

Exposure Draft 71, Revenue without Performance Obligations

Specific Matters for Comment

SMC 1: That a present obligation exists due to requirements related to a specified activity or eligible expenditure.

CNC: We agree that a specified activity and eligible expenditure give rise to present obligations.

SMC 2: That the flowchart in ED 71 illustrates the process and relevant paragraphs for revenue recognition.

CNC: We agree the flowchart clearly illustrates the process.

SMC 3: That sufficient guidance exists to determine when a present obligation is satisfied and when revenue should be recognized.

CNC: We do not agree that sufficient guidance exists to determine when a present obligation is satisfied and when revenue should be recognized. We think there should be more guidance on the interpretation of whether we are facing point in time or over time, as we can find in ED 70 or ED 72. We should not have to use other ED to ascertain the recognition of revenue.

SMC 4: That sufficient guidance exists to determine how to allocate the transaction price between different present obligations.

CNC: We agree that the guidance is clear to identify and determine how to allocate the transaction price between different present obligations.

SMC 5: The subsequent measurement of receivables should be in accordance with IPSAS 41.

CNC: We agree that the subsequent measurement of receivables should be in accordance with IPSAS 41, though we think that in most cases amortized cost will be applied.

SMC 6: The disclosure requirements are appropriate.

CNC: We agree that the disclosure requirements are appropriate, though rather hard to evaluate the balance between “too much” or “too little”. Judgement from the preparer is necessary in terms of quantitative and qualitative substance of the materiality of both classes of transactions and account balances in the disclosure.

SMC 7: The structure of the proposed Standard is appropriate.

CNC: In our opinion some of the major sources of revenue for governments and other public sector entities are not within the scope of this ED, as mentioned in SMC 01 in ED 70. We support the previous concept of IPSAS 23 of “revenue from non-exchange transactions”.

Lisbon, 1st September 2020