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CHARTERED ACCOUNTANTS OF SRI LANKA

SLFRS 15 – Revenue from contracts with customers

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9th September 2019

SLFRS -15 – Revenue from contracts with customers

Description/areas covered
Background
Scope
5 step model in detail
Other noteworthy elements (including transitional provisions)
Presentation and disclosures

SLFRS -15 – Revenue from contracts with customers
Background

IAS 18 /LKAS 11	*IFRICs and SICs*
Separate models for: • Construction contracts • Goods • Services	**IFRIC 13-** Customer Loyalty programmes **IFRIC 15-** Agreement for the construction of real estates **IFRIC 18** – transfer of assets from customers **SIC 31-** Revenue-Barter transactions involving advertising services

Focus on risk and rewards

SLFRS 15 – Revenue from contracts with customers

Focus on transfer of control (transfer of control)

Scope and scope exception

What is in scope or affected by the new standard?

- Contracts with customers
- Sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., property, plant and equipment, intangible assets)

What is not in scope?

- Leasing contracts – LKAS 17
- Insurance contracts – SLFRS 4
- Financial instruments and certain other contractual rights and obligations – LKAS 39/SLFRS 9, SLFRS 10 Consolidated Financial Statements, SLFRS 11 Joint Arrangements, LKAS 27 Separate Financial Statements and LKAS 28 Investments in Associates and Joint Ventures
- Certain non-monetary exchanges (ex .2 oil companies – exchange oil)

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The five step model

SLFRS -15 – Revenue from contracts with customers
5 step model

Core principle

Recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services

Step 1:	**Identify the contract(s) with a customer**
Step 2:	**Identify the performance obligations in the contract**
Step 3:	**Determine the transaction price**
Step 4:	**Allocate the transaction price to the performance obligations**
Step 5:	**Recognise revenue when (or as) the entity satisfies a performance obligation**

Overview of SLFRS 15

Contracts	Performance obligations	Transaction price	Allocation	Recognition timing
Identifying the contract	Identifying promised goods and services	Base transaction price	Determining stand-alone selling prices	Transfer of control: point in time or over time
Combining contracts	**Identifying performance obligation (**i.e., distinct goods and services)**s**	Variable consideration, incl. bonuses, returns, rebates	Allocating attributable variable consideration	*Repurchase* provisions
Contract modifications	Service-type and assurance-type warranties	Constraint	Allocation of a discount	Bill-and-hold *transactions*
Established business practices	Options granting a material right	Significant financing component		*Consignment* arrangements
Determining legal enforceability	Principal vs. agent	Non-cash consideration		*Customer acceptance*
		Payments to customers		*Licences*
		Changes in transaction price		Measuring progress and transferring control

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Step 01 –

Identify the contract

Step 1: Identify the contract

- A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations
- Can be written, oral or implied, but must meet specific criteria
- Does not exist if both parties can cancel a wholly unperformed contract without penalty

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Step 1: Identify the contract

- **A contract exists only if all the following criteria are met:**
  - Parties have approved the contract and are committed to perform
  - Each party's rights regarding the goods or services to be transferred are identifiable
  - Payment terms are identifiable
  - Contract has commercial substance
  - It is probable the entity will collect the consideration to which it is entitled in exchange for the transfer of goods/services to the customer
- **These criteria are assessed at the inception of the arrangement**
  - If the criteria are met at inception, reassessment only occurs if there is a significant change in facts and circumstances
  - If the criteria are not met at inception, continue to reassess

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Step 1: Identify the contract
Collectability criterion

Collectability

- ► Collectability refers to the customer's <u>intent</u> and <u>ability</u> to pay the amount of promised consideration

Collectability assessment

- ► Collectability assessment relates to the <u>transaction price</u>
- ► The transaction price may be less than the stated contract price if the entity intends to offer a price concession

Significant judgement

- ► Significant judgement will be required to determine if a partial payment is an implied price concession or an impairment loss

Step 1: Identify the contract Illustrative example

- Entity A, a TV channel provider, offers to new potential customers free online access to TV channels for 30 days without them needing to sign up for an contract.

- The potential customer has the discretion to decide either before, during or immediately after receiving the free access period whether they would like to sign up for a contract.

When does Entity A have a contract with a customer?

