over time		Example 4 – Recreational fishing licence – point in time		Example 5 – casino licence with sales-based royalties – over time		Example 6 – Working with Children licence – point in time	
B59 A (b)	the ability of the customer to obtain benefit from the intellectual property is substantially derived from, or dependent upon, those activities. For example, the benefit from a brand is often derived from, or dependent upon, the entity's ongoing activities that support or maintain the value of the intellectual property.	See comments above in B59	See comments above in B59	See comments above in B59	See comments above in B59	See comments above in B59	See comments above in B59	See comments above in B59	See comments above in B59		

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			Example 1 Research activities—IP licence –over time	Example 2 Research activities—IP licence –point in time	Example 3 – Commercial fishing licence – over time	Example 4 – Recreational fishing licence – point in time	Example 5 – casino licence with sales-based royalties – over time	Example 6 – Working with Children licence – point in time		
Right to access – does the licence have significant stand-alone functionality that is changed by Licensor's activities?	B59 A cont.	Accordingly, if the intellectual property to which the customer has rights has significant stand-alone functionality, a substantial portion of the benefit of that intellectual property is derived from that functionality. Consequently, the ability of the customer to obtain benefit from that intellectual property would not be significantly affected by the entity's activities unless those activities significantly change its form or functionality. Types of intellectual property that often have significant stand-alone functionality include software, biological compounds or drug formulas, and completed media content (for example, films, television shows and music recordings).	✓ Research IP has significant stand-alone functionality and is significantly changing throughout the three-year research period.	– Not relevant as the IP granted to Licensee does not change throughout the licence period.	? Not sure how to apply the criteria	? Not sure how to apply the criteria	? Not sure how to apply the criteria No stand alone functionality, must have licence to operate casino	? Not sure how to apply the criteria		

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			Example 1 Research activities—IP licence –over time	Example 2 Research activities—IP licence –point in time	Example 3 – Commercial fishing licence – over time	Example 4 – Recreational fishing licence – point in time	Example 5 – casino licence with sales-based royalties – over time	Example 6 – Working with Children licence – point in time			
Right to access criterion—must be met – is Licensee exposed to effects of Licensor's activities?	B58 (b)	The rights granted by the licence directly expose the customer to any positive or negative effects of the entity's activities identified in paragraph B58(a); and	✓ The licence exposes Licensee to positive or negative effects of Licensor's research activities throughout the research period.	✗ The licence does not expose Licensee to positive or negative effects of Licensor's activities throughout the licence period because the research relating to the IP had been undertaken prior to Licensor granting the licence.	✓ Licensor is responsible for capping the number of licences granted, setting licensees' maximum individual quotas and monitoring the zone for over-fishing and unauthorised fishing. These activities expose Licensee to positive or negative effects throughout the licencing period.	✗ The licence does not expose Licensee to positive or negative effects of Licensor's activities because monitoring activities performed by Licensor throughout the licence are to benefit (ie protect) the environment not Licensee.	✓ Licensor is responsible for maintaining the exclusivity of the arrangement – i.e. Licensee is promised the only casino licence within the geographical location. Activities undertaken by Licensor to maintain this exclusivity expose Licensee to positive or negative effects throughout the licencing period.	✗ The licence does not expose Licensee to positive or negative effects of Licensor's activities because monitoring activities performed by Licensor throughout the licence are to benefit (ie protect) the public (i.e. children) not Licensee.			
Right to access criterion—must be met – are goods or services not transferred to Licensee as Licensor undertakes those activities?	B58 (c)	Those activities do not result in the transfer of a good or a service to the customer as those activities occur (see paragraph 25).	✓ Licensor's activities do not result in the transfer of any other goods or services to Licensee other than the IP to which the licence relates.	– Not relevant because Licensor is not responsible for the transfer of any other goods or services to Licensee other than the IP to which the licence relates.	? In this example Licensor's activities do not result in the transfer of separate goods or services to Licensee (i.e. Licensee is responsible for catching the abalone). However, the activities described above in 58(b) are integral to the licence and do help protect the abalone so that is there to be caught by Licensee.	? Refer to comments in B58(c) for Example 3.	✓ Licensor's activities do not result in the transfer of separate goods or services to Licensee. The activities described above in 58(b) are integral to the terms of the licencing arrangement rather than separate goods or services.	– Not relevant because Licensor is not responsible for the transfer of any other goods or services to Licensee other than granting the licence.			

