



Media



IFRS 15 Revenue – Are you good to go?

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Are you good to go?

IFRS 15 will change the way many media companies account for their contracts.

To help you drive your implementation project to the finish line, we've pulled together a list of key considerations that many companies in your sector need to focus on.



**For each of the following,
documenting your analysis
and the conclusions drawn
will be essential**



Licences of intellectual property

Have you determined **how to account** for your licence arrangements?

Using specific guidance, they are classified as either...

**A right to use –
Recognised at a point in time**

or

**A right to access –
Recognised over time**

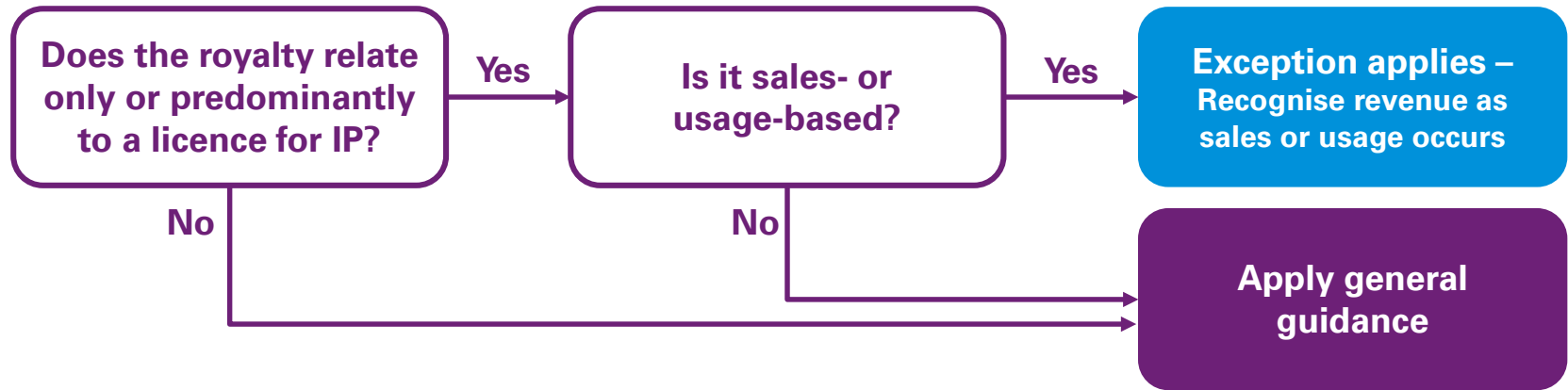
e.g. movies, TV programmes, music

e.g. brands

Restrictions related to time, geography or use are generally attributes of a single licence

Royalty arrangements

Do your royalty arrangements qualify for the **royalty exception**?



Think about...

Milestone payments | Royalties with a guaranteed minimum | Tiered royalties

Variable consideration

If the contract price contains variable consideration, have you decided on the **estimation method** and applied the **constraint**?

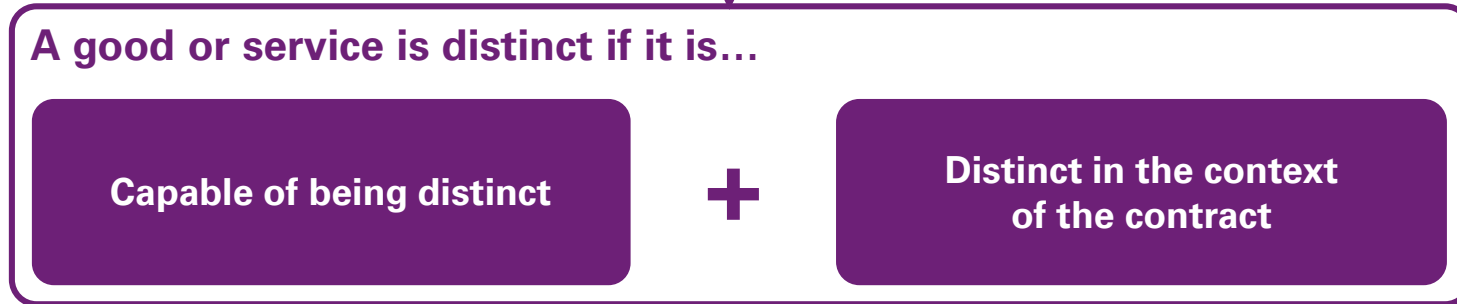


Think about...