Step 02

Identify the performance obligations

Step 2: Identify performance obligations

A performance obligation is a promise (explicit or implicit) to transfer a distinct good or service to a customer

- Performance obligations are identified at contract inception and determined based on:
  - Contractual terms
  - Customary business practices
- Incidental obligations or marketing incentives may be performance obligations (e.g., ‘free’ maintenance provided by automotive manufacturers, loyalty points provided by a hotel)
- Does not include activities to satisfy an obligation (e.g., set-up activities) unless a good or service is transferred

Step 2: Identify performance obligations

Two-step model to identify which goods or services are distinct

Step 1 - Focus on whether the good or service is ***capable of being distinct***	Step 2 - Focus on whether the good or service is ***distinct in the context of the contract***
Customer can benefit from the individual good or service on its own **OR** Customer can use good or service with other readily available resources	The good or service is not integrated with, highly dependent on, highly interrelated with, or significantly modifying or customising other promised goods or services in the contract

Step 2: Identify performance obligations Illustrative example

- Entity enters into a contract to manufacture and install customized equipment and provide maintenance services for a five-year period
- Installation services include the integration of multiple pieces of equipment at the customer's facility in order for the equipment to operate as a single unit
- Equipment cannot operate without installation
- Entity sells equipment and installation services together; does not sell installation separately
- Other vendors can provide the installation services
- The maintenance services are sold separately

Step 2: Identify performance obligations
Customer options for additional goods or services

- ►Options to acquire additional goods or services represent separate performance obligations <u>if they provide the customer a material right </u>that the customer would not otherwise receive.

- ►Include discount vouchers, warranties and customer loyalty points
  - ► For example, an option with a discount that is incremental to those typically given

- ►Revenue is recognized when future goods and services are transferred or when the option expires

Combining contracts

- Contracts entered into at or near the same time with the same customer must be combined if one or more of the following conditions are met:
  - They were negotiated as a package with a single commercial objective
  - Consideration to be paid in one contract depends on the price or performance of the other contract
  - Some or all of the goods or services promised in the contracts are a single performance obligation

- Contracts may be combined in a portfolio with similar characteristics if the entity reasonably expects the effects on the financial statements would not materially differ

Contract modifications Determining whether a contract is modified

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- A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract:

- Exists when the parties approve a modification that either creates new or changes existing enforceable rights and obligations of the parties to the contract
- Could be approved in writing, by oral agreement or implied by customary business practices
- Accounted for once an entity determines the revised rights and obligations are enforceable

Contract modifications
Types of modification

Is the contract modification for additional goods and services that are distinct AND at their stand-alone selling price?

Yes

The new goods and services should be treated as separate contract.

No

Are the remaining goods and services distinct from those already provided?

No

The remaining goods and services are not distinct and form part of a single performance obligation that is partially satisfied at modification date [B].

Both yes and no

Blend of both A and B.

Yes

Goods and services not yet provided are distinct from the goods and services transferred on or before the modification [A].

Contract modifications
Types of modification (cont.)

Modification type	Accounting result
If the goods and services are distinct and added at stand-alone selling price	► Treat as a separate contract
Goods and services not yet provided are distinct from the goods and services transferred on or before the modification [A]	► Treat as if it is a termination of the old contract and the creation of a new contract ► Allocate the remaining transaction price to the remaining performance obligations ► Recognise on a prospective basis
The remaining goods and services are not distinct and form part of a single performance obligation that is partially satisfied at modification date [B]	► Update the transaction price and measure of progress toward completion ► Record an adjustment to revenue for the effect of the modification (i.e., a cumulative catch-up adjustment)

Contract modifications
Illustrative example

- Entity H enters into a contract to sell 1,000 Product Awidgets to a customer for CU100 per widget: 500 widgets in the first six months of the contract, and 500 thereafter.
- Control of each widget transfers at a point in time upon delivery to the customer.
- After the first six months, the customer realises that the price for additional widgets has decreased to CU95 and decides to take advantage of that lower price and stock for the next year.
- The customer modifies the contract to acquire an additional 200 widgets (1,200 widgets in total).

How will Entity H account for the modified contract? What if the additional widgets were sold at CU85 due to a customer relationship discount?

