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TRG Snapshot
Joint Meeting on Revenue

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This *TRG Snapshot* summarizes the November 9, 2015, meeting of the joint revenue transition resource group (TRG) created by the FASB and IASB.

The purpose of the TRG is not to issue guidance but instead to seek and provide feedback on potential issues related to implementation of ASC 606[1] and IFRS 15[2] (collectively, the "new revenue standard"). By analyzing and discussing potential implementation issues, the TRG helps the boards determine whether they need to take additional action, such as providing clarification or issuing other guidance. The TRG comprises financial statement preparers, auditors, and users from "a wide spectrum of industries, geographical locations and public and private organizations," and board members of the FASB and IASB attend the TRG's meetings. In addition, representatives from the SEC, PCAOB, IOSCO,[3] and AICPA are invited to observe the meetings.

Highlights of the discussion at the TRG's November 9, 2015, meeting include the following:

- Customer options:
  - An entity must evaluate the nature of its promises in a contract with a customer to determine whether the enforceable rights and obligations in its present contract either (1) exclude future optional purchases (unless there is a material right) or (2) create measurement uncertainty in the transaction price because of the variability of fees that are payable on the basis of future actions or events.
  - A substantive termination penalty provides evidence of enforceable rights and obligations; however, an entity must use judgment to determine whether a penalty is "substantive."
  - Only the legally enforceable rights should be accounted for in a contract; therefore, future events attributable to economic compulsion or the entity's exclusive right are not reflected in the contract or the estimated transaction price.
- Preproduction activities:
  - Entities must use judgment to determine whether a preproduction activity transfers control of a good or service to the customer.
  - Once the new revenue standard becomes effective, preproduction activities currently within the scope of ASC 605-35 should be accounted for in accordance with ASC 340-40.
  - Questions remain regarding the application of, and the need to retain, ASC 340-10 once the new revenue standard becomes effective.
- License restrictions and renewals:
  - The TRG requested additional clarifications on multiple issues related to this topic.

[1] For titles of *FASB Accounting Standards Codification* (ASC or the "Codification") references, see Deloitte's "Titles of Topics and Subtopics in the *FASB Accounting Standards Codification*."

[2] IFRS 15, *Revenue From Contracts With Customers*.

[3] International Organization of Securities Commissions.

- The evaluation of a whether a license renewal gives rise to a new license depends on whether the renewal has granted the customer additional rights; however, questions remain regarding the distinction between time-related rights and other various rights (e.g., new geographical locations).
- Modifications of a license arrangement should be treated no differently from the modification of a contract for goods or services.

- Fixed-odds wagering contracts:
  - The new revenue standard will eliminate industry-specific guidance (ASC 924-605), under which settled wagers are currently recognized as revenue transactions (as opposed to being accounted for as derivative contracts, as IFRS guidance suggests).
  - The FASB staff proposed that entities reporting under U.S. GAAP should continue to account for fixed-odds wagering contracts as revenue transactions after the guidance in ASC 606 becomes effective; however, TRG members requested clarification.

Editor's Note: Currently, there are no TRG meetings scheduled for 2016 or thereafter; however, we understand that the FASB remains committed to addressing issues raised by stakeholders regarding the implementation of the new revenue standard. In addition, the SEC's chief accountant and deputy chief accountant have expressed support for the TRG in speeches highlighting the need for preparers and auditors to continue to identify and raise issues that warrant discussion at future TRG meetings.[4] We continue to believe that the TRG is a critical forum for discussing matters and educating constituents during the implementation phase of the standard's adoption, and we support the continuation of efforts by the FASB and IASB to address relevant issues through future TRG meetings.

Topic 1 — Customer Options for Additional Goods and Services

Background: Under the new revenue standard, an entity must determine its contractual rights and obligations, including whether options for future goods or services give rise to performance obligations under a current contract with a customer. When options represent material rights, the entity must allocate a portion of the current contract's transaction price to the material right. That is, if an option provides the customer with a material right, the customer is effectively paying for future goods or services in advance by purchasing goods or services under the contract.[5] As a result, consideration received for the current contract will be recognized when the future goods or services are transferred to the customer.