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			Example 1 Research activities—IP licence –over time	Example 2 Research activities—IP licence –point in time	Example 3 – Commercial fishing licence – over time	Example 4 – Recreational fishing licence – point in time	Example 5 – casino licence with sales-based royalties – over time	Example 6 – Working with Children licence – point in time		
Right to access - accounting	B60	If the criteria in paragraph B58 are met, an entity shall account for the promise to grant a licence as a performance obligation satisfied over time because the customer will simultaneously receive and consume the benefit from the entity's performance of providing access to its intellectual property as the performance occurs (see paragraph 35(a)). An entity shall apply paragraphs 39–45 to select an appropriate method to measure its progress towards complete satisfaction of that performance obligation to provide access.	✓ Licensor recognises revenue over the three years it satisfies the performance obligation. Licensor can measure its progress towards satisfaction of the performance obligation on the basis of an input method, such as research labour hours expended.	– Not relevant because the criteria in B58 were not met. Refer to B61 for the accounting treatment relevant for this arrangement.	✓ Licensor recognises revenue over the three years it satisfies the performance obligation. Licensor can measure its progress towards satisfaction of the performance obligation on the basis of an input method, such as labour hours expended to undertake activities associated with the licence.	– Not relevant because the criteria in B58 were not met. Refer to B61 for the accounting treatment relevant for this arrangement.	✓ Criteria in B58 are satisfied largely through the provision of exclusivity rights –B62 states should be disregarded. However, sales based commission criteria in B63 are satisfied so revenue is recognised throughout the ten year licence period (refer to B63).	– Not relevant because the criteria in B58 were not met. Refer to B61 for the accounting treatment relevant for this arrangement.		

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			Example 1 Research activities—IP licence –over time	Example 2 Research activities—IP licence –point in time	Example 3 – Commercial fishing licence – over time	Example 4 – Recreational fishing licence – point in time	Example 5 – casino licence with sales-based royalties – over time	Example 6 – Working with Children licence – point in time						
Is it a right to use?	B61	<p>If the criteria in paragraph B58 are not met, the nature of an entity's promise is to provide a right to use the entity's intellectual property as that intellectual property exists (in terms of form and functionality) at the point in time at which the licence is granted to the customer.</p> <p>This means that the customer can direct the use of, and obtain substantially all of the remaining benefits from, the licence at the point in time at which the licence transfers. An entity shall account for the promise to provide a right to use the entity's intellectual property as a performance obligation satisfied at a point in time. An entity shall apply paragraph 38 to determine the point in time at which the licence transfers to the customer.</p> <p>However, revenue cannot be recognised for a licence that provides a right to use the entity's intellectual property before the beginning of the period during which the customer is able to use and benefit from the licence.</p> <p>[STAFF NOTE TO BOARD: this requirement includes an example– see B61in AASB 15]</p>	–	Not relevant because the criteria in B58 were met. Therefore revenue is recognised over time.	✓	Licensor recognises all of the revenue at the point in time when Licensee can direct the use of, and obtain substantially all of the remaining benefits from, the licensed intellectual property, which is at the point in time when the licence is issued	–	Not relevant because the criteria in B58 were met. Therefore revenue is recognised over time.	✓	Licensor recognises all of the revenue at the point in time when Licensee can direct the use of, and obtain substantially all of the remaining benefits from, the licence, which is at the point in time when the licence is granted	–	Not relevant because even though criteria in B58 are satisfied, largely through the provision of exclusivity rights – B62 states these should be disregarded. However, sales based commission criteria in B63 are satisfied. Therefore revenue is recognised throughout the ten year licence period. Refer to B63.	✓	Licensor recognises all of the revenue at the point in time when Licensee can direct the use of, and obtain substantially all of the remaining benefits from, the licence, which is at the point in time when the licence is granted

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			Example 1 Research activities—IP licence –over time	Example 2 Research activities—IP licence –point in time	Example 3 – Commercial fishing licence – over time	Example 4 – Recreational fishing licence – point in time	Example 5 – casino licence with sales-based royalties – over time	Example 6 – Working with Children licence – point in time		
Are there factors which must be disregarded when determining whether a	B62	An entity shall disregard the following factors when determining whether a licence provides a right to access the entity's intellectual property or a right to use the entity's intellectual property:	– See B62(a) and B62(b) below	– See B62(a) and B62(b) below	? See B62(a) and B62(b) below	– See B62(a) and B62(b) below	✓ See B62(a) and B62(b) below	– See B62(a) and B62(b) below		