Step 2: Identify performance obligations

Principal versus agent considerations

Determining whether an entity acts as a principal or an agent in a specific arrangement affects the amount of revenue recognised (gross versus net recognition).

Principal

- Provides goods or services itself
- An entity is a principal if the entity controls a promised good or service before it transfers to a customer

- An entity may not be a principal if it obtains <u>legal title only momentarily</u> before the good or service is transferred to a customer

Agent

- Arranges for another party to provide goods or services

- An entity is an agent if the entity's <u>performance obligation</u> is to arrange for the provision of goods or services by another party

Step 2: Identify performance obligations

Principal versus agent considerations

- Indicators of being a *principal*:

Indicators	
	Entity is primarily responsible for fulfilling the promise and acceptability
	Entity has inventory risk before or after transfer to customer
	Entity has discretion in establishing the price

- Indicators support, but do not override, the control assessment
- None of the indicators are considered individually determinative or stronger/weaker

Step 2: Identify performance obligations

Principal versus agent considerations

Step 1

Identify the specified goods or services to be provided to the customer

Step 2

Assess whether it controls each specified good or service before that good or service is transferred to the customer (control assessment) in accordance with IFRS 15.33

Entity has NO control

Control not clear

Assess the three principal indicators (IFRS 15.B37)

Entity has control

Entity has control

Entity has NO control

Entity is a **principal**

Entity is an **agent**

Step 03 –

Determination of transaction price

Step 3: Determine the transaction price
Overview

Transaction price

Transaction price is the amount of consideration to which an entity **expects to be entitled** in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties

Transaction price reflects the effects of the following:

- Variable consideration (including application of the constraint)
- Significant financing component
- Non-cash consideration
- Consideration paid or payable to a customer

Step 3:Determine the transaction price Variable consideration

- Transaction price may vary because of variable consideration
- Definition of "variable consideration" is broad
- Identifying variable consideration is an important step in the new model because the constraint has to be considered for each type of variable consideration

Common types and events that cause consideration to be variable		
Bonuses	Incentive payments	Penalties
Refunds	Market-based fees	Discounts
Returns	Money-back guarantees	Price concessions
Volume rebates	Service level agreements	Liquidating damages

Step 3: Determine the transaction price Variable consideration

Estimating the transaction price

Variable consideration is estimated using the approach that better predicts the amount to which the company is entitled based on its facts and circumstances (i.e., **not a "free choice")**

The approach should be applied consistently throughout the contract and for similar types of contracts

Expected value	Most likely amount
▸ Sum of the probability-weighted amounts in a range of possible outcomes ▸ Most predictive when the transaction has a large number of possible outcomes ▸ Can be based on a limited number of discrete outcomes and probabilities	▸ The single most likely amount in a range of possible outcomes ▸ May be appropriate when the transaction will produce only two outcomes

Step 3: Determine the transaction price
Constraint on variable consideration

- Amounts are included in the transaction price only to the extent it is "highly probable" a significant reversal in the amount of cumulative revenue recognised will not occur
  - 'Highly probable' defined as "significantly more likely than probable"
  - 'Significant' is relative to cumulative revenue recognised at the **contract** level (including both fixed and variable consideration)
- Entities should not just constrain to zero when there is significant uncertainty
- An entity should update its estimate of the transaction price, including the constraint, at each reporting date
- Exception provided for sales-based and usage-based royalties related to licences of intellectual property

Step 3: Determine the transaction price
Constraint on variable consideration

- Both likelihood and magnitude of the revenue reversal should be considered when applying the constraint to the variable consideration
- Factors that suggest including the variable consideration in the transaction price could result in a significant revenue reversal include:
  - Consideration is highly susceptible to factors outside an entity's influence (e.g., market volatility, weather conditions)
  - Uncertainty of variable amounts is not expected to be resolved for a long period of time
  - Entity's experience with similar contracts is limited or has little predictive value
  - Entity has a practice of offering price concessions or changing payment terms and conditions
  - Contract has a large number and broad range of possible consideration amounts

Example : Variable consideration

- Entity enters into a contract and will receive a CU100,000 performance bonus if specified performance targets are met
- Entity estimates 80% likelihood it will receive entire performance bonus and 20% likelihood it will receive none of the bonus