In considering how to apply the guidance on optional purchases under which an entity does not identify a material right, stakeholders have questioned whether and, if so, when customer options to acquire additional goods or services would be considered (1) a separate contract that arises when the option is exercised or (2) variable consideration for which an entity would be required to estimate the amount of consideration to include in the original contract's transaction price (subject to the standard's constraint on variable consideration). Specifically, the following three issues have been raised:

- *Issue 1: What optional purchases are, and why optional purchases are different from variable consideration* — To address this issue, the FASB and IASB staffs analyzed examples related to IT outsourcing, transaction processing, and supply agreements. The staffs prefaced their views by stating that an entity will need to use judgment to determine whether a contract contains an option to purchase additional goods or services or variable consideration. In addition, the staffs noted that a critical first step would be for an entity to identify (1) the nature of its promises and (2) the rights or obligations of each party to the contract.

[4] For more information, see Deloitte's September 25, 2015, journal entry.
[5] ASC 606-10-25-18 and ASC 606-10-55-42; paragraphs 26 and B40 of IFRS 15.

Further, the staffs noted differences between optional goods or services and variable consideration. As indicated in TRG Agenda Paper 48, they observed:

- A contract providing for optional goods or services (1) gives the customer of an entity a present right to choose the amount of additional goods or services that can be purchased (i.e., a choice constituting a purchasing decision separate from the current contract) but (2) does not impose on the entity a present obligation to deliver those goods or services.
- Conversely, under a contract providing for variable consideration, the entity (1) has a present obligation to transfer goods or services to the customer but (2) is not obligated by the customer's actions "to provide *additional distinct* goods or services (or change the goods or services to be transferred)."

- *Issue 2: Assessing the effects of termination rights and penalties when only the customer has the right to terminate the contract*[6] — The staffs discussed this issue within the context of two examples: (1) a four-year service contract giving the customer the right to cancel at the end of each year ("Contract 1") and (2) a contract giving the customer an option to purchase parts along with equipment ("Contract 2"). The staffs analyzed the termination penalties in Contract 1 (an additional payment that decreases annually throughout the contract term) and Contract 2 (repayment of all or part of an up-front discount on the equipment) and concluded that the penalties in each contract were substantive.

  Accordingly, the staffs viewed the penalties as evidence of enforceable rights and obligations. On the basis of this evidence, they concluded that (1) the duration of Contract 1 was four years and (2) some of the transaction price in Contract 2 should be allocated to the parts because the contract's penalty effectively created a minimum purchase obligation for the customer. That is, the staffs believed that the substantive penalties in each contract constituted evidence of enforceable rights and obligations regardless of whether both parties or only the customer had the ability to cancel the contract. Further, the staffs rejected an alternative view that the termination penalties represent options that create material rights.
- *Issue 3: When optional purchases would be considered separate performance obligations* — As indicated in TRG Agenda Paper 48, the staffs noted two views (Views A and B). Proponents of View A maintain that options for goods or services, like other contractual rights and obligations, must be legally enforceable (i.e., enforceable as "a matter of law," as discussed in ASC 606-10-25-2 (paragraph 10 of IFRS 15)). Proponents of View B believe that "[j]udgment is required to determine if the legal options represent in substance promised goods or services in the contract." Under View B, an entity would consider economic compulsion, exclusivity of the arrangement (i.e., whether the customer can obtain the goods or services from other suppliers), and other circumstances when assessing whether optional purchases should be reflected in the transaction price of the current contract.

  The staffs believed that View A is consistent with the new revenue standard given that the standard does not require an entity to estimate the transaction price of future contracts that it will enter into with its customers (unless there are legal enforceable rights or options for future goods and services that are material rights).

See TRG Agenda Paper 48 for additional information.

Summary: TRG members discussed the issue of whether and, if so, when an entity would be required to estimate future purchases in a current contract with a customer. They reiterated the staffs' view that the new revenue standard does not require an entity to estimate the transaction

[6] At its October 2014 meeting, the TRG discussed a similar issue. However, the discussion focused on situations in which both parties had the unilateral and enforceable right to terminate the contract but the terminating party would be required to compensate the other party for the termination. See Deloitte's October 2014 *TRG Snapshot* for details.

