



**Australian Government**

**Australian Accounting  
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Dr Andreas Barckow  
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UNITED KINGDOM

*(submitted via the IASB website)*

27 October 2023

Dear Dr Barckow,

**AASB submission on IASB Request for Information on Post-implementation Review of IFRS  
15 Revenue from Contract with Customers**

The Australian Accounting Standards Board (AASB) welcomes the opportunity to provide comments on the International Accounting Standards Board (IASB) Request for Information on Post-implementation Review of IFRS 15 *Revenue from Contract with Customers* in June 2023.

In formulating these comments, the views of Australian stakeholders were sought and considered. This consultation included the following outreach activities to gather views from stakeholders:

- (a) AASB Disclosure Initiative Advisory Panel;
- (b) written submissions to AASB from Australian stakeholders; and
- (c) other targeted consultations with financial statement preparers, auditors and professional bodies.

The AASB acknowledges the efforts of the IASB to assess whether the effects of applying IFRS 15 on the stakeholders are as intended when the requirements were developed.

Overall, our stakeholders have indicated that IFRS 15 is working as intended and provides useful information to users. However, as discussed in detail in the Appendix to this letter, our stakeholders are experiencing increased difficulty where arrangements are complex and we recommend:

- (a) further clarification of the control concept in IFRS 15 and additional guidance for specific arrangements to assist stakeholders in performing principal versus agent considerations;

- (b) guidance on how to determine the transaction price when a contract term for lease and non-lease components differ and the arrangement contains variable lease payments;
- (c) clarification in the standard on the presentation of negative revenue; and
- (d) addressing the inconsistency between standards in relation to the recognition of notional interest on payments received in advance.

The detailed recommendations and responses to the specific questions for respondents are in the Appendix to this letter. In addition, we have identified areas requiring additional guidance. Further details are provided in the Appendix. If you have any questions regarding this letter, do not hesitate to contact myself or Helena Simkova, Director ([hsimkova@asb.gov.au](mailto:hsimkova@asb.gov.au)).

Yours sincerely,

Dr Keith Kendall  
Chair – AASB

## APPENDIX

### AASB responses to questions raised in the IASB Request for Information on Post-implementation Review of IFRS 15 *Revenue from Contract with Customers*

#### Question 1—Overall assessment of IFRS 15

**(a) In your view, has IFRS 15 achieved its objective? Why or why not?**

Please explain whether the core principle and the supporting five-step revenue recognition model provide a clear and suitable basis for revenue accounting decisions that result in useful information about an entity's revenue from contracts with customers.

If not, please explain what you think are the fundamental questions (fatal flaws) about the clarity and suitability of the core principle or the five-step revenue recognition model.

**(b) Do you have any feedback on the understandability and accessibility of IFRS 15 that the IASB could consider:**

**(i) in developing future Standards; or**

**(ii) in assessing whether, and if so how, it could improve the understandability of IFRS 15 without changing its requirements or causing significant cost and disruption to entities already applying the Standard—for example, by providing education materials or flowcharts explaining the links between the requirements?**

**(c) What are the ongoing costs and benefits of applying the requirements in IFRS 15 and how significant are they?**

If, in your view, the ongoing costs of applying IFRS 15 are significantly greater than expected or the benefits of the resulting information to users of financial statements are significantly lower than expected, please explain why you hold this view.

These questions aim to help the IASB understand respondents' overall views and experiences relating to IFRS 15. Sections 2–9 seek more detailed information on specific requirements.

The AASB agrees that the objective of IFRS 15 has been achieved. However, most stakeholders commented on the complexity they have experienced in understanding and applying the requirements of the standard. We encourage the IASB, going forward, to develop standards that are easier to understand using simpler language.

Our stakeholders also commented on the complexity of applying the standard to some arrangements. Therefore, we recommend that the IASB provides further targeted guidance (as outlined in the questions below).

In respect of the understandability and accessibility of IFRS 15, stakeholders commented on the usefulness of the guidance already included in the Basis for Conclusions (BC), IFRS Interpretations Committee (IC) Agenda Decisions (AD) and the Transition Reference Group (TRG) papers, and recommended that some of the guidance should be moved to IFRS 15 so it is easier to access. The guidance specifically noted by stakeholders included the following:

- (a) paragraph BC116K explaining when a transformative relationship between goods or services exists;
- (b) the TRG discussion from March 2015 explaining which payments to a customer are considered to be in scope of the consideration payable guidance; and
- (c) the TRG discussion from March 2015 and July 2015 explaining who is considered an entity's customer when assessing consideration payable.