- Due to the binary nature of the outcome, Entity determines that the best predictor of the ultimate consideration it will receive is the ‘most likely amount’ approach
- Therefore, CU100,000 is included in the transaction price
- Constraint likely has no effect because Entity concludes it is probable that the bonus will be received

Example: Variable consideration

- A construction entity enters into a contract and will receive a performance bonus **up to** CU100,000 if it meets specified performance targets. It estimates the likelihood of achieving the targets as:

Possible outcomes	Probability	Calculated amount
CU100,000	10%	CU10,000
CU80,000	30%	CU24,000
CU60,000	35%	CU21,000
CU40,000	10%	CU4,000
-	15%	-
Expected value		**CU59,000**

- ‘Expected value’ approach is determined to be the best method, the construction entity calculates CU59,000 using this method
- However, the construction entity must consider whether any of the CU59,000 needs to be constrained

Example : Variable consideration

- Entity enters into a contract and will receive a performance bonus **based on five potential amounts** if specified targets are met. It estimates the likelihood of achieving the targets, as follows:

Possible outcomes	Probability	Calculated amount
CU100,000	15%	CU15,000
CU80,000	30%	CU24,000
CU60,000	30%	CU18,000
CU40,000	10%	CU4,000
-	15%	-
Expected value		**CU61,000**

- 'Expected value' approach is determined to be the best method, Entity calculates CU61,000 using this method
- Constraint limits bonus to CU60,000 until it is highly probable that the next bonus level will be achieved

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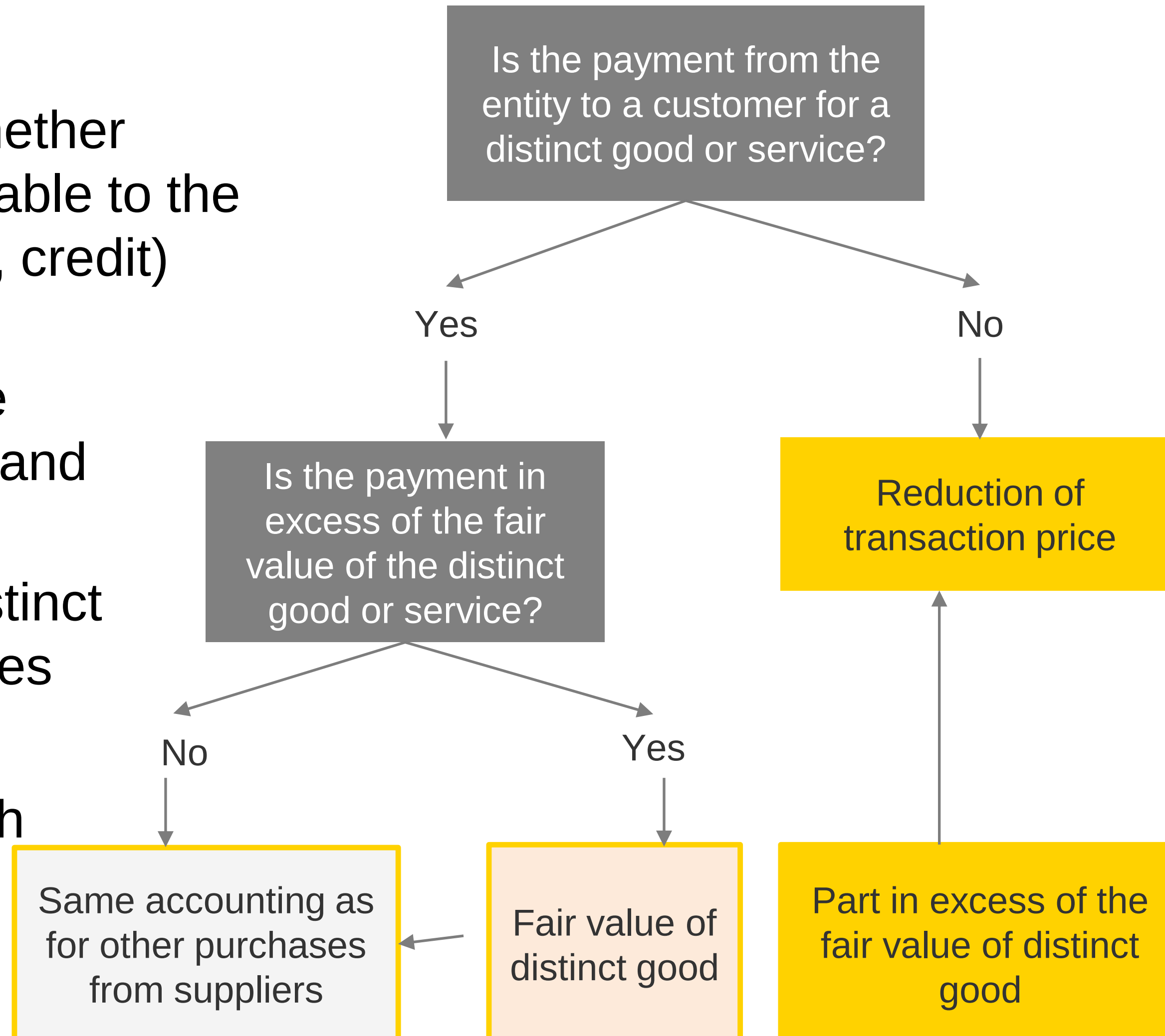
Step 3: Determine the transaction price