price of future contracts into which it will enter with a customer. In addition, they generally agreed with the framework outlined in TRG Agenda Paper 48, under which an entity would perform an evaluation of the nature of its promises in a contract with a customer, including a careful evaluation of the enforceable rights and obligations in the present contract (not future contracts). That is, there is a distinction between (1) customer options and (2) uncertainty that is accounted for as variable consideration. Customer options are predicated on a separate customer action (namely, the customer's decision to exercise the option), which would not be embodied in the present contract; unless an option is a material right, such options would not factor into the accounting for the present contract. Uncertainty is accounted for as variable consideration when the entity has enforceable rights and obligations under a present contract to provide goods or services without an additional customer decision. The TRG also generally agreed with the staffs' view on Issue 3 that enforceable rights and obligations in a contract are only those for which the entity has legal rights and obligations under the contract and would not take economic or other penalties into account (e.g., (1) economic compulsion or (2) exclusivity because the entity is the sole provider of the goods or services, which may make the future deliverables highly probable of occurring).

Further, the TRG generally agreed with the staffs' view on Issue 2 that a substantive termination penalty would provide evidence of enforceable rights and obligations throughout the contract term (e.g., define the duration of the contract).[7] However, there was substantial debate about what would constitute a substantive penalty, especially because some TRG members could not conclude that the penalties described in the staffs' examples were substantive. Rather than trying to define "substantive," the TRG agreed that an entity would need to use significant judgment when construing the term. Accordingly, TRG members suggested that an entity's judgment could be informed by data such as how frequently a customer opts to incur a penalty. For example, a high incidence of customers who choose to pay a penalty to cancel a contract would most likely indicate that the penalty is not substantive.

In addition, there was discussion that compared the thresholds for identifying a material right and a substantive penalty. Some TRG and board members observed that in general, the threshold for identifying a substantive penalty should be higher than the threshold for identifying a material right.

Topic 2 — Preproduction Activities

Background: ASU 2014-09[8] (IFRS 15) creates new guidance on fulfillment costs that are outside the scope of other Codification topics, including costs related to an entity's preproduction activities. The new revenue standard's Basis for Conclusions indicates that in developing such cost guidance, the boards did not intend to holistically reconsider cost accounting. Rather, they aimed to:

- Fill gaps resulting from the absence of superseded guidance on revenue (and certain contract costs).
- Improve consistency in the application of certain cost guidance.
- Promote convergence between U.S. GAAP and IFRSs.

However, stakeholders in various industries have raised questions about how an entity should apply the new cost guidance when assessing preproduction activities, including questions related to the scope of the guidance (i.e., the costs to which such guidance would apply). In particular, stakeholders have asked the following:

- *Question 1: How should an entity assess whether preproduction activities are a promised good or service?* — Some stakeholders have questioned whether certain preproduction activities represent promised goods or services in a contract with a customer because such a determination could affect the timing of revenue recognition. In a manner consistent with

[7] A FASB staff member reminded TRG members that Issue 2 of TRG Agenda Paper 48 should be read in conjunction with TRG Agenda Paper 10.
[8] FASB Accounting Standards Update No. 2014-09, *Revenue From Contracts With Customers*.

the requirements of the new revenue standard and prior TRG meeting discussions,[9] the FASB and IASB staffs stated that an entity should first evaluate the nature of its promise to the customer and, in doing so, consider whether a preproduction activity is a promised good or service or a fulfillment activity. While acknowledging that it may be difficult to determine whether a preproduction activity is a promised good or service, the staffs noted that an entity should assess whether the preproduction activity transfers control of a good or service to the customer. Further, the staffs suggested that the criteria for determining whether an entity transfers control of a good or service over time[10] may be helpful in this assessment. For example, if an entity determines that a preproduction activity transfers control of a good or service to a customer over time, it should include the preproduction activity in its measure of progress toward complete satisfaction of its performance obligation(s).

- *Question 2: How should an entity reporting under U.S. GAAP account for preproduction costs currently accounted for in accordance with guidance in ASC 340-10?* — Some stakeholders reporting under U.S. GAAP engage in long-term supply arrangements and have expressed concerns that the cost guidance in ASU 2014-09 changes the assessment of whether preproduction costs currently accounted for under ASC 340-10 should be capitalized or expensed. The FASB staff noted that the analysis for determining whether to capitalize or expense costs incurred for preproduction activities is separate from the assessment of whether preproduction activities represent promised goods or services in a contract (i.e., separate from the analysis discussed in Question 1 above). Accordingly, since the new revenue standard does not amend the guidance in ASC 340-10, the FASB staff thinks that entities that currently account for preproduction costs in accordance with ASC 340-10 should continue to do so after the new revenue standard becomes effective.
- *Question 3: Are preproduction costs for contracts previously within the scope of ASC 605-35 considered to be within the scope of ASC 340-10 or ASC 340-40?* — Some stakeholders reporting under U.S. GAAP have questioned the accounting for preproduction costs incurred to deliver contracts currently accounted for under ASC 605-35 rather than ASC 340-10. The FASB staff noted that after the new revenue standard becomes effective, preproduction activities related to contracts currently within the scope of ASC 605-35 should be accounted for in accordance with ASC 340-40 because (1) the new revenue standard will supersede ASC 605-35 (and its related cost guidance) and (2) ASC 340-10 does not currently provide guidance on costs related to such contracts.