Rebates | Subscriber or viewer based fees | Bonuses | Fees based on ad revenue

Performance obligations

Do several goods and services promised in the contract meet the new **'distinct' test** to be accounted for separately?



Think about...

Bundled media | Additional content | Promotional activities | Renewal options

Payments to customers

Have you determined whether payments to customers should be netted against revenue?

A payment to a customer that is not for a distinct good or service is netted against revenue...

At the later of when you...

- recognise revenue for related goods or services, or
- pay, or promise, the amount



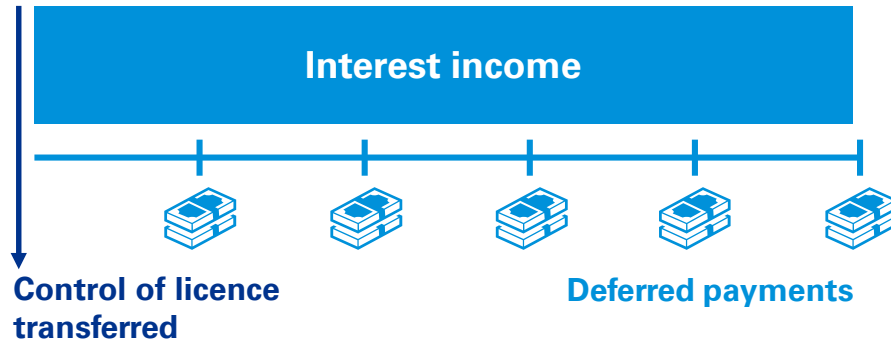
Payments to customers not specified in the revenue contract also need to be considered

Think about...

Payments to advertisers, media outlets or distributors | Slotting fees

Significant financing components

Do deferred payment terms in your contracts for point-in-time licences give rise to a significant financing component?



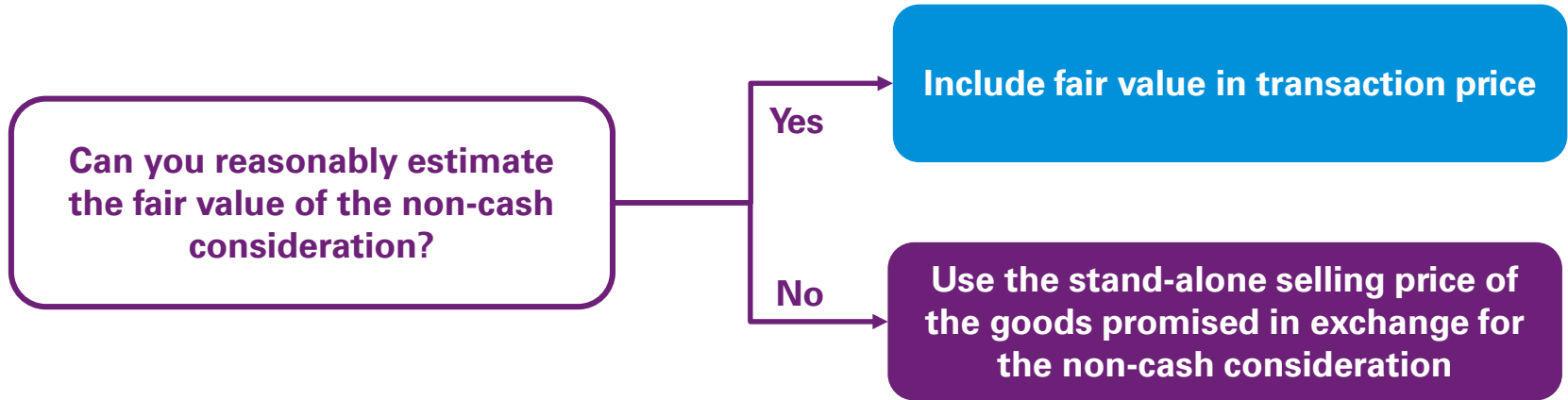
An upfront payment for over-time licences could also include a significant financing component

Think about...

