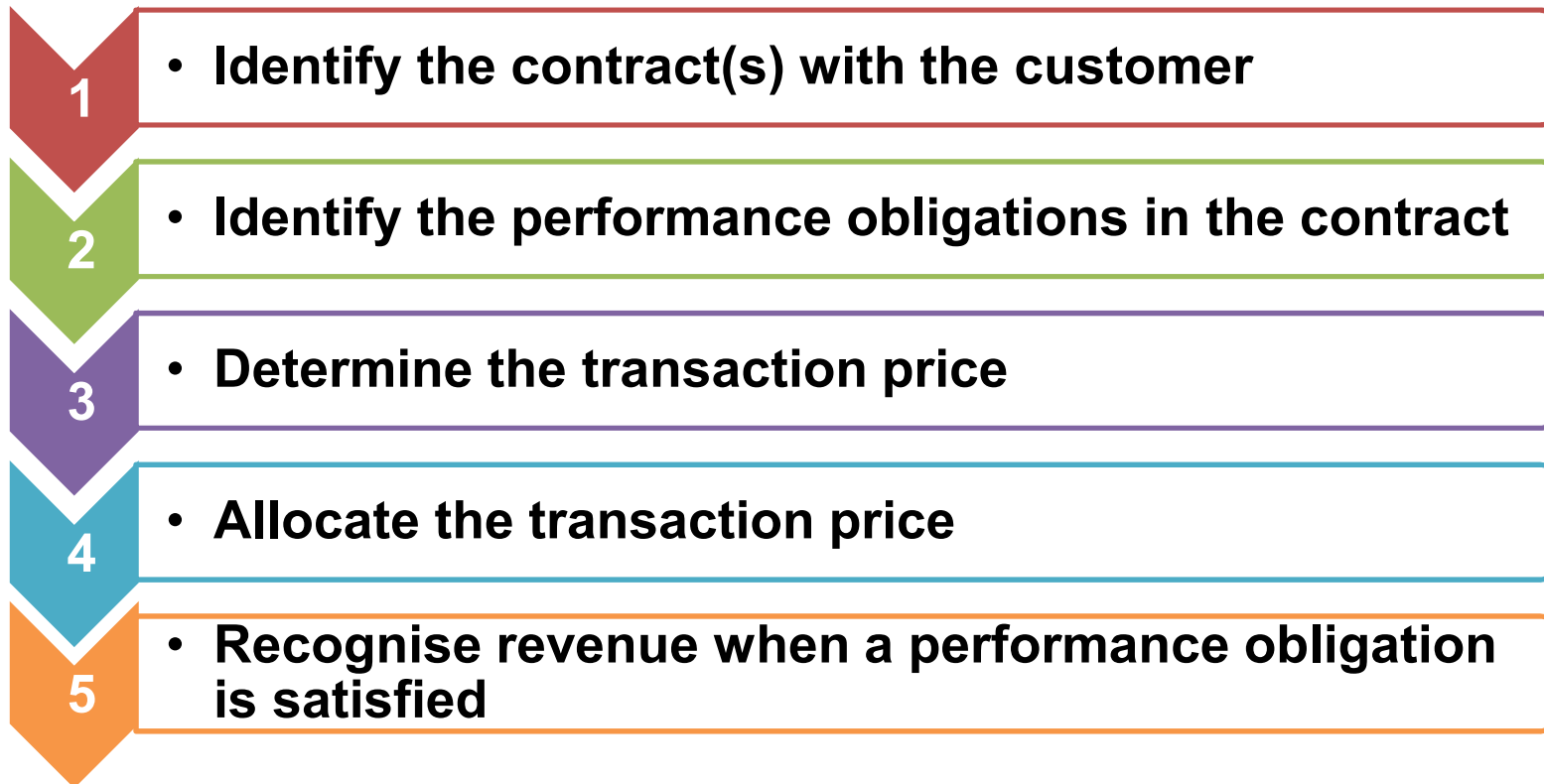




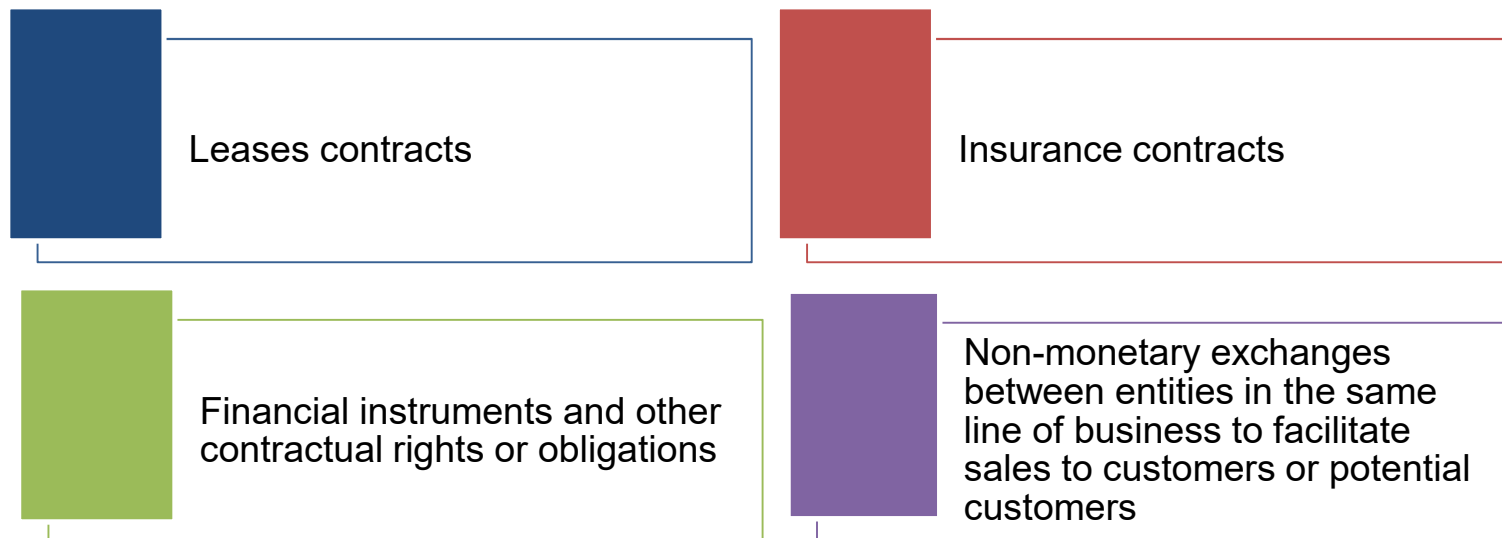
Impact of MFRS 15 on Specific Industries – Are You Ready?