**Question 2—Identifying performance obligations in a contract**

**(a) Does IFRS 15 provide a clear and sufficient basis to identify performance obligations in a contract? If not, why not? Please describe fact patterns in which the requirements:**

- (i) are unclear or are applied inconsistently;
- (ii) lead to outcomes that in your view do not reflect the underlying economic substance of the contract; or
- (iii) lead to significant ongoing costs.

If diversity in application exists, please explain and provide supporting evidence about how pervasive the diversity is and explain what causes it. Please also explain how the diversity affects entities' financial statements and the usefulness of the resulting information to users of financial statements.

**(b) Do you have any suggestions for resolving the matters you have identified?**

The AASB agrees that IFRS 15 provides a clear and sufficient basis for identifying performance obligations in a contract.

However, our stakeholders outlined that it is challenging to determine separate performance obligations in bundled arrangements because it is difficult to identify distinct goods or services. This included:

- (a) arrangements involving more than two parties where the principal versus agent determination is required (e.g. services on-sold by an agent);
- (b) bundled arrangements including software (including customisation of licensing software) and online gaming;
- (c) bundled arrangements including consulting services; and
- (d) arrangements where assets do not meet the requirements to be accounted for as a lease (under IFRS 16 *Leases*) and include related services (e.g. use of common reception area or land around buildings).

We encourage the IASB to undertake research in this area to identify how it can further assist stakeholders in making these determinations.

**Question 3—Determining the transaction price**

**(a) Does IFRS 15 provide a clear and sufficient basis to determine the transaction price in a contract—in particular, in relation to accounting for consideration payable to a customer? If not, why not?**

Please describe fact patterns in which the requirements on how to account for incentives paid by an agent to the end customer or for negative net consideration from a contract (see Spotlight 3) are unclear or are applied inconsistently.

If diversity in application exists, please explain and provide supporting evidence about how pervasive the diversity is and explain what causes it. Please also explain how the diversity affects entities' financial statements and the usefulness of the resulting information to users of financial statements.

**(b) Do you have any suggestions for resolving the matters you have identified?**

The AASB agrees that IFRS 15 provides a clear and sufficient basis for determining the transaction price for simple arrangements. However, our stakeholders reported difficulties with the application of the principles where arrangements are complex and reported that diversity in practice exists.

#### *Areas where additional guidance is required*

Our stakeholders identified the following areas which require more guidance:

- (a) determining the transaction price for goods and services in bundled arrangements that have no observable price (e.g. in bespoke contracts). Whilst we acknowledge the existing guidance in paragraphs 78 to 80 of IFRS 15, stakeholders' feedback noted that determining the price for these goods and services is not sufficient. We encourage the IASB to consider conducting research into best practices and summarising the findings in non-mandatory guidance;
- (b) variable consideration and the application of the constraining estimate in paragraph 56. It was reported that the guidance is applied inconsistently with some industries not recognising variable consideration at contract inception as it is too difficult to justify the estimate. We suggest that IASB develops guidance (step-by-step consideration) on the application of the constraints when assessing the variable consideration;
- (c) determining the transaction price in multiple party arrangements (e.g. credit cardholder, merchant's bank, credit card issuer, etc.). It is unclear whether certain fees (e.g. interchange fee) form part of the transaction price and how to determine the transaction price if the principal and agent contract term differs from the agent and customer contract term; and
- (d) determining whether the contract contains a significant financing component. Stakeholders reported that the existing guidance may be difficult to understand and therefore, it is not applied correctly in practice. Increased difficulty is experienced in performing calculations when financing components are complex (e.g. different payment and timing of the delivery of services). In addition, calculating notional interest on arrangements where customers paid upfront is inconsistent with the accounting for operating leases when no interest is recognised on upfront payments. This can result in situations, where similar commercial transactions have different amounts of income recognised (e.g. capacity sales accounted for under IFRS 15 if there is no dedicated asset, otherwise it is accounted for under IFRS 16 *Leases*). The AASB suggests that the IASB considers the need for additional illustrative examples on significant financing components based on the feedback received as part of this post-implementation review. To maintain the consistency of principles across all standards, we recommend that the IASB considers whether upfront payments received under various standards should have a similar consideration of interest.