See TRG Agenda Paper 46 for additional information.

Summary: For each issue discussed, TRG members generally agreed with the staffs' analyses and acknowledged that in certain situations, it will be challenging for an entity to determine whether a preproduction activity transfers control of a good or service to the customer. As a result, an entity will need to use judgment to make those determinations, and some diversity in practice may result. In addition, TRG members in the United States noted that implementation questions related to whether and, if so, how to apply ASC 340-10 may be resolved if that guidance is either (1) deleted or (2) clarified to enable entities to understand how to apply it in a manner consistent with the control principle in the new revenue standard.

[9] See TRG Agenda Paper 12, which was discussed at the January 2015 TRG meeting.
[10] Discussed in ASC 606-10-25-27 (paragraph 35 of IFRS 15).

Topic 3 — Specific Application Issues Related to License Restrictions and Renewals

Background: The new revenue standard includes guidance on assessing whether a license of intellectual property (IP) is a right to use the IP (which results in the recognition of revenue at a point in time) or a right to access the IP (which results in the recognition of revenue over time). In addition, the FASB has proposed clarifications to the guidance in ASU 2014-09,[11] and the IASB has proposed changes to the Basis for Conclusions on IFRS 15. Notwithstanding the proposed amendments (which are intended to clarify, rather than change, the guidance), stakeholders have raised the following issues related to point-in-time licenses:

- *Issue 1: Renewals of time-based right-to-use (point-in-time) licenses* — In their discussion of this issue, the FASB and IASB staffs noted an example in which a customer renews a three-year point-in-time license six months before its expiration. Stakeholders have questioned what constitutes the appropriate recognition point for the extension — specifically, which of the following views is correct:
  - View A, under which revenue from the renewal license would be recognized when the renewal period begins (i.e., after the original three-year license ends — specifically, at the start of the renewal period in Year 4).[12]
  - View B, under which such revenue would be recognized upon agreement of the renewal license (i.e., six months before the original license expires).

  For the arrangement discussed in the example, the staffs believed that revenue should be recognized in accordance with View B because the customer (1) did not receive any additional rights and (2) previously obtained control of the license. That is, the term extension represents a change in an attribute of the license that had already been transferred to the customer.
- *Issue 2: Distinct rights in a contract* — In examining this issue, the staffs noted two examples of multiyear point-in-time licenses containing restrictions on the use of the underlying IP (geographical restrictions in the first example and product-class restrictions in the second). In each example, the customer was permitted to expand the use of the underlying IP only after a defined period within the license's term; the staffs referred to release of these restrictions as "staggered rights." Some stakeholders believe that there is a single license in both examples because the entity only has the responsibility to make the underlying IP available at the beginning of the license period and the restrictions cited in the examples are attributes that should not be considered under the new revenue standard (View A). Other stakeholders believe that in each of the two examples, there are two distinct licenses primarily because additional rights are subsequently conveyed to the customer (View B).

  The staffs agreed with View B (i.e., the conclusion that the customer in each example was granted multiple licenses because "the rights that accrue subsequently . . . are distinct . . . from the rights that accrue to [the customer] initially"). They noted that the guidance cited to support View A (ASC 606-10-55-64; paragraph B62 of IFRS 15) was not intended to circumvent the guidance supporting View B (ASC 606-10-55-63; paragraph B61 of IFRS 15).
- *Issue 3: Distinct rights added through a modification* — The staffs began their analysis of Issue 3 by referring to amended versions of the examples used in their discussion of Issue 2. In the amended examples, the expansion of the customer's use of IP was not part of the original license agreements but resulted from modifications to the original contracts. Further, the modifications did not meet the requirements of the contract combination guidance in the new revenue standard.

