

IFRS Conference

Revenue revolution - Planning for the new revenue standard

*Capital Markets and
Accounting Advisory
Services*

August 2016

Change is coming!

All entities will be impacted, but the extent of the impact will vary based on industry and complexity of contracts



<i>Contract features</i>	<i>IFRS 15 impact</i>
Multiple goods and / or services provided together in one transaction	Revenue must be allocated to these items in line with strict criteria – this might not be the price written in the contract
Free goods and / or services provided to the customer	An amount of revenue must also be allocated to these items in line with strict criteria
Licenses that provide the customer with access to intellectual property	Guidance is explicit on how to treat licenses – which may change the timing of revenue recognition
The customer receives many different goods and / or services over the length of the contract	Identifying ‘performance obligations’ is a difficult and judgmental area, requiring disclosure in the financial statements
There are varied terms which impact when risks and rewards pass to the customer (e.g. warehouse deliveries, customer acceptance, long-term freight, use of resellers)	The guidance uses ‘transfer of control’ to indicate when revenue will be recognised, this new concept may lead to differences against current treatment
Long term contracts likely to be modified over the life of the contract term	The standard provides explicit guidance on how to treat contract modifications which may be different from the current treatment

Changing your perspective

IFRS 15 will impact revenue cycles, KPI, systems and processes



Time to act is now!

5 questions companies should be addressing

What is management's transition strategy, timeline and budget?

What are the key issues, impacts and risks specific to our industry and company?

How will change impact our business, beyond the financial statements?

How and when are we communicating changes to stakeholders?

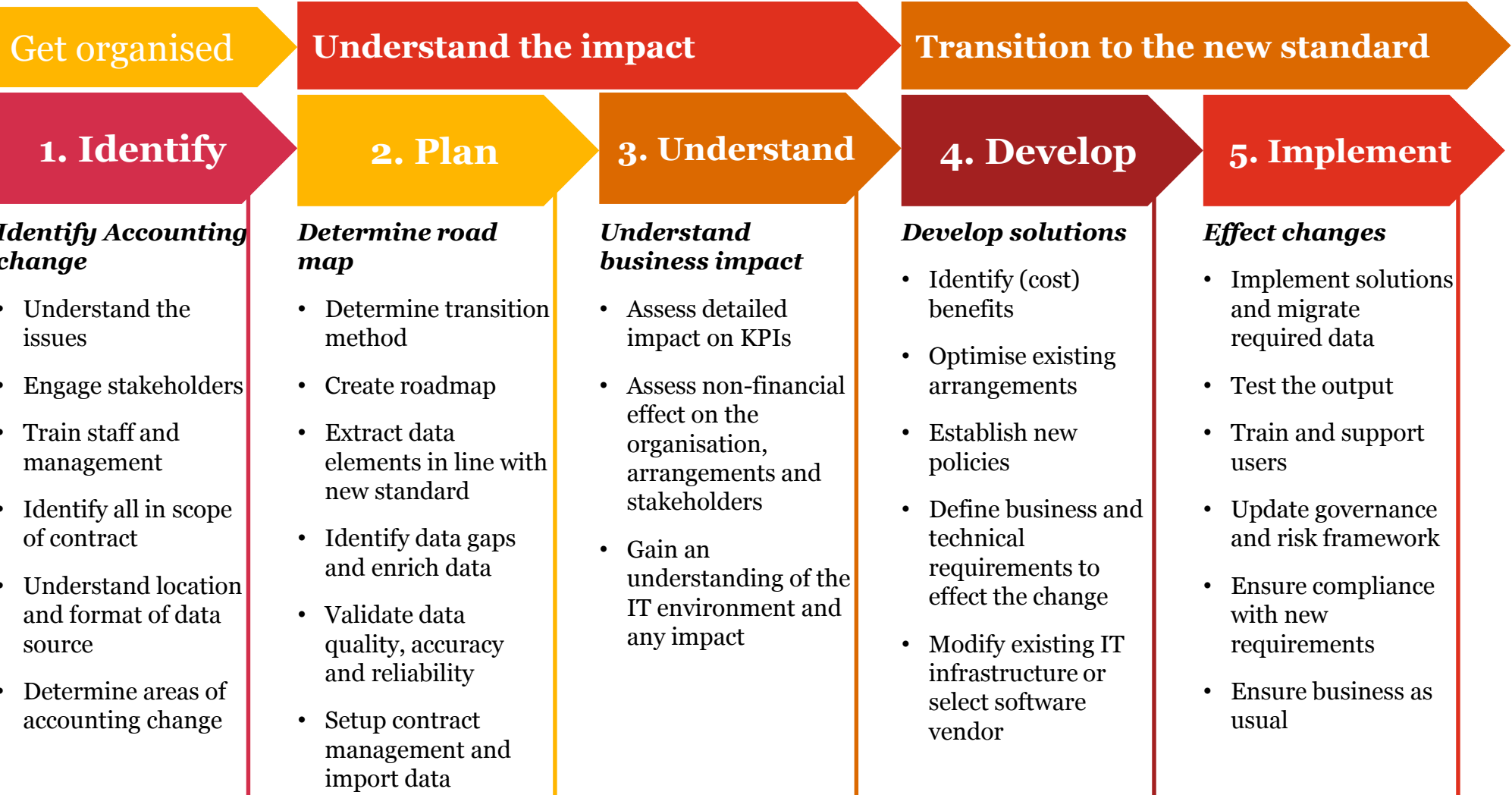
How are our competitors addressing transition?

Transition

Five-step approach to successful transition



What you need to do



Thank you

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PricewaterhouseCoopers Limited, its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

© 2016 PricewaterhouseCoopers Limited. All rights reserved. In this document, "PwC" refers to PricewaterhouseCoopers Limited which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.
IFRS Conference
PwC

For more information, please contact:

Anthony Murage

Partner – PwC Kenya

T: +254 (20) 285 5347

[E: anthony.murage@ke.pwc.com](mailto:anthony.murage@ke.pwc.com)