



Project:	Accounting for revenue from licences issued by not-for-profit public sector entities	Meeting	AASB December 2017 (M161)
Topic:	Proposed amendments to AASB 15	Agenda Item:	6.0
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		Decision-Making:	High
		Project Status:	Exposure Draft

Introduction and objective of the meeting

- 1 The objective of this meeting is to seek the Board's approval of:
 - (a) the draft Exposure Draft 28X *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Licensors* including its Basis for Conclusions, for issuance with a 90-day comment period; and
 - (b) the project's next steps.

Link to project summary

[AASB Licences Issued by NFP Public Sector Entities Project Summary](#)

Attachments

Agenda Paper 6.1 Draft Exposure Draft 28X

Background

- 2 At the October 2017 Board meeting, the Board decided that the scope of the ED on accounting for revenue from licences issued by public sector entities will be limited to not-for-profit (NFP) public sector entities. The Board also reviewed a partial ED, which included guidance on distinguishing a licence from a tax and a Basis for Conclusions outlining the Board’s decisions on the project to date. The Board also decided that the ED should include the following, which Staff have incorporated in the Ballot Draft of the ED (agenda paper 6.1) in the paragraphs referenced in column two:

Board Decision	ED Reference
Guidance in relation to identifying a taxation component of a licence fee.	G3-G6
Guidance on including non-contractual licences arising from statutory requirements in the scope (note: this was decided to be included at the August 2017 meeting).	G7-G8
Proposals that would require, for intellectual property (IP) licences, the specific requirements/guidance in AASB 15 <i>Revenue from Contracts with Customers</i> on accounting for revenue from IP licences to apply without amendment.	G10-12
Proposals that would require revenue from non-IP licences to be accounted for in accordance with the general requirements in AASB 15, including the accounting for variable consideration.	G13
Guidance to help entities determine whether a licence is distinct or not distinct from other goods or services in the arrangement (eg licences for quotas of tangible items such as fish are not distinct).	G14-G15
Clarifications to help entities identify performance obligations in non IP licences issued by the public sector, including clarifying that a ‘promise’ to protect the licensee’s rights (ie exclusivity) is not a performance obligation of the licensor but an attribute of the promised licence.	G17-G18
A specific matter for comment asking whether the proposed amendments to AASB 15 should include practical expedients, consistent with those in AASB 16 Leases, to allow up-front revenue recognition for low-value and/or short-term licences.	SMC 4
A specific matter for comment asking whether the specific guidance in AASB 15 on accounting for variable consideration from IP licences should also be made applicable to non-IP licences.	SMC 5
Implementation examples to help entities apply the proposed guidance.	IE5-IE8

- 3 In addition, Staff have:
- (a) included the specific matters for comment;
 - (b) included guidance on the proposed recognition exemptions (G19-G21);

- (c) included a decision tree to assist constituents apply the requirements of the Standard (paragraph G22); and
- (d) updated the [draft] Basis for Conclusions to reflect the Board’s decisions to date.

Overview of Agenda paper

4 Agenda Paper 6.1 is the draft ED. It includes a proposed application date of annual reporting periods beginning on or after 1 January 2019 and a comment period of 90 days.

Question 1 to the Board

Do Board members approve the draft ED for issuance (subject to minor editorial changes as required)?

Next steps

5 Below is the timeline/project plan including status of deliverables completed to date:

Meeting / Deliverable	Key objectives	Status
10 October 2017: Board meeting	Approve contents of partial draft ED and decide on an option to amend and provide guidance in AASB 15 for accounting for revenue from licences issued by NFP public sector entities	Completed
27 November 2017: first mail out for December meeting	Staff to provide updated ED (incl. BC) to Board reflecting the decisions made by Board in October meeting	Completed
12-13 December 2017: Board meeting	Board to approve ED for public issue with a 90-day comment period	Work in progress
21 December 2017: Issue ED	Issue ED for public comment for 90 days	
8-29 January 2018	Organise outreach sessions and prepare presentation pack and other communications (for example questions on LinkedIn) for outreach	
29 January 2018 – 31 March 2018	Perform outreach activities (possibly same day/venue as NFP Insurance outreach sessions), possibly meetings and other targeted outreach during 90-day comment period	
31 March 2018: Comments due on ED	Comments due from public (prior to 31 March, targeted outreach to constituents)	

Meeting / Deliverable	Key objectives	Status
April 2018: Staff collate feedback	Collate feedback on ED , conduct targeted outreach with constituents that raised significant concerns (if any), draft staff paper with recommendations on how to address constituent comments, which could include changes to examples/guidance in ED and/or adding more examples/guidance in Standard	
10-11 May 2018: Board meeting	Board to consider feedback from constituents and staff paper with recommendations on how to address constituent comments/concerns	
14-15 June 2018: Board meeting	Board to consider draft Standard based on decision made in May AASB meeting (this may sections of draft Standard with revised examples/guidance rather than whole Standard as only two weeks between May AASB meeting and board mail-out date for June meeting)	
16 June – 20 July 2018: Staff refine draft Standard	Staff to complete drafting Standard including guidance, examples and Basis for Conclusions based on board decisions in June	
23 July 2018	Circulate draft Standard to sub-group of board members for comment	
6 August – 20 August 2018	Address sub-group comments in draft Standard in time for board mail-out on 20 August 2018	
3-5 September 2018: Board meeting:	Board to consider draft Standard and decide whether to issue it for fatal flaw comments or proceed to final Standard	
14 September 2018: Issue Draft Standard for fatal flaw comments	Put Draft Standard out for fatal flaw comments – 1 month (if board proceeds with this option)	
12 October 2018:	Comments on Fatal flaw version of draft Standard due	
15-26 October 2018:	Staff to collate fatal flaw comments, conduct targeted outreach with constituents who made significant comments on and update draft Standard	
12-14 November 2018: Board meeting	Board to consider fatal flaw comments and draft Standard updated for those comments	

Meeting / Deliverable	Key objectives	Status
24 November 2018: Issue Ballot Draft Standard	Update draft Standard for decisions made in November AASB meeting and issue ballot draft version of Standard for voting out-of-session	
8 December 2018	Voting closes on ballot draft version of Standard	
15 December 2018	Final Standard issued. If board decides not to issue fatal flaw version for comment, then the timeline for finalising Standard would be earlier by 2 months	

Question 2 to the Board

Do Board members agree with the above timeline/project plan?