Consideration payable to a customer

- Entity determines whether amounts paid or payable to the customer (e.g., cash, credit) are:
  - A reduction of the transaction price and revenue
  - A payment for distinct goods and services

  Or

  A combination of both



Step 3: Determine the transaction price
Significant financing component

- Receipt of consideration does not match the timing of the transfer of goods or services to the customer:

Customer pays in arrears	Entity is providing financing to the customer
Customer pays in advance	Entity is receiving financing from the customer

- Reflected as an adjustment to the transaction price when significant and the primary purpose of the payment terms is to provide financing to one party in the contract (i.e., a significant financing component)
  - Practical expedient: adjustment is not required if the time between payment and performance is expected, at contract inception, to be less than 12 months
    - Practical expedient needs to be applied consistently to similar contracts in similar circumstances
  - Significant judgement required when determining whether a transaction includes a significant financing component

Step 3: Determine the transaction price
Non-cash consideration

- To determine if there is a significant financing component, consider all relevant facts and circumstances, including:
  - Difference, if any, between cash selling price of the promised goods or services and amount of promised consideration
  - Combined effect of the following:
    - The expected length of time between when the entity transfers the goods or services and when the customer pays for those goods or services
    - The prevailing interest rates in the relevant market
  - Assessment of significance is made at the individual contract level – not for a portfolio of similar contracts

- Use the discount rate that would be reflected in a separate financing transaction between the entity and customer at contract inception
  - Reflects the credit characteristics of the party receiving financing, as well as any collateral or security
  - Not updated after contract inception

Step 3: Determine the transaction price

Variable consideration – rights of return

Rights of return are a form of variable consideration

<u>Revenue recognition</u> is limited to amounts for which it is 'highly probable' a significant reversal will not occur (i.e., it is highly probable the goods will not be returned)

<u>A refund liability</u> is established for the expected amount of refunds and credits to be issued to customers

Corresponding asset and adjustment to cost of sales is recorded for items expected to be returned, based on carrying amount of the asset transferred less costs to recover. Return assets must be recorded separately from inventory

Return assets are subject to **impairment** review

Step 3: Determine the transaction price

Non-cash consideration

Measured at the fair value

When an entity expects to receive non-cash consideration, such consideration is measured at the fair value of the amounts received or promised and is included in the transaction price

Reference to the selling price

If the fair value cannot be reliably estimated, non-cash consideration is to be measured indirectly by reference to the selling price of the goods or services transferred to the customer

Step 4:

Allocate the transaction price

Step 4: Allocate the transaction price

Observable price

Best evidence

If not available

Estimated price

Possible estimation methods

- **Adjusted market assessment approach**
- **Expected cost plus margin approach**
- **Residual approach**

Allocate the transaction price
Determine standalone selling price

- SSP
  - Price at which an entity would sell a promised good or service separately
  - Best evidence is the observable price in a entity's standalone sale

- When SSP is not observable,
  - Maximize the use of observable inputs
  - Apply estimation methods consistently in similar circumstances
  - Use of a residual technique is allowed in **limited** situations

- Standalone selling prices used to perform the initial allocation should not be updated after contract inception

