



MALAYSIAN INSTITUTE
OF ACCOUNTANTS



**MALAYSIAN INSTITUTE OF ACCOUNTANTS
FINANCIAL REPORTING STANDARDS IMPLEMENTATION COMMITTEE
("FRSIC")**

FRSIC Issue No. 66 [2017]

Service Concession Contracts

The issue:

The submitter would like to seek further guidance from FRSIC on the accounting for service concession contracts that are still on-going as of the date of adoption of MFRS 15 *Revenue from Contracts with Customers* and whether MFRS 15 should be applied retrospectively on those on-going contracts.

Current accounting practice as observed by the Submitter:

Not applicable

Reasons for the FRSIC to address the issue:

There is an implementation challenge for service concession companies on the adoption of MFRS 15.

Submitter's proposal or recommendation to address the issue:

FRSIC Consensus will provide guidance on the matter.

Submitted on:

28 February 2017

Corresponding Guidance:

PROJECT WAS DISCONTINUED.

FRSIC deliberated and decided to discontinue the issue.

FRSIC noted that MFRS 15 is clear that an entity shall recognise revenue to depict the transfer of promised goods or services to customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. As such, an entity needs to reassess existing contracts to ensure that the revenue recognised reflects satisfaction of performance obligations to its customers.

MFRS 15 also provides clear guidance in relation to applying MFRS 15 on completed and not completed contracts.