#### *Clarification in the standard to reduce diversity*

In addition, the feedback from our stakeholders indicated diversity in practice and a need for clarification of the presentation of consideration paid to customers if it exceeds the consideration received. Based on the feedback we understand that negative revenue is presented as an expense by some entities and as a reduction in revenue by others. To reduce the diversity in practice and enhance comparability of financial statements, we suggest a narrow-scope amendment to IFRS 15 to clarify how to present negative revenue.

Some stakeholders noted difficulties relating to accounting for non-cash consideration paid to a customer, specifically the timing of the measurement of non-cash consideration. The feedback indicated that the value of the non-cash consideration can fluctuate (e.g. value of a company's shares granted to the customer) and there is uncertainty about the timing of the measurement. Our

stakeholders referred to US GAAP guidance which addresses this matter. We suggest that the IASB considers amendments to IFRS 15 to include guidance on the timing of measurement of non-cash consideration that is similar to US GAAP Topic 606 (606-10-32-23).

*Practical expedient suggested*

Our stakeholders commented that accounting for consideration payable to a customer and estimating variable consideration in bundled arrangements when some contracts have no end date is overcomplicated. The feedback indicated that estimating the contract life of those contracts requires a significant level of judgment. We acknowledge the complexity of the accounting, in particular, in situations when historical information is not available (e.g. new line of business or customer). We also considered the usefulness of the information to users of financial statements if a significant level of judgement is involved and the information provided may often subsequently change. Therefore, the AASB suggests that the IASB reassesses the costs of the disclosures relative to the expected benefits to financial statement users and considers introducing an option to expense the consideration paid to customers at contract inception if the contract life cannot be estimated reliably or the estimate requires undue cost or effort.

<b>Question 4—Determining when to recognise revenue</b>
<b>(a) Does IFRS 15 provide a clear and sufficient basis to determine when to recognise revenue? If not, why not?</b> Please describe fact patterns in which the requirements are unclear or are applied inconsistently—in particular, in relation to the criteria for recognising revenue over time (see Spotlight 4).  If diversity in application exists, please explain and provide supporting evidence about how pervasive the diversity is and explain what causes it. Please also explain how the diversity affects entities’ financial statements and the usefulness of the resulting information to users of financial statements.
<b>(b) Do you have any suggestions for resolving the matters you have identified?</b>

The AASB agrees that IFRS 15 provides a clear and sufficient basis to determine when to recognise revenue. However, we received mixed feedback on the understandability of the standard. Stakeholders also reported application challenges and the need for additional guidance in certain areas.

*Understandability of paragraph 35: Performance obligations satisfied over time*

The feedback from our stakeholders indicated that the language used in paragraph 35 of IFRS 15 is difficult to understand and, therefore, application in practice is challenging. Applying paragraph 35(c) is especially difficult because, for example, combining the criteria of “the entity’s performance does not create an alternative use to the entity” with the requirement that “the entity has an enforceable right to payment for performance completed to date” may cause issues and confusion. We suggest that the IASB considers whether paragraph 35 could be redrafted using simple and straightforward language.

*Application challenges*

Our stakeholders are also experiencing challenges in applying the principles for arrangements involving selling software, delivering a business case, or recognising revenue from contracts with an

indefinite life. We encourage the IASB to consider developing guidance or illustrative examples to assist entities in these areas.

*Stand ready obligations*

The feedback we received indicated that diversity in practice may exist in revenue recognition for stand ready obligations. We note paragraph BC160 provides an example of a health club contract with an entity’s promise to stand ready for a period of time rather than providing a service only when the customer requires it. We consider it may be useful to add this example to the application guidance to reduce diversity in practice.

<p><b>Question 5—Principal versus agent considerations</b></p>
<p><b>(a) Does IFRS 15 provide a clear and sufficient basis to determine whether an entity is a principal or an agent? If not, why not?</b></p> <p>Please describe fact patterns in which the requirements are unclear or are applied inconsistently—in particular, in relation to the concept of control and related indicators (see Spotlight 5).</p> <p>If diversity in application exists, please explain and provide supporting evidence about how pervasive the diversity is and explain what causes it. Please also explain how the diversity affects entities’ financial statements and the usefulness of the resulting information to users of financial statements.</p>
<p><b>(b) Do you have any suggestions for resolving the matters you have identified?</b></p>

The feedback indicated that stakeholders seek clarity on the concept of control, as currently reliance is being placed on the indicators in paragraph B37. Stakeholders reported that complex scenarios (for example, multiple-parties contracts) require significant judgement.