Example : Relative SSP method

- Entity enters into an agreement to sell hardware, professional services and maintenance services for CU200,000
- Entity determines that each of the promised goods or services represents a separate performance obligation
- Because the entity frequently sells professional services and maintenance on a stand-alone basis, it uses those transactions to determine SSPs of CU25,000 and CU15,000, respectively
- The entity rarely sells the hardware on a stand-alone basis, so it estimates the SSP at CU185,000 based on the hardware's underlying cost, the entity's targeted cost and the amount of margin the entity believes the market will bear (i.e., the expected cost plus a margin approach)

Example: Relative SSP method

- Customer receives a discount for purchasing the bundle of goods because the sum of the SSPs (CU225,000) exceeds the promised consideration (CU200,000)
- Assume that the entity concludes that the allocation exception for discounts does not apply. In this situation, the entity would allocate the discount proportionately to all performance obligations as follows:

	Estimated SSP (CU)	Relative %	Allocated discount (CU)	Allocation transaction price (CU)
Hardware	185,000	82.2%	(20,600)	164,400 [200,000 x 82.2%]
Professional services	25,000	11.1%	(2,800)	22,200 [200,000 x 11.1%]
Maintenance services	15,000	6.7%	(1,600)	13,400 [200,000 x 6.7%]
Total	**225,000**	**100.0%**	**(25,000)**	**200,000**

Step 5:

Recognise Revenue

Step 5: Recognise revenue when (or as) performance obligations are satisfied

Model is based on transfer of control

Control is the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset

Control <u>includes</u> the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset

The benefits of an asset are the potential cash flows that can be obtained directly or indirectly in many ways, such as by:

- Using the asset to produce goods or provide services
- Using the asset to settle liabilities or reduce expenses
- Pledging the asset to secure a loan
- Using the asset to enhance the value of other assets
- Selling or exchanging the asset
- Holding the asset

Step 5: Recognise revenue
Performance obligations satisfied over time

Performance obligations satisfied over time

Control of goods and services is transferred over time if **one of the following three criteria** is met:

- The entity creates or enhances an asset that the customer controls as it is created or enhanced
- The entity's performance does not create an asset with alternative use and the entity has an enforceable right to payment for performance completed to date
- Pure service contracts: The customer is receiving and consuming the benefits of the entity's performance as the entity performs
  - Another entity would not have to re-perform work completed to date
    - Disregard potential limitations that would prevent the transfer of a remaining PO to another entity
    - Assume another entity fulfilling the remaining PO would not have the benefit of any asset the entity controls

Example : Recognise revenue

Over-time criterion (b)

- **Scenario A -** Construction entity enters into a contract to build a house on the customer's land
  - If either party cancels the contract, any work in process (i.e., the partly-constructed building itself) remains as property of the customer
  - Therefore, the customer controls the asset as it is created or enhanced and over-time criterion (b) is met
- **Scenario B –** Equipment manufacturer enters into a contract with a customer to design and construct a specialised machine
  - If the customer cancels the contract, any work in process remains with the manufacturer who can sell the partly-constructed machine to another party
  - Physical possession and title do not pass until completion.
  - Therefore, the customer does not control the asset as it is created or enhanced over-time criterion (b) is not met

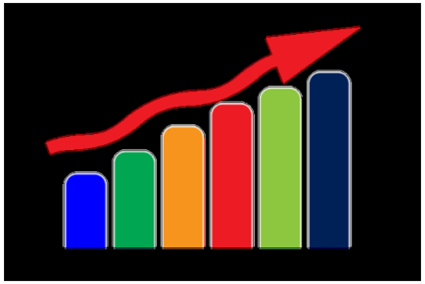
Step 5: Recognise revenue
Control transferred at a point in time

The following are indicators of when control is transferred. None of the indicators are individually determinative, and none are more important than others. Note that other factors could be relevant.

