



**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**  
(Set up by an Act of Parliament)

**Western India Regional Council**

WIRC/ICAI/ 10270 /2023

31 August 2023

**CA. Parminder Kaur**

The Secretary,  
Accounting Standards Board,  
The Institute of Chartered Accountants of India,  
ICAI Bhawan, Post Box No. 7100,  
Indraprastha Marg, New Delhi 110 002

Madam,

**Sub.: Comments on 'Information on Post-implementation Review of IFRS 15, Revenue from Contracts with Customers'**

Please find attached comments on 'Information on Post - implementation Review of IFRS 15, Revenue from Contracts with Customers', for your doing the needful.

Kindly acknowledge the receipt of the same.

Thanking You,

Yours truly,

**CA. Arpit Jagdish Kabra**  
Chairman - WIRC of ICAI



**Question 11: Other Matters:**

- (a) Are there any further matters you think the IASB should examine as part of the post-implementation review of IFRS 15? If yes, what are those matters and why should they be examined?

**Enforceability of Contract:**

IFRS 15:9 sets out criteria that are required to be followed to account for a contract with customer. One of the important criteria is that there should be a contract in the first hand whether written, oral or implied by an entity's customary business practices. A contract exists if the agreement creates rights and obligations that are enforceable against the parties. Determining enforceability of a contract depends upon multiple considerations and is a question of law.

So, the standard seems to be unclear as to what amounts to enforceability of a contract especially when is not written and there does not exist any binding agreement. More guidance may be required in this respect as it is difficult to examine fulfilment of condition set out in the standard in cases where contractual understanding is either missing or not clear.

Further in the standard, for determining as to when a revenue should be recognised one of the conditions is that entity must have an enforceable right to payment in respect of the performance obligation. In absence of clarity in relation to what amounts to enforceability of a contract, it is also unclear as to what amounts to enforceable right to receive a payment.

The IASB should consider to bring clarity in the above respect to the extent possible to bring in uniformity in application of the concept of enforceability of contract and consequent implications.

**Timing of recognition of Contract Assets:**

IFRS 15 does not specify at what point in time the incremental costs of obtaining a contract should be recognised. The timing of such recognition may not be straightforward, in particular when the arrangements for payment of the incremental costs are complex. E.g. when payment is conditioned upon occurring of any future event.

Liability in respect of the contract costs will need to be recognised in accordance with requirements of other IFRSs (i.e. Employee Benefits, Share based payments, Provisions, Contingent Liabilities, Contingent Assets). So, there is no specific reference in IFRS 15 for recognition of corresponding assets/expense in respect of the contract costs incurred for obtaining a contract.

As highlighted, guidance is existing in respect of timing of creation of a liability corresponding to the contract asset in other IFRSs so IASB may consider providing clarity in respect of timing of creation of either contract asset.