THE FIVE STEPS MODEL



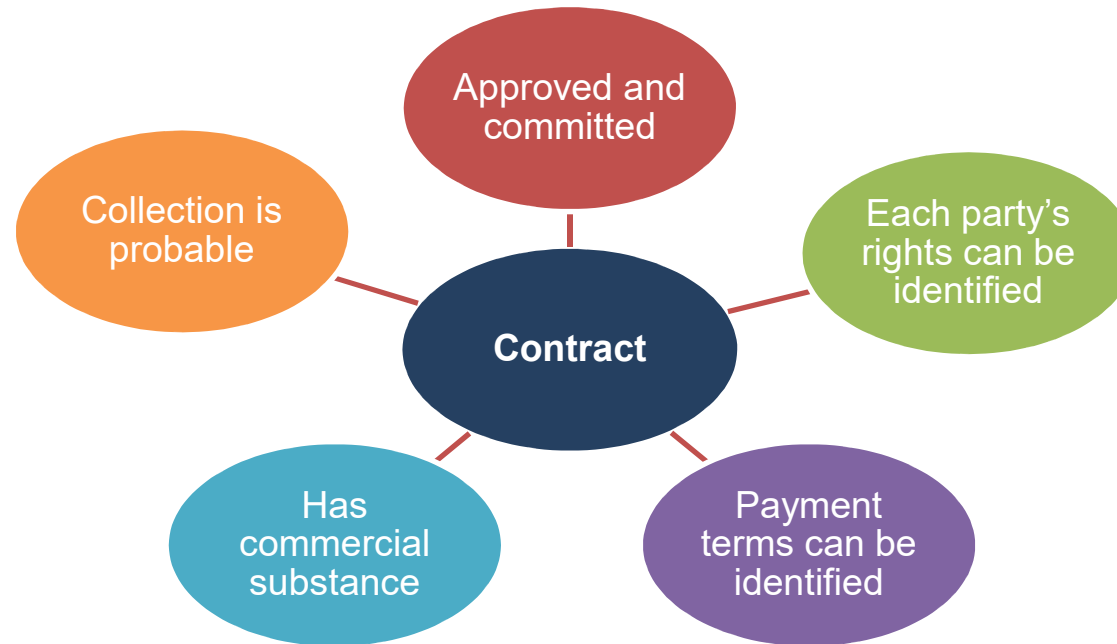
WHEN TO APPLY MFRS 15

MFRS 15 applies to ALL contracts with **customers**, except the following:



Customer - a party that has contracted with an entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for consideration.

STEP 1: IDENTIFY CONTRACT



STEP 2: IDENTIFY PERFORMANCE OBLIGATION

Distinct

- Can benefit from the goods or services either on its own or other resources; **AND**
- Separately identifiable from other promises in the contract

STEP 3: DETERMINE TRANSACTION PRICE



STEP 4: ALLOCATE TRANSACTION PRICE

Allocate based on relative stand-alone selling prices

Performance obligation 1

Performance obligation 2

Performance obligation 3

Determine stand-alone selling prices

Observable

Not directly observable

Adjusted market
assessment
approach

Expected cost plus
a margin approach

Residual approach,
only when meet
certain criteria

STEP 5: RECOGNISE REVENUE (WHEN)

When to recognise revenue?

Over time, if meet one of these criteria

Customer simultaneously receives & consumes benefits as entity performs

Performance creates or enhances an asset that customer controls

Performance does not create asset with alternative use and entity has right to payment

Otherwise, point in time

STEP 5: RECOGNISE REVENUE (HOW MUCH)

9

What are the appropriate methods to measure progress?