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		Example 1 Research activities—IP licence –over time	Example 2 Research activities—IP licence –point in time	Example 3 – Commercial fishing licence – over time	Example 4 – Recreational fishing licence – point in time	Example 5 – casino licence with sales-based royalties – over time	Example 6 – Working with Children licence – point in time	
licence provides a right to access or a right to use?	B62 (a)	Restrictions of time, geographical region or use—those restrictions define the attributes of the promised licence, rather than define whether the entity satisfies its performance obligation at a point in time or over time.	– Not relevant as there are no restrictions of time, geographical region or use within the fact pattern of this arrangement	– Not relevant as there are no restrictions of time, geographical region or use within the fact pattern of this arrangement.	? Exclusive geographical restrictions (zoning) have been disregarded when determining whether the Licensor satisfies its performance obligation at a point in time or over time. However, other activities such as setting maximum individual quotas for licensees that are based on the Total Annual Commercial Catch (TACC) and monitoring the Geographical zone have not been disregarded because they are significant activities undertaken by Licensor that directly benefit Licensee throughout the licence period. For that reason the relevance of this requirement has been questioned.	– Not relevant as there are no restrictions of time, geographical region or use to benefit the licensee within the fact pattern of this arrangement.	✓ Exclusive rights and geographical restrictions such as the ability for the Licensee to operate the only casino within the Geographical region have been disregarded when determining whether Licensor satisfies its performance obligation at a point in time or over time.	– Not relevant as there are no restrictions of time, geographical region or use to benefit the licensee within the fact pattern of this arrangement.

		IP		Non-IP ⁵			
				Right to access or use Licensor's asset		Right to perform an activity ⁶	
		Example 1 Research activities—IP licence –over time	Example 2 Research activities—IP licence –point in time	Example 3 – Commercial fishing licence – over time	Example 4 – Recreational fishing licence – point in time	Example 5 – casino licence with sales-based royalties – over time	Example 6 – Working with Children licence – point in time
B62 (b)	Guarantees provided by the entity that it has a valid patent to intellectual property and that it will defend that patent from unauthorised use—a promise to defend a patent right is not a performance obligation because the act of defending a patent protects the value of the entity's intellectual property assets and provides assurance to the customer that the licence transferred meets the specifications of the licence promised in the contract.	– Not relevant as there are no guarantees provided by the Licensor within the fact pattern of this arrangement.	– Not relevant as there are no guarantees provided by the Licensor within the fact pattern of this arrangement.	✓ See comments above in B62 (a)	– Not relevant as there are no guarantees provided by the Licensor within the fact pattern of this arrangement.	✓ See comments above in B62 (a)	– Not relevant as there are no guarantees provided by the Licensor within the fact pattern of this arrangement.

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Sales-based or usage-based royalties	B63	Notwithstanding paras 56–59, an entity shall recognise revenue for a sales-based or usage-based royalty promised in exchange for a licence of intellectual property only when (or as) the later of the following events occurs: (a) the subsequent sale or usage occurs; and (b) the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been satisfied (or partially satisfied).	–	Not relevant as there are no sales-based or usage based royalties within the fact pattern of this arrangement	–	Not relevant as there are no sales-based or usage based royalties within the fact pattern of this arrangement.	–	Not relevant as there are no sales-based or usage based royalties within the fact pattern of this arrangement.	✓	This arrangement contains sales based commissions, therefore Licensor recognises revenue only when (or as) the later of the following events occurs: (a) the casino earns revenue; and (b) the performance obligation to which some of the sales-based commission has been partially allocated has been satisfied.	–	Not relevant as there are no sales-based or usage based royalties within the fact pattern of this arrangement.
	B63 A	The requirement in paragraph B63 applies when the royalty relates only to a licence of intellectual property or when a licence of intellectual property is the predominant item to which the royalty relates (e.g. when the entity has a reasonable expectation that the customer would ascribe significantly more value to the licence than to the other goods or services to which the royalty relates).							?	Not clear how this paragraph applies to non-IP licences		

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B63 B	When the requirement in paragraph B63A is met, revenue from a sales-based or usage-based royalty shall be recognised wholly in accordance with paragraph B63. When the requirement in paragraph B63A is not met, the requirements on variable consideration in paragraphs 50–59 apply to the sales-based or usage-based royalty.	Refer to comments in paragraph B63	Refer to comments in paragraph B63	Refer to comments in paragraph B63	Refer to comments in paragraph B63	Refer to comments in paragraph B63	?	Not clear how this paragraph applies to non-IP licences	Refer to comments in paragraph B63		