

Disclaimer

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Likewise the MASB's resources do not allow for it to respond to students' individual requests for help in completing their assignments.

Below are some of the questions that the staff frequently receive from preparers, auditors and users with regard to the implementation of the MFRS Framework. The answers to the following questions have been prepared by the MASB staff and are not necessarily the Board's views.

Implementation of MFRSs (24 March 2016)

(1) IC Interpretation 15 *Agreements for the Construction of Real Estate*

If a reporting entity applies IC Interpretation 15, is it right to conclude that revenue arising from sale of property under development governed by Schedule G and Schedule H of the Housing Development Act will be recognised based on the completion method?

And what is the status of the IASB's Revenue Exposure Draft that will supersede the Interpretation?

IC Interpretation 15 clarifies when revenue should be recognised progressively or when it should be recognised at a single time. The Interpretation explains that if the revenue recognition criteria in paragraph 14 of MFRS 118 Revenue are met continuously as construction progresses, the entity shall recognise revenue by reference to the stage of completion, using the percentage of completion method; otherwise revenue shall be recognised at a single time (e.g. at completion, upon or after delivery) when the entity transfers to the buyer control and the significant risks and rewards of ownership of the real estate in its entirety at that single time.

IC Interpretation 15 is word-for-word IFRIC 15.

On 28 May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers. IFRS 15 is effective for annual periods beginning on or after 1 January 2017, with earlier application permitted. For more information about IFRS 15, please visit <http://www.ifrs.org/Home.htm>. IFRS 15 supersedes IAS 18 Revenue, IAS 11 Construction Contracts, IFRIC 15 and other related Interpretations.

The MASB has issued [MFRS 15 Revenue from Contracts with Customers](#) on 2 September 2014 with the same effective date as IFRS 15.

On 11 September 2015, the IASB deferred the effective date of IFRS 15 from 1 January 2017 to 1 January 2018. The MASB made a parallel amendment to MFRS 15 to preserve the convergence of MFRS 15 with IFRS 15. Please click [here](#) for the MASB's Notice of Issuance.

With regards to revenue recognition arising from sale of property under development in Peninsular Malaysia governed by Schedule G and Schedule H of the Housing Development Act, the Malaysian Institute of Accountants (MIA) FRSIC Consensus 23 Application of MFRS 15 "Revenue from Contracts with Customers" on Sale of Residential Properties concluded that such revenue shall be recognised over time. The MIA has also issued FRSIC Consensus 24 [Application of MFRS 15 "Revenue from Contracts with Customers" on Sale of Residential Properties in Sabah](#) and FRSIC Consensus 25 [Application of MFRS 15 "Revenue from Contracts with Customers" on Sale of Residential Properties in Sarawak](#). For more information, please visit <http://frsic.mia.org.my/default.asp>.

(2) MFRS 141 Agriculture

The MASB had submitted proposals to the IASB to amend IAS 41 Agriculture particularly bearer biological assets. What is the status of the MASB's proposal?

IAS 41 was included in IASB's Agenda Consultation 2011 as one of the possible projects for a limited revision. Based on comment letters to the IASB, IAS 41 was ranked top 6 as regards to high priority projects. In September 2012, the IASB decided to add a limited-scope project on IAS 41 for bearer biological assets to its agenda. The decision was supported by the IFRS Advisory Council at its October 2012 meeting.

An Exposure Draft on Agriculture: Bearer Plants (Proposed amendments to IAS 16 & IAS 41) was issued on 26 June 2013. The comment period ended on 28 October 2013.

On 30 June 2014, the IASB issued the Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41). The Amendments are effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

For more information about the Amendments, please visit <http://www.ifrs.org/Home.htm>.

The MASB has issued the Agriculture: Bearer Plants (Amendments to MFRS 16 and MFRS 41) on 2 September 2014 with the same effective date as the Amendments to IAS 16 and IAS 41. Please click [here](#) for the Notice of Issuance.