Multi-year licence to show TV series or movie for a fixed annual fee

Non-cash consideration

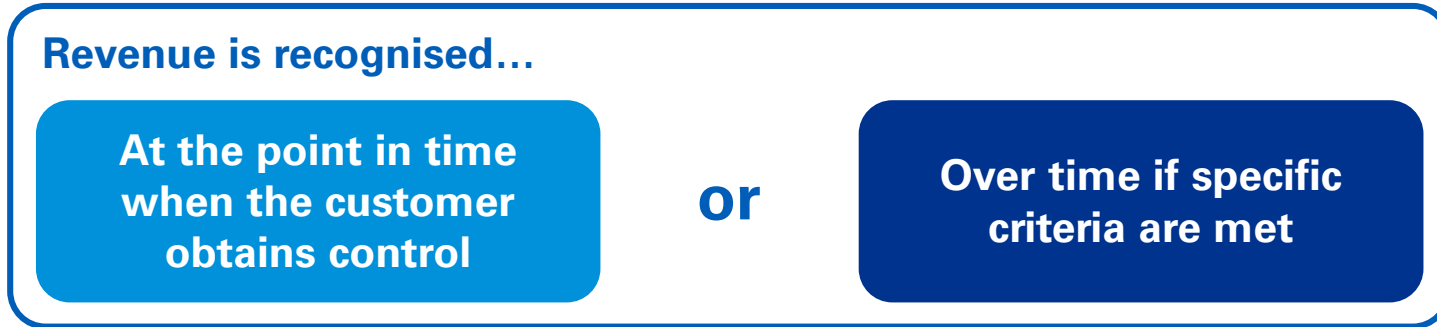
Have you identified any **non-cash consideration** components in your contracts?



Think about...
Advertising time

Timing of revenue recognition

Will there be any changes to the **timing of your revenue recognition?**



Think about...

Licences | Production arrangements | Advertising | Distribution

Principal vs agent

Have you reassessed whether you are acting as principal or agent under IFRS 15?



Think about...

Advertising exchanges | Online and physical distribution arrangements

Collaborative arrangements

Under your agreements, do you share with the customer the risks and rewards of participating in an activity or process?



Then...

Part or all of the agreement may be outside the scope of IFRS 15



Reimbursements might be recorded as a reduction of expenses or as other income

Think about...

Co-production arrangements | Funding arrangements

Transition adjustments

Have you **identified all** of the areas where **differences exist between IFRS 15 and your existing accounting?**



Use the helpful guidance in our *Transition Options* and *Issues In-Depth* publications



IFRS 15 is more detailed than the existing revenue requirements, so you may find unexpected changes in your accounting

Disclosure requirements

Have you identified the additional information and processes needed to meet the disclosure requirements?



Read our *Guide to annual financial statements – IFRS 15 supplement*



Under IFRS 15, you'll need to provide more detailed information about contract terms, as well as how and when you recognise revenue

Checklist of actions

Have you...?	<input checked="" type="checkbox"/>	Have you...?	<input checked="" type="checkbox"/>
Determined how to account for your licensing arrangements ?	<input type="checkbox"/>	Identified any non-cash consideration components in your contracts?	<input type="checkbox"/>
Assessed whether your royalty arrangements qualify for the royalty exception?	<input type="checkbox"/>	Assessed whether the timing of your revenue recognition will change?	<input type="checkbox"/>
Revised your estimates of variable consideration elements – e.g. rebates?	<input type="checkbox"/>	Reassessed whether you are acting as principal or agent under IFRS 15?	<input type="checkbox"/>
Determined whether your contracts include more than one performance obligation ?	<input type="checkbox"/>	Determined whether part or all of any of your agreements are collaborative arrangements ?	<input type="checkbox"/>
Determined whether payments to customers should be netted against revenue?	<input type="checkbox"/>	Identified and quantified your transition adjustments ?	<input type="checkbox"/>
Identified and calculated any significant financing components ?	<input type="checkbox"/>	Identified the additional information needed to meet the disclosure requirements ?	<input type="checkbox"/>

How did you do?

**How many of our 12 questions
have you answered 'yes'?**

All 12 – You're good to go!

6-11 – You're on your way

0-5 – You really need to engage



Don't forget the broader business impacts



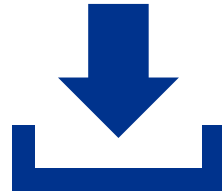
Have you...

- updated your management reporting, including KPIs?
- developed a transition plan for parallel runs, including reconciliations?
- thought about the tax implications?
- calculated the impact on bonus schemes?
- compared your approach with peers?

Find out more



**Talk to your
usual KPMG
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**Use our
Transition
toolkit**



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