

IFRS 15. The five-step model framework

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The core principle of IFRS 15 is that an entity will recognize 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.

This core principle of IFRS 15 is delivered in a five-step model framework:

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

Application of this guidance will depend on the facts and circumstances present in a contract with a customer and will require the exercise of judgment.

REFERENCE:

Deloitte. IAS Plus
IFRS 15 Regulatory Deferral Accounts
April 12, 2016.

Retrieved from: <https://www.iasplus.com/en/standards/ifrs/ifrs15>