(3) Transitioning Entities

Entities that satisfy the criteria in 2(a) and 2(b) are herein called Transitioning Entities (TEs).

(1) MFRS framework

Entities Other Than Private Entities shall apply the MFRS Framework for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 Agriculture and/or IC Interpretation 15 Agreements for the Construction of Real Estate.

(2) Entities subject to the application of MFRS 141 and / or IC Interpretation 15

(a) An entity that would otherwise be subject to the application of MFRSs as its financial reporting framework and thereby be subject in particular to the application of MFRS 141 Agriculture and/or IC Interpretation 15 may in the alternative apply the Financial Reporting Standards (FRSs) as its financial reporting framework.

(b) An entity that consolidates or equity accounts another entity that has chosen to apply FRSs as its financial reporting framework may itself choose to apply FRSs as its financial reporting framework.

(3) Effective date of MFRS framework for TE

TEs that have in the alternative chosen to apply FRSs shall comply with MFRSs for annual periods beginning on or after 1 January 2018.

Please click [here](#) for the Notice of Issuance regarding TE.

(A) Changes in business activities - disposal of agriculture business in 2011

A reporting entity, Company A, disposed of its agriculture business in 2011. Therefore, as at 1 January 2012, it is not a TE. Can Company A be regarded as a TE on the basis that it met the criteria for TE in 2011 as otherwise it would be required to apply MFRS 141 Agriculture for its 2011 comparatives?

In this scenario, Company A would not satisfy the criteria to be a TE because on 1 January 2012 it is not within the scope of MFRS 141. It would then have to apply

the MFRS Framework for its financial statements for annual period beginning on 1 January 2012 including the comparative periods.

(B) Changes in business activities - acquisition of agriculture business in 2012

A reporting entity, Company B, a non-TE, will adopt the MFRS framework with effect from 1 January 2012, as properly laid out in its 2011 statutory accounts under the note on basis of preparation.

If during the 3rd Quarter of 2012 Company B acquires some plantation lands and then engages in plantation activities, say, oil palm cultivation, can Company B revert back to the FRS Framework?

In this scenario, Company B would satisfy the criteria to be a TE and hence it would have the option to apply the FRS framework in its 2012 statutory accounts.

(C) TE Assessment Period

- (i) With reference to the staff FAQ No. 3(B) “Changes in business activities - acquisition of agriculture business in 2012”, is the TE assessment made on a continuous basis – for example if Company Q, a property developer, has fulfilled the criteria of TE in 2012 but cannot fulfil the criteria in 2013 – will Company Q be required to apply MFRSs in 2013?**

A TE that has chosen to apply FRSs as its financial reporting framework for its 2012 annual statutory financial statements need not reassess whether it satisfies the TE criteria in 2013.

This is consistent with the intent of the transitioning arrangement which is to avoid the need of subjecting entities to changes in accounting policies for the subject matter of IFRIC 15 and IAS 41 while it is anticipated that further changes to these, when effected, could require entities to revert to their prior policies.

- (ii) Company R is not a TE during the financial year 2012 and therefore applies MFRSs in preparing its financial statements for financial year ended 31 December 2012.**

Company R meets the TE criteria in 2013 (e.g. enters into agreements for construction of real estate, accordingly, in the scope of IC Interpretation 15 *Agreements for the Construction of Real Estate*), is Company R allowed to apply FRSs as its reporting framework for the financial year ending 31 December 2013?

Yes. Company R has the option to apply FRSs as its reporting framework for the financial year ending 31 December 2013.

This is consistent with the rationale to provide transitional period for entities subject to the application of MFRS 141 Agriculture and / or IC Interpretation 15 pending the outcome of the IASB projects on revenue and agricultural activities.

