

## Accounting Standards Board of Japan (ASBJ)

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Ms. Sue Lloyd  
Chair of the IFRS Interpretations Committee  
International Accounting Standards Board  
Columbus Building, 7 Westferry Circus  
London E14 4HD, United Kingdom

### **Comments on the Tentative Agenda Decision Relating to IFRS 15 Revenue from Contracts with Customers — Assessment of Promised Goods or Services**

1. The Accounting Standards Board of Japan (the “ASBJ” or “we”) welcome the opportunity to comment on the IFRS Interpretation Committee (the “Committee”)’s tentative agenda decision relating to IFRS 15 *Revenue from Contracts with Customers* — Assessment of promised goods or services, proposed in the September 2018 IFRIC Update.
2. This tentative agenda decision illustrates the thought process and interpretations of how the principles and requirements in IFRS 15 would apply to a specific fact pattern. As noted in the tentative agenda decision, the principles and requirements in IFRS 15 provide an adequate basis to determine the appropriate accounting treatment for the specific fact pattern provided in the tentative agenda decision.
3. We believe that the issue in the tentative agenda decision assumes that the admission service is merely a setup activity. Accordingly, we believe that it is necessary to clarify this point.
4. The fact pattern in the submission relates to the assessment of the promised goods or services for an entity that is a stock exchange. However, entities in other industries may also apply the interpretation provided in this agenda decision by analogy when an entity charges a customer a non-refundable upfront fee at or near contract inception for a specific activity, without fully considering the facts and

circumstances, once the agenda decision is finalised. Together with the reason stated above, we believe that it is necessary to clarify the assumptions.

5. In addition, the tentative agenda decision does not clearly state whether the admission services and ongoing listing services are included in a single contract. If these services were stated in more than one contract, unless it is necessary to combine such contracts and account for them as a single contract in accordance with paragraph 17 of IFRS 15, the outcome would be different from that in the tentative agenda decision and, in that case, we think each contract would be accounted for separately.
6. Accordingly, we think that the tentative agenda decision should clarify the assumptions, such as whether the admission services and ongoing listing services are included in a single contract.
7. The tentative agenda decision includes a description saying, “The Committee observed that the activities performed by the entity at or near contract inception are required to successfully transfer the goods or services for which the customer has contracted—ie the service of being listed on the exchange” (underline added). We think this description is based on paragraph BC93 of IFRS 15. However, paragraph 25 of IFRS 15 does not include the term “successfully”, and we believe that tentative agenda decision shall be described based on the main text of the IFRS Standards, which are authoritative. In addition, we think the IASB should clarify in the agenda decision whether the IASB intends to change the meaning of the requirements by including this term.
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', with a stylized flourish at the end.

Yukio Ono  
Chairman  
Accounting Standards Board of Japan