

***AASB 118 Revenue and IFRS for SMEs Section 23 Revenue***

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**1. Executive Summary**

**Main differences in recognition, measurement or presentation requirements**

The only noteworthy difference between the recognition and measurement requirements of AASB 118 *Revenue* and *IFRS for SMEs Section 23 Revenue* is that Section 23 (paragraphs 23.6 and 23.7) adds a ‘commercial substance’ criterion for transactions involving exchanges of goods or services. Related to this, the *IFRS for SMEs* excludes the requirement in paragraph 35(c) of AASB 118 to disclose the amount of revenue arising from exchanges of goods and services included in each significant category of revenue.

**Disclosure proposals**

It is proposed to not add the disclosures in paragraph 23.30(b)(vi)–(viii) of the *IFRS for SMEs* to RDR.

## 2. Analysis of disclosure requirements

Text in AASB 118 Revenue	Text in IFRS for SMEs Section 23 Revenue	Comment
<p><b>Disclosure</b></p> <p>35. An entity shall disclose:</p> <p>(a) the accounting policies adopted for the recognition of revenue including the methods adopted to determine the stage of completion of transactions involving the rendering of services;</p> <p>(b) the amount of each significant category of revenue recognised during the period including revenue arising from:</p> <p>(i) the sale of goods;</p> <p>(ii) the rendering of services;</p> <p>(iii) interest;</p> <p>(iv) royalties;</p> <p>(v) dividends; and</p> <p>(c) the amount of revenue arising from exchanges of goods or services included in each significant category of revenue.</p>	<p><b>Disclosures</b></p> <p><b>General disclosures about revenue</b></p> <p>23.30 An entity shall disclose:</p> <p>(a) the accounting policies adopted for the recognition of revenue, including the methods adopted to determine the stage of completion of transactions involving the rendering of services.</p> <p>(b) the amount of each category of revenue recognised during the period, showing separately, at a minimum, revenue arising from:</p> <p>(i) the sale of goods.</p> <p>(ii) the rendering of services.</p> <p>(iii) interest.</p> <p>(iv) royalties.</p> <p>(v) dividends.</p> <p>(vi) commissions.</p> <p>(vii) government grants.</p> <p>(viii) any other significant types of revenue.</p>	<p>Paragraphs 35(a) and 35(b) of AASB 118 and paragraphs 23.30(a) and 23.30(b)(i)-(v) of the <i>IFRS for SMEs</i> correspond. Paragraphs 35(a) and 35(b) should be retained in the RDR.</p> <p>Paragraphs 23.30(b)(vi)-(viii) of the <i>IFRS for SMEs</i> contain disclosures not included in AASB 118. Based on paragraph IN4 of this Appendix, those disclosures in the <i>IFRS for SMEs</i> should not be added to the RDR.</p> <p>Paragraph 35(c) of AASB 118 has no equivalent in the <i>IFRS for SMEs</i>. Because paragraph 35(c) provides useful information about disaggregations of amounts presented in the financial statements and about the entity's transactions (as referred to in paragraphs IN6(e) and IN6(f) of this Appendix), paragraph 35(c) should be retained in the RDR.</p>
<p>36. An entity discloses any contingent liabilities and contingent assets in accordance with AASB 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i>. Contingent liabilities and contingent assets may arise from items such as warranty costs, claims, penalties or possible losses.</p>		<p>Paragraph 36 of AASB 118 has no equivalent in the <i>IFRS for SMEs</i>. It is guidance relating to a disclosure retained in the RDR. Based on the reasoning in paragraph IN7 of this Appendix, paragraph 36 should be retained in the RDR.</p>

### **3. AASB 118 Revenue: Text of Proposed Disclosures**

The following are the disclosure requirements of AASB 118 *Revenue* (2004, as amended). It is proposed that they be retained without amendment in the RDR.

#### **Disclosure**

**35. An entity shall disclose:**

- (a) the accounting policies adopted for the recognition of revenue including the methods adopted to determine the stage of completion of transactions involving the rendering of services;**
- (b) the amount of each significant category of revenue recognised during the period including revenue arising from:**
  - (i) the sale of goods;**
  - (ii) the rendering of services;**
  - (iii) interest;**
  - (iv) royalties; and**
  - (v) dividends.**
- (c) the amount of revenue arising from exchanges of goods or services included in each significant category of revenue.**

**36. An entity discloses any contingent liabilities and contingent assets in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. Contingent liabilities and contingent assets may arise from items such as warranty costs, claims, penalties or possible losses.**