Update as at 16 December 2014: See FAQ 3(C)(iii) Non-reversion to FRSs

- (iii) According to MASB’s announcement dated 2 September 2014, entities that have applied MFRSs shall not revert to apply FRSs. The MASB’s announcement included the following:**

A Non-Private Entity that has in the alternative applied FRSs as its financial reporting framework shall disclose when it will first present financial statements in accordance with MFRSs. The entity that has applied MFRSs shall not revert to apply FRSs even if it meets the criteria to do so.

The entity referred to above would cover TE only. So, a non-TE that meets the definition of a TE later (before 1 January 2017) can still avail itself to the FRS Framework in line with FAQ 3(C)(ii) *Transitioning Entities — TE Assessment Period*. Would this be the correct reading of the MASB’s announcement?

When FAQ 3(C)(ii) was issued, the outcome of the IASB projects on revenue and agricultural activities were uncertain. Now that MFRS 15 Revenue from Contracts with Customers and the Bearer Plants Amendments had been issued, it would be counter-intuitive for entities that have applied MFRSs to revert to FRSs.

The non-reversion from MFRSs to FRSs is effective for financial statements with annual periods beginning on or after the MASB’s announcement date of 2 September 2014.

[Note: The key differences between the FRS Framework and MFRS Framework are that in the former, (a) FRS 201₂₀₀₄ Property Development Activities will continue to be the extant standard for accounting for property development activities and not IC Interpretation 15, and (b) there is no equivalent standard to MFRS 141.]

- (iv) Will the date of non-reversion (i.e. 2 September 2014) from MFRSs to FRSs in FAQ 3(C)(iii) be deferred as a consequence of the deferred effective of MFRS to 1 January 2018 for TE according to the MASB’s announcement dated 28 October 2015?**

Given that FRSs is a temporary framework, an entity that has applied MFRSs for annual periods beginning on or after 2 September 2014 shall not revert to apply FRSs even if it meets the criteria to do so. Please click [here](#) for the Notice of Issuance dated 28 October 2015.

- (v) Is a Private Entity currently applying PERS allowed to apply the FRS framework if it qualifies as a Transitioning Entity subsequent to 2 September 2014?**

Given that the FRS framework will be withdrawn by 31 December 2017, such an Entity (hereinafter referred to as “the Entity”) is encouraged to early adopt the MFRS framework. If the Entity changes from one accounting framework to another framework within a short period, it may confuse users of financial statements specifically it is a known fact that the FRS framework only serves as a temporary framework for Transitioning Entities.

Nonetheless, if the Entity still chooses to adopt the FRS framework instead of the MFRS framework, the Entity should consider disclosing the reasons for doing so and the financial effects if the financial statements have been prepared in accordance with MFRSs for the benefit of the users.

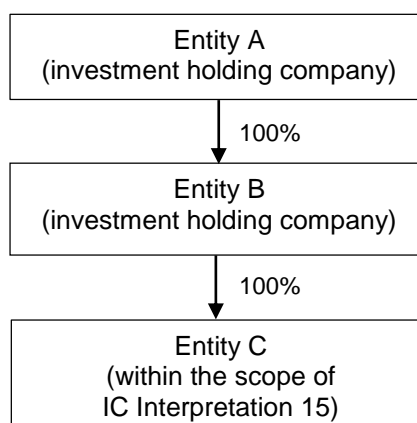
- (vi) Can an entity established after 2 September 2014 applies the FRS framework if it qualifies as a Transitioning Entity during the period covered by its first financial statements?**

Such an entity (hereinafter referred to as “the New Entity”) is encouraged to early adopt the MFRS framework instead of switching from one framework to another within a short period, as explained in [draft] FAQ(3)(C)(v).

Nonetheless, if the Entity still chooses to adopt the FRS framework instead of the MFRS framework, the Entity should consider disclosing the reasons for doing so and the financial effects if the financial statements have been prepared in accordance with MFRSs for the benefit of the users.