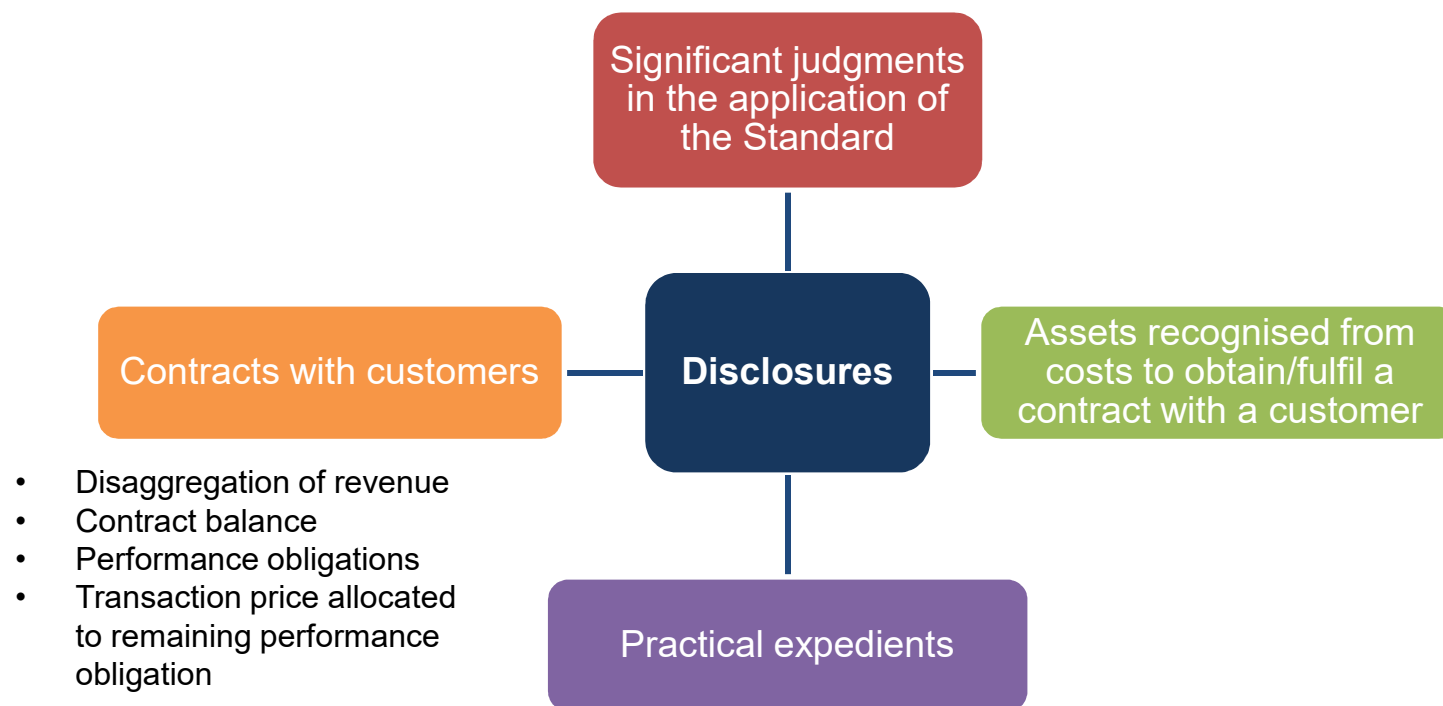
Output methods

e.g. surveys of performance completed to date, appraisals of results achieved, milestones reached, time elapsed and units produced or units delivered

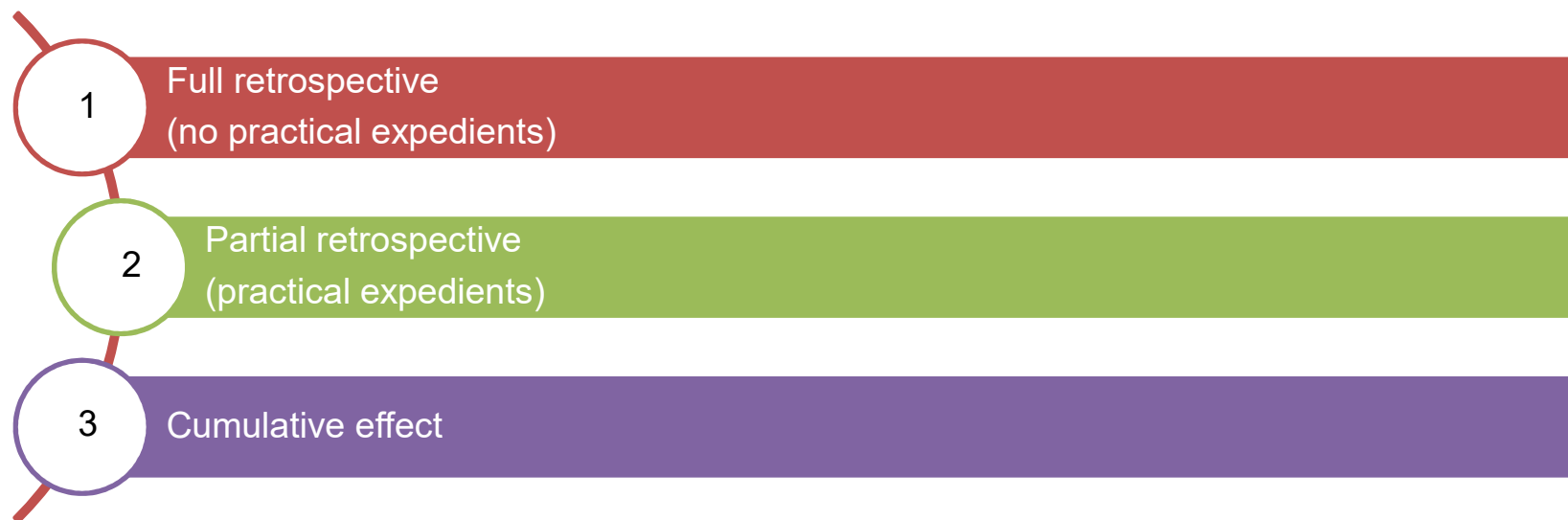
Inputs method

e.g. resources consumed, labour hours expended, costs incurred, time elapsed or machine hours used

DISCLOSURE REQUIREMENTS



TRANSITIONAL APPROACH





Thank You

The views expressed in this presentation are those of the staff of Malaysian Institute of Accountants (“MIA”) and do not necessarily reflect the official policy or position of the MIA or the MIA Council.