*Application of control concept*

Feedback we received indicated that there is a tendency to rely on the indicators within paragraph B37 of IFRS 15 as a primary reference and suggested that there is a lack of clarity in IFRS 15 on the concept of control and how to make the assessment. We noted that paragraph BC381 explains that when determining whether the entity acts as a principal or an agent, the entity needs to identify the performance obligation in the contract as it is necessary for the entity to determine whether it controls the goods or services. This explanation clarifies that the consideration of control is fundamental to the principal versus agent assessment. In addition, a useful explanation of the relevance of the control test is provided in paragraph BC385H. We also acknowledge the guidance provided in the IFRS IC AD Principal versus Agent: Software Reseller. We encourage the IASB to undertake research into how the control concept can be more clearly outlined in IFRS 15. This may include the following:

- (a) elevating some of the BC paragraphs into IFRS 15 or application guidance (e.g. paragraph BC381 and paragraph BC385H which clearly explains that the indicators do not override the application of the control concept);
- (b) transforming the IFRS IC AD Principal versus Agent: Software Reseller into an illustrative example with a conclusion on the entity being a principal or agent so it is easily accessible to stakeholders; and
- (c) developing a decision tree that would clearly demonstrate the hierarchy of the assessments.

### *Specific areas requiring more guidance*

In addition to the above, the feedback we received indicated a need for further guidance for specific arrangements including an explanation of how to apply the control concept requirements. We encourage the IASB to undertake research to identify the areas where application challenges arise frequently. Based on the feedback we received, those could be:

- (a) multiple parties arrangements with multiple deliverables and different contract terms (e.g. back-to-back arrangements);
- (b) arrangements where the services provided by one entity are embedded into the services provided by another entity; and
- (c) arrangements that relate to advertising, 24/7 support services, arrangements where an entity retains inventory risk, arrangements containing transactions on online platforms (and other emerging business models) and maintenance services.

#### **Question 6—Licensing**

**(a) Does IFRS 15 provide a clear and sufficient basis for accounting for contracts involving licences? If not, why not?**

Please describe fact patterns in which the requirements are unclear or are applied inconsistently—in particular, in relation to matters described in Spotlight 6.

If diversity in application exists, please explain and provide supporting evidence about how pervasive the diversity is and explain what causes it. Please also explain how the diversity affects entities' financial statements and the usefulness of the resulting information to users of financial statements.

**(b) Do you have any suggestions for resolving the matters you have identified?**

### *Application challenges*

In relation to licensing (including licence renewals and modifications), our stakeholders indicated it is difficult to determine, in complex arrangements, whether:

- (a) the provision of the licence is distinct in the context of the contract;
- (b) other activities that the entity provides are significantly affecting the IP; and
- (c) the standalone functionality is significant.

Our stakeholders commented that significant technical business knowledge is required to determine the accounting treatment and technical engineers or product experts need to be consulted. This demonstrates the complexity of application requirements.

We also heard that it can be unclear whether the control of a licence is passed upfront or over the lease term when accounting for revenue from a licence that supports hardware being sold in a lease arrangement (dealer-lessor). Our stakeholders expressed the need for further support in the form of illustrative examples or further guidance. We encourage the IASB to consider the feedback from this post-implementation review to identify the additional guidance on licence arrangements that could best assist entities.



### Clarification of when revenue should be recognised

Our stakeholders also noted diversity in practice relating to the recognition of revenue for licence renewals, with some entities recognising the revenue when the renewal is agreed and others when the renewal period starts. We acknowledge that the IASB has already discussed this issue before the standard's effective date and decided not to amend it. However, considering the existing diversity in practice we encourage the IASB to amend IFRS 15 to clarify the timing of revenue recognition for licence renewals.

#### Question 7—Disclosure requirements

**(a) Do the disclosure requirements in IFRS 15 result in entities providing useful information to users of financial statements? Why or why not?**

Please identify any disclosures that are particularly useful to users of financial statements and explain why. Please also identify any disclosures that do not provide useful information and explain why the information is not useful.