(D) [Deleted]

(E) **Separate financial statements and wholly-owned intermediate parent**



(i) **Separate financial statements**

If Entity C, who is a TE, applies the FRS Framework in preparing its 31 December 2012 financial statements and Entity A avails to criteria 2(b) so as to apply the FRS Framework in preparing its consolidated financial statements, can Entity A opt for FRSS in preparing its 31 December 2012 separate financial statements since Entity A only consolidates Entity C (and Entity B) at the consolidated financial statements but not the separate financial statements?

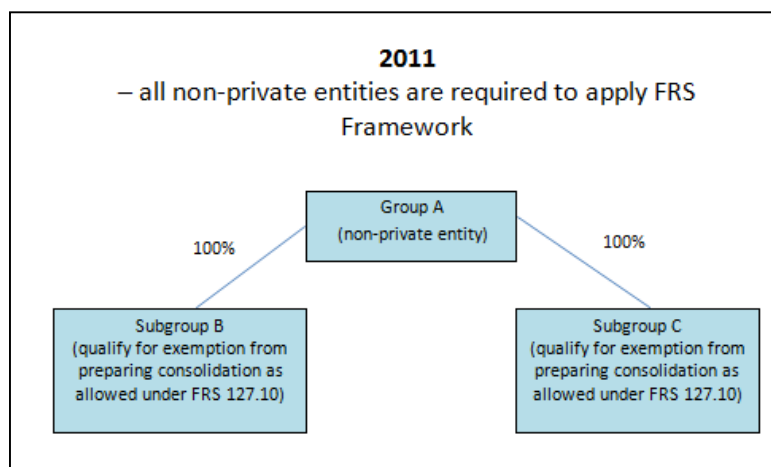
Paragraph 3 of FRS 127 Consolidated and Separate Financial Statements requires an entity to apply the same standard when the entity elects or is required by local regulations to present separate financial statements. Therefore it follows that Entity A shall apply the FRS Framework in preparing its 31 December 2012 separate financial statements given the fact that it has chosen to apply the FRS Framework in preparing its 31 December 2012 consolidated financial statements.

(ii) **Wholly-owned intermediate parent**

Does Entity B satisfy criteria 2(b) above if it does not present consolidated financial statements as allowed under FRS 127 paragraph 10?

Entity B satisfies criteria 2(b) even if it chooses not to present consolidated financial statements as allowed by paragraph 10 of FRS 127. It is not the MASB's intention to require Entity B to prepare consolidated financial statements in order to be able to satisfy criteria 2(b) given the fact that Entity B satisfies the consolidation exemption criteria of FRS 127 paragraph 10.

(4) Exemption from consolidation - MFRS 127 Consolidated and Separate Financial Statements



According to paragraph 10 of MFRS 127 a parent need not present consolidated financial statements if it meets the four criteria specified.

In 2011, Subgroup C met all the criteria in paragraph 10 of FRS 127 *Consolidated Financial Statements* (the criteria are the same as above except for paragraph 10(d) of which the framework is referenced to Financial Reporting Standards).

However, in 2012, does it mean that Subgroup C which is mandated to apply the MFRS Framework need to present consolidated financial statements in 2012 because it fails to meet all the criteria in paragraph 10 of MFRS 127 as a result of its parent, being a transitioning entity, opt to apply the FRS Framework?

In addition, does Subgroup C need to apply MFRS 1 paragraph C4(j) if it has not consolidated a subsidiary acquired in a past business combination because it did not prepare consolidated financial statements prior to 2012?

Subgroup C is required to prepare consolidated financial statements in 2012. This is because Subgroup C fails to satisfy all the criteria in paragraph 10 of MFRS 127 given that its parent, Group A, produces consolidated financial statements that comply with the FRS Framework.

Consequently, Subgroup C, if it did not previously prepare consolidated financial statements, shall apply MFRS 1 paragraph C4(j) if it does not apply MFRS 3 Business Combinations retrospectively to past business combinations.

Note: Subgroup C will qualify for the exemption from presenting consolidated financial statements when its parent Group A applies the MFRS Framework in 2014, assuming there is no change in all other facts and circumstances.

