Agenda Item 7: ED 70, Revenue with Performance Obligations

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IPSASB Meeting
Lisbon, Portugal
September 24–27, 2019
ED 70, Revenue with Performance Obligations

**Project management: Stocktake**

- **Road Map** – progress to date and future meeting plans
- **Board Decisions** – previous decisions taken and key future issues
- **Board Instructions** – satisfied with actions taken?
- **Other Issues?**
ED 70, Revenue with Performance Obligations

Session Outline

- ED 70 Project Update
- Analysis of Disclosure Requirements in ED 70 (Agenda Item 7.2.1)
- Draft ED 70 – September 2019 Update
ED 70 Project Update (1/4)

Since June 2019, the Task Force...

• Proposed amendments to disclosure requirements—see slides 8 to 9 and Agenda Item 7.2.1
• Proposed amendments to resolve issues raised at previous IPSASB meetings—see slides 10 to 12
Since June 2019, the Task Force…

• Met on September 21–23 to proposed amendments to illustrative examples:
  – Modified IFRS 15 examples for realistic fact patterns which could apply to public sector entities
  – Developed new public-sector specific examples to illustrate additional application guidance on scope, three-party arrangements, enforceability and licenses, as well as additional disclosure requirements
  – Developed scenarios involving intergovernmental organizations
Since June 2019, the Task Force...

- Further amendments to illustrative examples:
  - Deleted a few examples which were private-sector focused after attempting to modify them for the public sector
Planned Action Items

- Finalize wording of proposed amendments to illustrative examples and agree on wording directing constituents to IFRS 15 for commercial transactions (as per the IPSASB’s instruction from the June 2019 meeting)
- Consequential amendments, transitional provisions, and basis for conclusions to be updated in October to November of 2019
- Above items to be presented at December 2019 IPSASB meeting
Overall Approach

• Start by retaining all disclosure requirements from IFRS 15
• Remove disclosure requirements which have limited or no applicability in the public sector
  – Task Force considered removing paragraphs 116, 118 and 119 but ultimately decided to retain all disclosure requirements
• Add disclosure requirements for public sector-specific issues
  – Added paragraphs 112 on materiality and aggregation and 120 on compelled transactions where collection is not probable
Matter for Consideration

- Does the IPSASB agree with the Task Force Recommendations?
In light of the IPSASB’s decision to retain paragraph 8(e), amended paragraph 14 and added AG32 to provide more guidance on transactions where the collection is not probable.

- Added AG70 and AG71 to provide guidance on transactions that have components within the scope of ED 70 and ED 71.
- Added AG92 to provide guidance on the determination of a stand-alone price that is based on an entry value.
• Revised the definition of third-party beneficiaries in paragraph 7 to refer to the transfer of “goods, services or other assets” and added footnote 1 to paragraph 1 to explain that goods or services may encompass non-current assets
• Added footnote 4 to paragraph 3(i) to explain that the definition of “fair value” may change depending on the outcome of the IPSASB’s Measurement project
Other Proposed Changes to ED 70 since June 2019

• Updated ED to be formally presented to the Board in December 2019
  – Current draft made available to IPSASB Members for the purpose of reviewing changes and considering the disclosures