**(b) Do any disclosure requirements in IFRS 15 give rise to significant ongoing costs?**

Please explain why meeting the requirements is costly and whether the costs are likely to remain high over the long term.

**(c) Have you observed significant variation in the quality of disclosed revenue information? If so, what in your view causes such variation and what steps, if any, could the IASB take to improve the quality of the information provided?**

The AASB confirms that there are no fundamental questions (fatal flaws) about the disclosure requirements in IFRS 15. We heard mixed views in relation to the usefulness and costs of the disclosure requirements including those relating to:

- (a) the disaggregation of revenue for individual segments; and
- (b) the contract balances and relevant reconciliations.

However, we have not received sufficient evidence to suggest any specific changes in the existing disclosure requirements.

#### Question 8—Transition requirements

**(a) Did the transition requirements work as the IASB intended? Why or why not?**

Please explain:

- (i) whether entities applied the modified retrospective method or the practical expedients and why; and
- (ii) whether the transition requirements in IFRS 15 achieved an appropriate balance between reducing costs for preparers of financial statements and providing useful information to users of financial statements.

We did not note any issues with the transition requirements, with our stakeholder feedback indicating the transition requirements achieved an appropriate balance between reducing costs for preparers and providing useful information to users. The research from Kabir and Su (2022)<sup>1</sup> and

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1 Kabir, H., and Su, L. (2022). How did IFRS 15 affect the revenue recognition practices and financial statements of firms? Evidence from Australia and New Zealand. *Journal of International Accounting, Auditing and Taxation*, 49 (December).

Onie, Ma, Spiropoulos and Wells (2023)<sup>2</sup> provide evidence that entities adopted different transition approaches.

<p><b>Question 9—Applying IFRS 15 with other IFRS Accounting Standards</b></p>
<p><b>(a) Is it clear how to apply the requirements in IFRS 15 with the requirements in other IFRS Accounting Standards? If not, why not?</b></p> <p>Please describe and provide supporting evidence about fact patterns in which it is unclear how to apply IFRS 15 with the requirements of other IFRS Accounting Standards, how pervasive the fact patterns are, what causes the ambiguity and how that ambiguity affects entities’ financial statements and the usefulness of the resulting information to users of financial statements. The IASB is particularly interested in your experience with the matters described in Spotlights 9.1–9.3.</p>
<p><b>(b) Do you have any suggestions for resolving the matters you have identified?</b></p>

In general, the feedback the AASB received indicated that in most situations it is clear how to apply the requirements in IFRS 15 with the requirements in other IFRS Accounting Standards. However, the outreach identified issues relating to interaction of IFRS 15 and IFRS 16 *Leases*, where improvements should be considered. In addition, stakeholders find it challenging to navigate between the standards.

*Interaction of IFRS 15 and IFRS 16 Leases*

The feedback highlighted complexity relating to separating lease and non-lease components when the lease term and revenue contract term differ. A high-level of estimation in these circumstances is required, which can lead to subsequent revenue adjustments when lease options are exercised for the period in which the revenue contract did not exist. The lack of clarity in the accounting guidance can lead to significant diversity in practice. Therefore, we recommend that the IASB provides clear guidance on how to determine the transaction price when the contract terms for lease and non-lease components differ and the arrangement contains variable lease payments.

Most of the stakeholders commented on the complexity and existing diversity relating to sale and leaseback transactions. The main issues noted were as follows:

- (a) additional guidance is needed to apply the control test to sale and leaseback arrangements because the control test principles are not carried through consistently (e.g. in the case of arrangements containing substitution rights). It is also unclear how to apply the control criteria because there are different views on the percentage of the asset value or asset life that needs to be transferred to conclude that the control has passed; and
- (b) an entity applies IFRS 15 to determine the timing of the sale but the contract includes renewal periods for substantially all of the asset’s life.

We recommend that the IASB clarifies the issues and application of control criteria to sale and leaseback transactions in additional guidance.

In addition, our stakeholders requested guidance on how to determine the standalone selling price of lease components because the guidance in IFRS 15 is not relevant to the pricing of operating and

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2 Onie, S., Ma, L., Spiropoulos, H., and Wells, P. (2023). An evaluation of the impacts of the adoption of IFRS 15 Revenue from Contracts with Customers. *Accounting and Finance*, 63(1).

finance leases. We suggest that the IASB considers whether the existing guidance provides a sufficient basis for determining the standalone selling price of a lease component including interest.