(5) IAS 38 Intangible Assets and IFRIC 12 Service Concession Arrangements - Selection of amortisation method

Currently, some reporting entities in the concession industry amortise their intangible assets based on revenue. However the IFRS Interpretations Committee in its November 2011 meeting noted that amortisation methods based on revenue are not an appropriate reflection of the pattern of consumption of the expected future economic benefits embodied in an intangible asset (<http://www.ifrs.org/Home.htm>). Does this mean that these reporting entities have to change their amortisation method to another basis such as the straight line method?

The IFRS Interpretations Committee (the Committee) in November 2011 recommended an annual improvement to be made to IAS 38 Intangible Assets to clarify the issue. The decision by the Committee would only be mandatorily applicable when the Standard has been

amended or issued. The due process of the annual improvement would include issuance of an exposure draft for comment prior to finalisation.

The Committee in March 2012 concluded to recommend to IASB, as part of the annual improvements project, to clarify in IAS 16 Property, Plant and Equipment and IAS 38 that a depreciation / amortisation model that reflects a pattern of generation of the expected future economic benefits embodied in the asset (i.e., a model based on generation of economic benefits from operating the business) would not be acceptable.

The IASB in April 2012 discussed the Committee's recommendation and decided to include the proposed amendments to IAS 16 and IAS 38 within the Annual Improvements to IFRSs 2011-2013 cycle. In October 2012, the IASB noted the concerns about the potential effect of the proposed amendments on one particular industry, and therefore decided to publish the proposed amendments in a separate exposure draft with a longer comment period as compared to normal comment period of 90 days for Annual Improvements.

The Exposure Draft was issued by the IASB in December 2012 and the comment period ended on 2 April 2013. The Exposure Draft proposed to clarify that a revenue-based method which uses revenue generated from an activity that includes the use of an asset is not an appropriate depreciation or amortisation method for that asset. This is because such a method reflects a pattern of future economic benefits being generated from the asset, rather than a pattern of consumption of the future economic benefits embodied in the asset. The Exposure Draft proposed the Amendments to be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

On 12 May 2014, the IASB issued Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38). The Amendments apply prospectively for annual periods beginning on or after 1 January 2016, with earlier application permitted.

The Amendments:

- a) state that revenue is an inappropriate basis for measuring depreciation expense, because the revenue generated by an activity that includes the use of an asset generally reflects factors other than merely the consumption of the asset, including other inputs and processes, selling activities and changes in sales volumes and prices;
- b) add a rebuttable presumption to IAS 38 that revenue is presumed to be an inappropriate basis for measuring depreciation expense, unless either it can be demonstrated that there is a strong correlation between revenue and the consumption of the asset or there is an unusual circumstance in which the intangible right is expressed as a measure of revenue;
- c) provide additional guidance on choosing an amortisation method by reference to the limiting factor(s) that is(are) inherent in the intangible asset and that determine the limit of the entity's use of the intangible asset; and
- d) state that depreciation expense and amortisation expense are estimates of the expected pattern of consumption of the future economic benefits embodied in the asset.

For more information about the Amendments, please visit <http://www.ifrs.org/Home.htm>.

The MASB has issued Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to MFRS 116 and MFRS 138) on 11 July 2014 with the same effective date as the Amendments to IAS 16 and IAS 38. Please click [here](#) for the Notice of Issuance.

(6) MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*

(A) Deferred tax

Under MFRS 1, an entity may elect to measure property, plant and equipment at the date of transition to MFRSs at its fair value and use that fair value as its deemed cost at that date. Similar elections are also available for investment property measured at cost and intangible assets if an active market exists.

Is the difference between the deemed cost of the asset and its tax base at the date of transition a temporary difference which gives rise to a deferred tax liability or asset or does the initial recognition exception of MFRS 112 *Income Taxes* apply?

