

Accounting Standards Board of Japan (ASBJ)

Fukoku Seimei Building 20F, 2-2, Uchisaiwaicho 2-Chome, Chiyoda-Ku Tokyo 100-0011, Japan
Phone +81-3-5510-2737 Facsimile +81-3-5510-2717 URL <https://www.asb.or.jp/en/>



12 January 2018

IFRS Interpretations Committee
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Comments on three Tentative Agenda Decisions relating to IFRS 15 Revenue from Contracts with Customers

1. The Accounting Standards Board of Japan (the “ASBJ”) welcomes the opportunity to comment on the following three IFRS Interpretation Committee’s (the “Committee”) tentative agenda decisions relating to IFRS 15 *Revenue from Contracts with Customers*
 - (a) Revenue recognition in a real estate contract (issued in September 2017)
 - (b) Revenue recognition in a real estate contract that includes the transfer of land. (issued in November 2017)
 - (c) Right to payment for performance completed to date. (issued in November 2017)
2. Although we do not object to the views included in the Committee’s tentative agenda decisions above, we are concerned with the following:
 - (a) The fact that the tentative agenda decisions address very specific fact patterns;
and
 - (b) How these tentative agenda decisions are written.

Clarification of the scope of issues to be addressed by the Committee

3. The three tentative agenda decisions relating to IFRS 15 illustrate the thought process and interpretations of how the principles and requirements in IFRS 15 would apply to very specific fact patterns. As noted in the tentative agenda decisions, the

principles and requirements in IFRS 15 provide adequate bases for an entity to determine the appropriate accounting treatment based on the particular facts and circumstances in each case.

4. The International Accounting Standards Board's ("IASB") provides examples regarding how to implement principles and requirements in IFRSs based on facts and circumstances via webcasts. Although both webcasts and agenda decisions do not have the authority of IFRSs, the former is issued without any due process, the latter provide comment periods even though that period may be short. We think the IASB should clarify what type of issues are addressed in the webcasts and what type of issues are addressed by the Committee and thus by agenda decisions.

How tentative agenda decisions are written

5. We think the IASB or the Committee should encourage entities to analyse their specific facts and circumstances to determine the best way to apply the principles and requirements in IFRS 15. Even a small change to the fact pattern may result in an accounting outcome that is different from the detailed analyses included in the agenda decision. We are also concerned that entities may simply apply the interpretations described in the tentative agenda decisions by analogy, without the due consideration that should be given.
6. We are of the view that detailed analyses should be provided for the issues the Committee decided to add to its standard-setting agenda. However, for the issues the Committee decided not to add to its standard-setting agenda, we think the main purpose of issuing agenda decisions is to describe the process regarding how the Committee came to the conclusion that it should not be added to its standard setting agenda. If the Committee determines that an entity can account for the specific fact pattern by applying the principles and requirements in IFRSs carefully, without supplementing the existing guidance in IFRS standards, we are of the view that it should be sufficient to state that view in the agenda decision.
7. We think the that detailed analyses regarding how IFRS standards would be implemented could be addressed in educational materials (including webcasts) and that, if requests for clarification is received frequently for similar issues, the IASB or Committee should consider whether to consider revising the language in IFRS 15 through the Annual Improvement process or other process.

8. We hope our comments are helpful for the Committee's and the IASB's consideration in the future. If you have any questions, please feel free to contact us.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Yukio Ono', written in a cursive style.

Yukio Ono
Chairman of the Accounting Standards Board of Japan