

IFRS 15 at a glance: the five steps

Revenue from Contracts with Customers · one-page reference



CORE PRINCIPLE

Recognise revenue as goods or services pass to the customer, at the amount the seller expects to be entitled to in return (para 2). Apply it in five steps (paras 9, 22, 47, 73, 31).

Step	The question	The test	Reference	Where it shows
1 Identify the contract	Is there a contract?	All five criteria met: approved, rights identified, payment terms identified, commercial substance, collection probable.	para 9	Cash received before a contract exists is a liability, not revenue.
2 Identify the performance obligations	What are the promises?	Distinct = capable of being distinct and distinct within the contract; a series of identical items counts as one.	paras 22-30	Notes: performance obligations and when they are satisfied.
3 Determine the transaction price	How much?	The amount you expect to be entitled to: variable consideration (constrained), financing, non-cash, payments to the customer.	paras 47-72	Profit or loss: revenue at the constrained price; financing interest shown apart.
4 Allocate the transaction price	How much for each promise?	Relative stand-alone selling prices; discounts and variable amounts only where they belong.	paras 73-86	Revenue by obligation; a contract asset where you have performed before the right to payment is unconditional.
5 Recognise revenue	When, or as, control passes?	Over time if one of the three criteria is met; otherwise at a point in time, using the control indicators.	paras 31-38	Notes: point-in-time and over-time revenue, and the method used to measure progress.