



Panel Discussion on MFRS 15 *Revenue from Contracts with Customers*

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All contracts with customers, except for...

Lease contracts
(MFRS 117)

Insurance contracts
(MFRS 4)

**Financial instruments and
other contractual rights or
obligations**
(MFRS 9, 10, 11, 127 & 128)

**Non-monetary exchanges
between entities in the same
line of business**

Recognise revenue to depict transfer of goods or services in an amount reflecting consideration to which entity expects to be entitled in exchange

1 Identify the **contract(s)** with a customer

2 Identify the **separate performance obligations** in the contracts

3 Determine the **transaction price**

4 **Allocate** the transaction price to performance obligations

5 **Recognise revenue** when (or as) entity **satisfies** a performance obligation

**5-step
framework**

Identify the contract(s) with a customer



At **contract inception**, the entity shall assess the promises to:

- Transfer a **distinct** goods or services, or
- A **series of substantially similar distinct** goods or services



Goods or services is **distinct**, when **both criteria are met**:

Customer can benefit from the good or service:

- on its own or
- together with other readily available resources

Is the entity's promise to transfer:

- each of the goods or services separately, or
- a combined item to which the goods or services are inputs



Each performance obligation shall be accounted for separately

1 Identify the **contract(s)** with a customer

2 Identify the **separate performance obligations** in the contracts



3 Determine the **transaction price**

4 **Allocate** to transaction price to performance obligations

	Car	2-year car service	Total consideration
Price as stated in contract (RM)	40,000	Free	40,000
Standalone selling price (RM)	40,000	2,000	42,000
Allocated transaction price (RM)	38,095[#]	1,905^{##}	40,000

[#]40,000/42,000*40,000 ^{##}2,000/42,000*40,000

5 Recognise revenue when (or as) the entity **satisfies** a performance obligation

	MFRS 15		MFRS 118		Difference	
	Year 1	Year 2	Year 1	Year 2	Year 1	Year 2
Revenue from sale of car (RM)	38,095	-	38,000	-		
Revenue from providing 2-year car service (RM)	953	952	1,000	1,000		
Total revenue	39,048	952	39,000	1,000	48	(48)
Billing	40,000	-	40,000	-	-	-
Amount due to customers	952	-	1,000	-	(48)	48

Performance obligations satisfied over time

Customer simultaneously **receives and consumes** benefits of entity's performance

Entity's performance **creates or enhances an asset** that customer controls

Entity's performance does **not** create an asset with an **alternative use** to entity **and** entity has an **enforceable right to payment** for performance **completed to date**

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

Revenue

Disaggregation of revenue

Amounts recognised relating to performance in **previous periods**

Contracts

Information about **contract balances & changes**

Information about **performance obligation**

Amount allocated to **remaining** performance obligations

Significant judgements

Timing of satisfaction of performance obligation

Transaction price and amount allocated to performance obligation

The background features a series of overlapping, semi-transparent blue and white geometric shapes, primarily circles and arcs, creating a sense of depth and movement. The colors range from light sky blue to a deeper cerulean. In the upper-left quadrant, a solid green circle is centered, containing the text "Thank You" in a white, bold, sans-serif font.

Thank You