



IFRS 15:

Delivering a New Approach to Revenue Recognition

Bringing transparency to revenue recognition, the impact of IFRS 15 goes far beyond the finance function - forcing firms to rethink their core systems and processes.

What do firms need to know about IFRS 15?

Coming into force in January 2018, IFRS 15 brought in new standards for revenue recognition around customer contracts.

It was developed to address the differences in the definition of revenue between the International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB), creating a single clear compliance model for firms selling contract-based products and services.

Under the new standard, firms must now recognise their revenue across the lifetime of a customer contract, rather than at the contract's inception. This adds significant complexity to the accounting process, increasing the volumes of data required to deliver accurate reporting.



What are the challenges of IFRS 15 compliance?

IFRS 15 has forced firms to completely change the way they view their finances - making many processes and systems no longer fit for purpose.

Under the standard, organisations must follow the five steps of its revenue model:

- 1 Identify contract with a customer
- 2 Identify individual performance obligations within the contract
- 3 Determine transaction price
- 4 Allocate the price to the performance obligations
- 5 Recognise revenue as the performance obligations are fulfilled

Ultimately, it means that firms can recognise revenue as and when they meet their performance obligations as set out in the contract. This creates significant additional requirements for firms to collect, store and process huge volumes of data - and developing processes to ensure swift and accurate reporting.

How Millennium Consulting can help with **IFRS 15**

Working to achieve IFRS 15 compliance does not end after the implementation phase. The complex calculations and additional disclosures are now a fact of life under the new standard.

Businesses need to build their systems infrastructure around the ability to deliver compliance now and in the future. This means being able to handle huge volumes of data at high speed, bringing together information from disparate sources held in different forms. It is more of a shift in mindset than a quick technical fix - and the experienced Millennium Consulting practitioners can help you make that journey.

We also work in partnership with a wide variety of technology vendors to supply solutions that overcome the challenges associated with IFRS 15 and simplify accounting for revenue recognition.



Contact us to find out more about how we can help you deliver IFRS 15 compliance: assist@millenniumconsulting.com