[11] For additional information, see Deloitte's October 8, 2015, journal entry and May 13, 2015, *Heads Up*.

[12] This view is rooted in ASC 606-10-55-63 (paragraph B61 of IFRS 15), which states that "revenue cannot be recognized for a license that provides a right to use the entity's intellectual property before the beginning of the period during which the customer is able to use and benefit from the license."

The staffs noted three views on how an entity would account for the modifications in the amended examples (Views A, B, and C). Proponents of View A believe that the modifications are to "the single, original license" and that revenue would accordingly be recognized on the date the modification is made if (1) the modifications to add rights take place after the customer has begun to benefit from the rights in the original contract and (2) the entity is not required to provide additional IP to the customer. Their basis for this conclusion is that "the [l]icensor has no further performance obligation." In contrast, proponents of View B believe that the modifications create a new agreement or performance obligation and that the licensor would therefore recognize revenue for the additional rights only when the customer benefits from them.

Under View C, which is the view that the staffs believed to be the most consistent with the new revenue standard, the entity would assess and account for the contract modifications in the manner applicable to any other contract modification. Accordingly, as stated in TRG Agenda Paper 45, "if the incremental, distinct rights are priced at their standalone selling price, then the entity applies the 'new contract' modification guidance in [ASC] 606-10-25-12 [paragraph 20 of IFRS 15]. [Conversely, if] the incremental, distinct rights are *not* priced commensurate with their standalone selling price, then the entity applies the modification guidance in [ASC] 606-10-25-13(a) [paragraph 21(a) of IFRS 15]."

- *Issue 4: Accounting for a customer's option to purchase or use additional copies of software* — In discussing this issue, the staffs referred to three examples of point-in-time license arrangements in which a customer paid a flat fee for (1) software rights for a specified number of employees and (2) options to add additional employees at a later date on the basis of a per-user fee. The staffs noted three prevailing views on how to account for the additional users (Views A, B, and C):
  - Under View A, an entity would treat the options to acquire the additional software rights in a manner similar to how it would treat options to purchase additional goods because they are right-to-use (or point-in-time) licenses. Accordingly, the entity would assess whether the options grant the customer a material right; if they do, the entity would allocate a portion of the transaction price to the options and recognize the related revenue when the options are exercised or expire.
  - Under View B, the additional rights would be considered incremental usage of the software because rather than changing the characteristics or functionality of the software, they affect only the amount of usage already controlled by the customer. Accordingly, proponents of View B would account for the additional usage in accordance with the new revenue standard's guidance on usage- or sales-based royalties (i.e., as variable consideration).
  - Supporters of View C would employ an approach that applies View A to one of the examples and View B to the other two.

  For the examples discussed, the staffs supported View A because they believed that there is no basis in the new revenue standard for dispensing with an assessment of whether options in a contract represent a material right. The staffs rejected View C because it is inconsistent with the new revenue standard. They also rejected View B but acknowledged that some software entities reporting under U.S. GAAP may prefer it since it would not require them to perform additional assessments that might otherwise be required under the new revenue standard (because the new standard supersedes guidance under U.S. GAAP that currently permits software entities to forgo assessing whether additional rights to previously delivered software constitute a discount that is more than insignificant).

See TRG Agenda Paper 45 for additional information.

Summary: Because inconsistencies have been identified in both the guidance of the new revenue standard and the boards' proposed amendments to the standard, TRG members noted that some stakeholders have questioned when characteristics of a license should be treated as a right that would define whether a license is distinct (i.e., a separate license) from an attribute of a single license.

TRG members generally agreed with the staffs' view that the evaluation of whether an entity has provided a single license of IP or multiple licenses to a customer (either in a single contract or through contract modifications) would depend on whether it has granted the customer additional rights (i.e., new or expanded rights). However, the TRG generally did not support — or could not understand — the basis for why the time-based restriction in Issue 1 would be treated differently from the geographical or product restriction in Issue 2. That is, many TRG members viewed the extension of time (i.e., through the contract renewal) as granting a customer an additional right rather than the continued use of the same rights under a license that the entity already delivered to the customer and from which the customer is currently benefiting.