- **The entity has a present right to payment for the asset**
- **The customer has legal title to the asset**
- **The customer has physical possession of the asset**
- **The customer has the risks and rewards of ownership of the asset**
- **The customer has accepted the asset**

Step 5: Recognise revenue as performance obligations are satisfied over time

- Revenue is recognised over time by measuring progress toward completion of performance obligations
  - The objective is to most faithfully depict the entity's performance
  - Select a single method for each PO based on facts and circumstances
    - **Output methods**
    - **Input methods**
  - Apply method consistently for all similar arrangements



- If unable to reasonably estimate progress, revenue is not recognised until progress can be estimated
  - However, if entity can determine that no loss will be incurred, it recognises revenue up to costs incurred

Other Aspects

Contract costs

Costs to obtain

- Capitalise if incremental to obtaining the contract and expected to be recovered
- **Practical expedient:** Expense if amortisation period ≤ one year

Costs to fulfill

- Capitalise directly related costs if they generate or enhance resources that will be used to fulfill future POs and are expected to be recovered
- Excludes costs capitalised under other SLFRSs

Effective date and transition
Adoption methods available

	PY* (2017)		CY (2018)	Disclosures
Full retrospective (with optional practical expedients)	Cumulative catch-up	←	Contracts under new standard →	SLFRS 15 and LKAS 8 disclosures apply
Modified retrospective (Cumulative effect at date of application)	Contracts **not** restated	Cumulative catch-up	Existing and new contracts under new standard	Existing and new contracts compared using current SLFRS (e.g., LKAS 18) in CY

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Effective date and transition Adoption methods available

Available practical expedients (none, some or all can be used)

- Reducing the number of contracts that require restatement
  - No restatement of completed contracts
- Simplifying the restatement of contracts with customers
  - No estimation of variable consideration for completed contracts
  - Using hindsight for contract modifications
- Simplifying other aspects of transition
  - No quantitative disclosures on remaining POs

Disclosures

Disclosure requirements
Objective and overview of requirements

Key principle – to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers

- Disclose both **qualitative** and **quantitative** information about:
  - Contracts with customers
  - Significant judgements made in applying the standard to those contracts
  - Assets recognised from costs to obtain or fulfil a contract
- Disclose the use of any of the standard's practical expedients

Overview
Disclosure requirements

Category	Sub-category	Information type	Frequency
Contracts with customers	Disaggregation of revenue	Quantitative	Interim/annual
	Contract balances	Quantitative	Annual
		Qualitative	
	Performance obligations	Quantitative	Annual
		Qualitative	
Significant judgements	N/A	Qualitative	Annual
Contract costs	N/A	Quantitative	Annual
		Qualitative	
Other	Practical expedients	Qualitative	Annual
	Transition	Quantitative	Interim/annual
		Qualitative	

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Annual disclosure requirements
Disaggregation of revenue

Category	Sub-category	Information type	Frequency
Contracts with customers	Disaggregation of revenue	Quantitative	Interim/annual

Legacy disclosures	Potential changes
Revenue by segment and by significant category in accordance with SLFRS 8	► Further disaggregation within segments ► Disaggregation by multiple categories

- When selecting categories to disaggregate revenue, entities consider:
  - Disclosures presented outside the financial statements (e.g., earnings releases, annual reports, investor presentations)
  - Information regularly reviewed by the chief operating decision maker for evaluating the financial performance of operating segments (in accordance with SLFRS 8)
  - Other information used by the entity or its users to evaluate performance or make resource allocation decisions

Presentation requirements
Revenue from contracts with customers

Statement of comprehensive income (legacy SLFRS)	Statement of comprehensive income (after adoption of SLFRS 15)
Sale of goods Rendering of services	Revenue from contract with customers — **SLFRS 15**
Other revenue	Other revenue*
Total Revenue	**Total Revenue**
Cost of sales	
Operating profit	
Finance cost Finance income	
Impairment losses on financial instruments	

Statement of comprehensive income (after adoption of SLFRS 15)

**Examples might include:*

- *Lease revenue*
- *Revenue from insurance contracts*
- *Dividends*
- *Interest revenue*