The temporary differences did not arise from the initial recognition of the asset but was a consequence of applying the deemed cost exemption contained in MFRS 1. Therefore the initial recognition exception of MFRS 112 does not apply.

(B) Requirement to apply MFRS 1

Does a foreign subsidiary whose financial statements assert compliance with “IFRSs as adopted by [jurisdiction X]” need to apply MFRS 1?

The foreign subsidiary would need to apply MFRS 1 unless it has presented financial statements in the previous year in accordance with national requirements and those financial statements contained an explicit and unreserved statement of compliance with IFRSs.

(C) Application of optional exemptions

Can a subsidiary choose not to apply the optional exemptions, e.g. use of fair value as deemed cost, contained in MFRS 1 which the parent has chosen to apply or vice versa?

Paragraph 30 of MFRS 1 prescribes that an entity may use fair value in its opening MFRS statement of financial position as deemed cost for an item of property, plant and equipment, an investment property or an intangible assets.

In an explanation provided in paragraph BC45, the IASB discussed a suggestion received on whether MFRS 1 should also contain a similar restriction on the use of fair value as deemed cost as that in IAS 16 i.e. if an entity revalues an asset, it must revalue all assets in that class. The IASB decided that the Standard does not restrict the use of fair value as deemed cost to entire classes of asset.

Based on the observation from the explanation provided in the Basis of Conclusion paragraph, it would not be reasonable to conclude that all entities of a group to apply the optional exemptions in the event an entity within the group needs to do so.

The application of the optional exemptions would depend on the entity’s assessment and judgment giving due consideration to the basic concepts of the Conceptual Framework for Financial Reporting i.e. the objective of the financial statements, so as to provide information that is useful to users in making economic decisions. Information is useful if it is relevant and faithfully represents the phenomena that it purports to represent.

(7) MFRS 101 *Presentation of Financial Statements*

MFRS 101 *Presentation of Financial Statements*, paragraph 16AA, requires financial statements that have been prepared in accordance with MFRSs to also make an explicit and unreserved statement of compliance with IFRSs.

Does this therefore extend to achieving a true and fair view in accordance with the IFRS framework?

The preface to MFRS 101 refers to MFRSs being equivalent to IFRSs. Paragraph 15 of MFRS 101 requires an entity to present fairly the financial position, financial performance and cash flow of an entity. Paragraph 15 further states that the application of MFRSs with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation. The applicable references in paragraphs 15 and 16 of MFRS 101 reflect corresponding equivalent statements in paragraphs 15 and 16 of IAS 1 Presentation of Financial Statements (to which MFRS 101 corresponds).

As the application of these frameworks respectively achieve fair presentation, the statement of compliance with IFRSs pursuant to paragraph 16AA of MFRS 101 therefore also means that the financial statements achieve fair presentation in accordance with IFRSs.

(8) Reclassification of Land Held for Property Development

Under FRS 201 *Property Development Activities*, land held for property development is classified as a non-current asset and stated at cost less any accumulated losses. It is noted that some of such land may have been stated at "surrogate cost" due to transition from previous GAAP (PERS to FRS). When applying MFRSs:

- (a) if optional exemptions are not available for the scenario, would this mean that the land held for future development will have to be restated to its original cost?**
- (b) the land held for development shall be classified as current asset (if it qualifies as inventory)?**

Upon transition to the MFRS framework, FRS 201 is withdrawn and entities would have to classify land held for future development appropriately based on the relevant facts and circumstances, such as, inventory in accordance with MFRS 102 Inventories (e.g. when development activities with a view to sale have commenced and where it can be demonstrated that development activities can be completed within the normal operating cycle).

If the land is to be accounted as inventory under MFRS 102, the land will have to be stated at the lower of cost and net realisable value.

