



Investment management



IFRS 15 Revenue – Are you good to go?

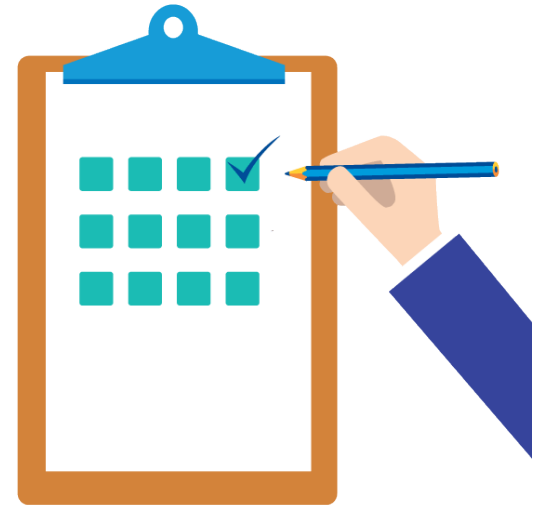
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kpmg.com/ifrs

Are you good to go?

IFRS 15 will change the way many investment management 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**



Identifying the customer

Who is the customer in your contracts?

For a fund manager, is it...

The fund

or

The fund's investors

Costs to obtain a contract

Does your accounting policy for commission costs meet the requirements of IFRS 15?

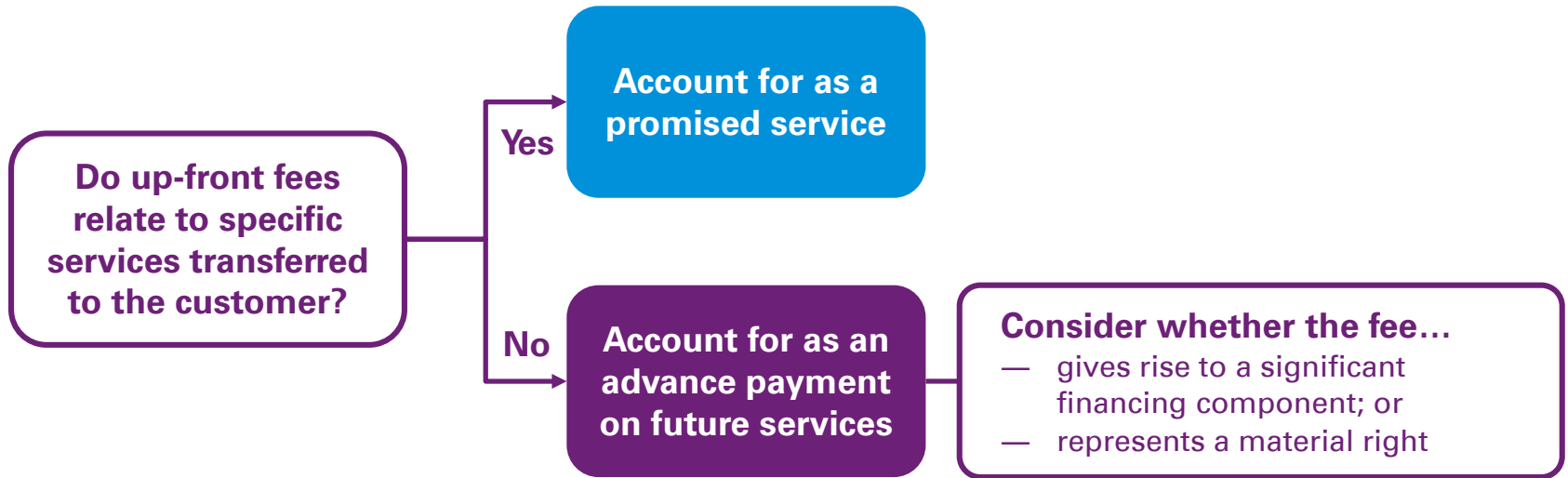
If the fund is the customer...



... then commissions paid for introducing new investors may not meet the criteria for capitalisation

Up-front fees

How will you account for up-front fees?



Performance obligations

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

A good or service is distinct if it is...

Capable of being distinct



Distinct in the context of the contract

Think about...

Administrative services | Custody services | Distribution services | Renewal options

Variable consideration

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



Think about...

Claw-back arrangements | Management fees | Performance fees

Contracts in the scope of multiple standards

Have you applied the allocation guidance to contracts that also include a financial instrument?



Total contract amount

-



IFRS 9 amount

=



IFRS 15 amount, which may be nil

Principal vs agent

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



Think about...

Sub-advisers and other subcontractors

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...?



Identified the **customer** in your contracts?

Checked that your accounting policy for **costs to obtain a contract** meets IFRS 15's requirements?

Determined whether **up-front fees** transfer specific services to the customer?

Determined whether your contracts include **more than one performance obligation**?

Revised your estimates of **variable consideration** elements?

Have you...?



Determined whether your agreements are in the **scope of multiple standards**?

Reassessed whether you are acting as **principal or agent** under IFRS 15?

Identified and quantified your **transition adjustments**?

Identified the additional information needed to meet the **disclosure requirements**?

How did you do?

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

All 9 – You're good to go!

5-8 – You're on your way

0-4 – You really need to engage



Don't forget the broader business impacts



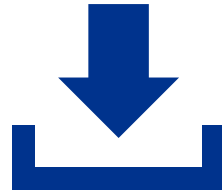
Have you...

- 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
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contact**



**Use our
Transition
toolkit**



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