As indicated in Question 3 the standard requirements are not consistent in relation to recognition of notional interest on payments received in advance. Whilst IFRS 15 requires the notional interest to be recognised on upfront payments from customers, IFRS 16 does not have a similar requirement for upfront payments from operating leases. Depending on the relevant standard, similar transactions would result in different revenue/income to be recognised.

#### *Interaction of IFRS 15 and IFRS 9 Financial Instruments*

Stakeholders highlighted difficulties in determining whether a transaction is fully or partially within the scope of IFRS 15 or IFRS 9. This challenge is specifically experienced in emerging business models such as cash reward cards or customers purchasing cards that are redeemable for gift cards on online platforms. Stakeholders were unsure whether these transactions, other price concessions and refund liabilities are in the scope of IFRS 15 or IFRS 9. We noted that the IASB considered similar issues in paragraphs BC192 – BC194. These paragraphs explain that in many cases, price concessions are likely to be granted to enhance a customer relationship to encourage future sales to that customer. An entity should consider all facts and circumstances to determine whether the entity will accept a lower amount of consideration than the price stated in the contract. In some cases it may be difficult to determine whether the entity has implicitly offered a price concession or whether the entity has chosen to accept the risk of default by the customer of the contractually agreed-upon consideration (i.e. customer credit risk). Therefore an entity should use judgement and consider all relevant facts and circumstances in making that determination. We agree that the use of judgement is required and, therefore, the AASB recommends that the IASB include paragraphs BC193 and BC194 in application guidance to explain that the entity needs to assess the specific facts and circumstances of each transaction. In addition, we suggest developing additional illustrative examples that are more relevant to the current business practices to reduce existing diversity in practice.

#### *Interaction of IFRS 15 and IFRS 37 Provisions, Contingent Liabilities and Contingent Assets*

Stakeholders commented on challenges deciding whether certain transactions are in the scope of IFRS 15 or IAS 37, including product recalls, provisions for warranty extensions; and whether a payment to a customer following litigation should be treated as a reduction to revenue or an expense under IAS 37. We suggest the IASB consider the feedback from this post-implementation review and assess whether additional guidance is required.

#### *Interaction of IFRS 15 and IFRS 17 Insurance Contracts*

The feedback we received indicated the following areas represent a challenge to preparers:

- (a) whether insurance contracts should be broken down and the components of the contract considered separately (e.g. a salvage contract that has multiple suppliers and customers); and
- (b) the treatment of variable consideration and refund liabilities (which is based on expectations under IFRS 17 and there is a different threshold applying IFRS 15) and the consistency of the accounting treatment relating to this under IFRS 17 and IFRS 15.

We recommend that the IASB consider these issues in the preparation for the post-implementation review of IFRS 17.

#### *Interaction of IFRS 15 and IFRS 10 Consolidated Financial Statements*

The feedback we received indicated difficulties in accounting for the sale of real estate in a corporate wrapper that includes variable consideration and there is diversity in practice. We acknowledge that the IASB has previously considered this issue and concluded that developing a comprehensive solution could affect multiple standards. However, we would like to bring it to the IASB’s attention to highlight that diversity in practice still exists.

<b>Question 10—Convergence with Topic 606</b>
<b>(a) How important is retaining the current level of convergence between IFRS 15 and Topic 606 to you and why?</b>

The AASB received feedback that indicates a desire to increase the convergence of IFRS 15 and Topic 606, however, maintaining a principles-based standard is more important. Staff encourage the IASB to continue considering relevant guidance from Topic 606 following this post-implementation review.

<b>Question 11—Other matters</b>
<b>(a) Are there any further matters that you think the IASB should examine as part of the post-implementation review of IFRS 15? If yes, what are those matters and why should they be examined?</b> Please explain why those matters should be considered in the context of this post-implementation review and the pervasiveness of any matter raised. Please provide examples and supporting evidence.

Feedback we received highlighted the need for additional illustrative examples to increase the consistency in the application of the requirements in accounting for framework contracts (i.e. umbrella arrangements) where the accounting contract is only at purchase order level but overarching pricing mechanisms apply. We recommend that the IASB consider the need for issuing further guidance to address diversity in practice.