



MALAYSIAN INSTITUTE
OF ACCOUNTANTS



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

FRSIC Issue No. 67 [2017]

Identifying Performance Obligations for Utility Connection Fee Received by Utility Companies

The issue:

Utility companies often charge and receive money from customers for utility connection (e.g. water and electricity connection) before they supply such utilities to customers. An issue was raised on the identification of performance obligation(s) in relation to revenue on utility connection.

The second issue relates to the amortisation period if the revenue is recognised over time. It was observed that most contracts with regard to the utility connection do not have an ending and expiry date.

Current accounting practice as observed by the Submitter:

Not applicable.

Reasons for the FRSIC to address the issue:

There is an implementation challenge for utility companies on the adoption of MFRS 15 *Revenue from Contracts with Customers*.

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 as it is not prevalent and only affecting a utility company in Malaysia.