Presentation requirements
Other items in profit or loss

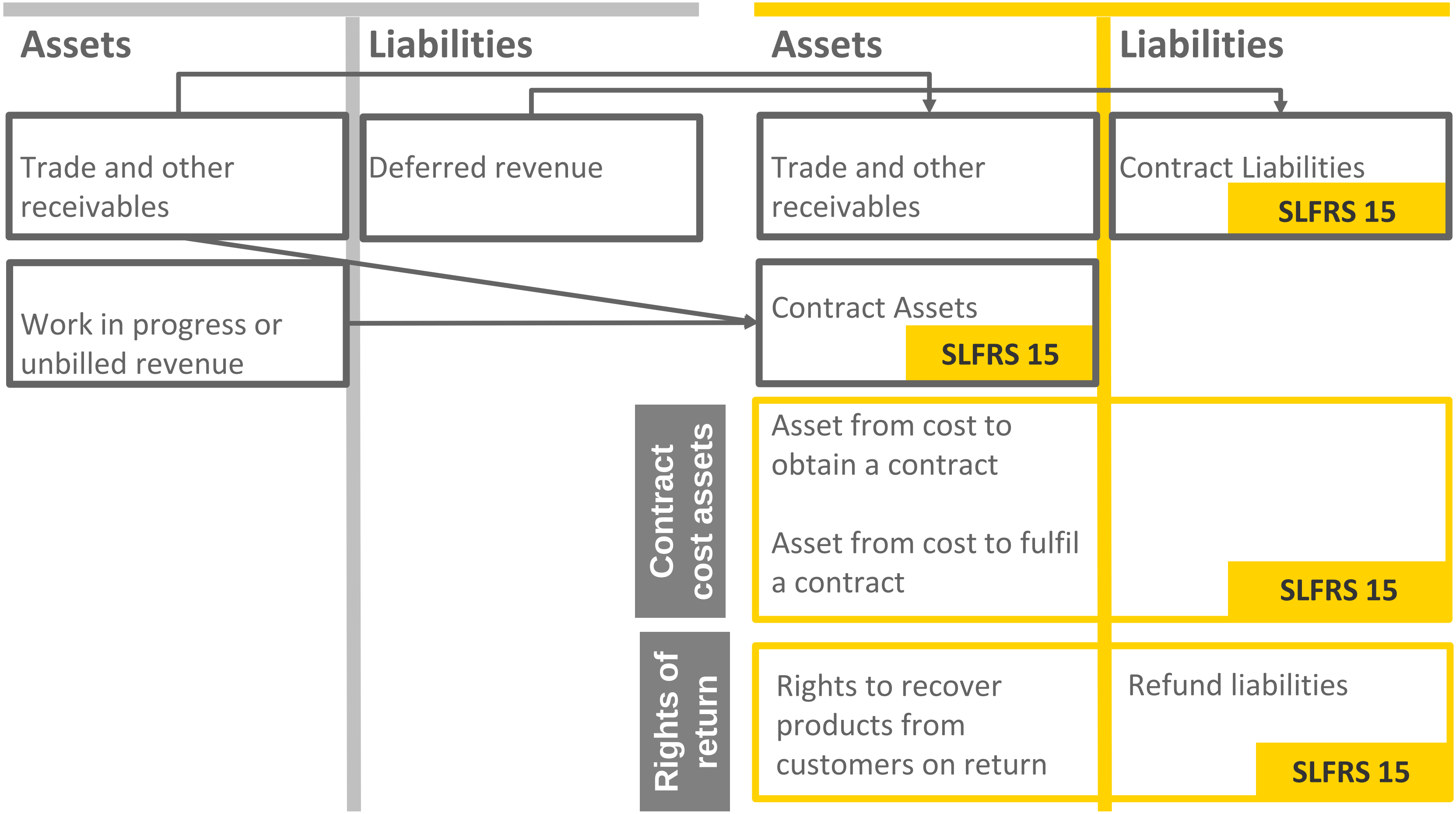
Statement of comprehensive income (legacy SLFRS)	Statement of comprehensive income (after adoption of SLFRS 15)
Sale of goods Rendering of services	
Other income **Total Revenue**	
Cost of sales	Cost of sales* Amortisation of assets from cost to obtain a contract* **SLFRS 15**
Operating profit	**Operating profit**
Finance cost Finance income	Interest income/expense from significant financing component **SLFRS 15** Other finance costs and income
Impairment losses	Impairment losses arising from contracts with customers **SLFRS 15** Other impairment losses

** Cost of sales includes amortisation of assets from costs to fulfil and may also include amortisation of assets from cost to obtain (depending on accounting policy)*

Presentation requirements
Statement of financial position

Statement of financial position (legacy SLFRS)

Statement of financial position (after adoption of SLFRS 15)



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THANK YOU