One TRG member noted that one reason why time may be viewed differently is the new revenue standard's requirement to assess whether a license grants the customer a right to use or a right to access the underlying IP. In effect, time is considered in the initial assessment, and once an entity concludes that the license is a right-to-use (i.e., point-in-time) license, time would not be considered subsequently (i.e., it would be an attribute rather than a right that defines the contract subsequently).

In addition, the SEC observer expressed concern that the staffs' view regarding the time restriction in Issue 1 would lead to an inconsistent outcome for a similar contract with different counterparties. That is, under the staffs' view in Issue 1, the entity would recognize revenue on the date the contract is renewed with a current customer (i.e., June 30, 20X3). However, had the entity entered into a contract with the same terms as the renewed contract but with a new customer, it would have been precluded from recognizing revenue until the new contract became effective (i.e., January 1, 20X4).

TRG members generally agreed with the staffs' view on Issue 3 that the modification of a license arrangement should be treated no differently from the modification of a contract for goods or services. Therefore, an entity should follow the contract modification guidance in the new revenue standard. On Issue 4, there were mixed views about whether additional copies of software would be accounted for as a customer option or as a usage-based royalty; however, in a manner consistent with that of the staffs, the TRG rejected View C.

Because there was no general agreement among TRG members on multiple issues related to this topic, the TRG asked for additional clarifications.

Topic 4 — Whether Fixed-Odds Wagering Contracts Are Revenue or Derivative Transactions

Background: Fixed-odds wagers are wagers placed by bettors (i.e., customers) who typically know the odds of winning in gaming activities[13] at the time the bets are placed with gaming industry entities. Under current U.S. GAAP, industry-specific guidance in ASC 924-605 indicates that such transactions are generally recognized as revenue when the wager is settled. However, when the new revenue standard becomes effective, that standard will eliminate the guidance in ASC 924-605 and will not apply to contracts accounted for as derivatives under ASC 815. In addition, stakeholders have referred to an issue discussed by the International Financial Reporting Interpretations Committee (IFRIC) in 2007, regarding which the IFRIC concluded that fixed-odds wagering contracts should be accounted for as derivatives under IAS 39[14] (or IFRS 9,[15] if an entity is required to adopt it). Partly because of the upcoming elimination of ASC 924-605 and partly because of the 2007 IFRIC interpretation, stakeholders

[13] Common gaming activities include table games, slot machines, keno, bingo, and sports and race betting.
[14] IAS 39, *Financial Instruments: Recognition and Measurement*.
[15] IFRS 9, *Financial Instruments*.

reporting under U.S. GAAP have questioned whether fixed-odds wagering contracts should be accounted for as revenue transactions (i.e., when or as control is transferred in accordance with the new revenue standard) or as derivatives (i.e., adjusted to fair value through net income each reporting period).

The FASB staff noted its belief that the FASB did not intend to change how entities reporting under U.S. GAAP would account for fixed-odds wagers upon adoption of the new revenue standard. That is, the FASB staff believes that the Board intends for entities reporting under U.S. GAAP to continue accounting for fixed-odds wagering contracts as revenue transactions. On the other hand, the FASB staff further indicated in TRG Agenda Paper 47 that "if fixed odds wagering contracts were excluded from the scope of the new revenue standard, then those arrangements likely would be accounted for as derivatives."[16]

See TRG Agenda Paper 47 for additional information.

Summary: Many TRG members in the United States did not object to the FASB staff's view that entities should continue to account for fixed-odds wagering contracts as revenue transactions after the new revenue standard becomes effective. However, TRG members expressed concern that the current wording in the new revenue standard does not support the staff's view. Accordingly, TRG members recommended that the Board either (1) clarify its intent through a technical correction to include such contracts within the scope of ASC 606 (by excluding them from the scope of ASC 815) or (2) evaluate further whether its objective was to require entities to account for these contracts under ASC 815. In addition, some TRG members questioned whether fixed-odds wagering contracts meet the definition of a derivative under ASC 815 (and therefore should be accounted for under ASC 815). TRG members urged the Board to publicly expose this topic and perform outreach with affected entities if the FASB pursues the path of deliberating whether fixed-odds wagering contracts are derivatives.

[16] As summarized in TRG Agenda Paper 47, the IASB staff continues to believe that for entities reporting under IFRSs, fixed-odds wagering contracts would not be within the scope of the new revenue standard if they meet the definition of a financial instrument under IFRS 9 or IAS 39.

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