(9) Foreign subsidiaries in non-IFRS jurisdictions

Would a locally incorporated parent company qualify as a TE in this situation:

- (a) all locally incorporated subsidiaries are not subject to the requirements of MFRS 141 *Agriculture* and / or IC Interpretation 15 *Agreements for the Construction of Real Estate*; and**
- (b) foreign subsidiaries involved in agricultural activities in a jurisdiction where IFRSs has yet to be adopted in that jurisdiction.**

*The foreign subsidiaries would meet the criteria to be TEs as they would be subject to the application of MFRS 141 *Agriculture* in preparing their reporting package in accordance with MFRSs for consolidation purposes. Consequently, the locally incorporated parent company that consolidates these foreign subsidiaries would qualify as a TE and may choose to apply FRSs as its financial reporting framework if these subsidiaries have chosen to apply FRSs in preparing their reporting package for consolidation purposes.*

(10) Accounting for contingent consideration relating to business combinations that occurred before date of transition

A first-time adopter can elect not to apply MFRS 3 *Business Combinations* retrospectively to business combinations that occurred before the date of transition. However, the exemption in MFRS 1 is not extended to accounting for contingent consideration that arose from those business combinations.

Does this mean MFRS 3 should be applied to account for contingent consideration from previous business combinations in the opening MFRS statement of financial position, i.e. recognise and measure any contingent consideration that are classified

as financial liability at its fair value regardless of probability. This is also supported by **MFRS 139 *Financial Instruments: Recognition and Measurement*** which scopes in contingent consideration arising from a business combination. Any adjustment is recognised in retained earnings.

The contingent consideration should be recognised at its fair value at the transition date, regardless of the accounting under previous GAAP, given there is no specific exemption provided in MFRS 1. This is in accordance with MFRS 1 paragraphs 9 and 10(d), which state that:

- (a) *the transitional provisions in other MFRSs shall not apply unless as specified in MFRS 1.*
- (b) *the first-time adopter shall apply MFRSs (in this case will be MFRS 3) in measuring all recognised assets and liabilities except as described in MFRS 1.*

(11) Effective date Agriculture: Bearer Plant (Amendments to MFRS 116 and MFRS 141)

As there is only one effective date for TE to adopt the MFRS Framework, the plantation industry can choose to adopt the Bearer Plants amendment only on 1 January 2018 even though the effective date of the Bearer Plants Amendment is on 1 January 2016?

It is mandatory for entities that have in the alternative chosen to apply the FRS Framework to comply with the MFRS Framework for annual periods beginning on or after 1 January 2018. As the FRS framework did not adopt the Bearer Plants Amendment, these entities would only adopt MFRS 141 Agriculture and the Bearer Plants Amendments when they adopt the MFRS Framework.

In addition, please note that an entity that has adopted MFRSs, but subsequently falls within the scope of MFRS 141, shall not revert to apply FRSs for financial statements with annual periods beginning on or after the date of MASB's announcement of 2 September 2014.

For example, an entity with 31 December 2015 financial year end falls within the scope of MFRS 141 continues to adopt the MFRS Framework. Accordingly, the entity must apply the existing MFRS 141, and may consider to early adopt the Bearer Plants Amendment.

(12) MFRS 15 Revenue from Contracts with Customers

Is it right to conclude that revenue arising from sale of commercial property shall be recognised over time in view that such basis is used to recognise revenue from sale of residential property under the 'standard' scheduled agreement?

The contractual terms in the sale and purchase agreement (SPA) for the construction and sale of commercial property may be different for different developments, unlike the terms of the contract for sale of residential property under the 'standard' scheduled agreement, such as the Schedule G or Schedule H which is governed by the Housing Development (Control and Licensing) Regulations 1989.

Therefore, in assessing whether the revenue from sale of commercial property shall be recognised over time or at a point in time, an entity has to analyse the contractual terms in the respective SPA for the commercial property.

For revenue of the sale of commercial property to be recognised over time, the entity has to meet the requirement of paragraph 35 of MFRS 15, specifically paragraph 35(c). Paragraph 35(c) explains that the revenue shall be recognised over time if the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Please click [here](#) for MFRS 15 Revenue from Contracts with Customers.