Assistant professor PhD Cristina Gabriela COSMULESE
Stefan cel Mare University of Suceava, 720229, Romania
gabriela.cosmulese@usm.ro

Abstract
The permanent updating of obsolete standards by the International Accounting Standard Board (IASB) must be taken over by companies using the International Financial Reporting Standards (IFRS) which, at first, generates certain situations of misinterpretation of these financial accounting policies having a direct impact on the distortion of the reported information to the stakeholders. The purpose of this article is to identify the key elements of applying IFRS 15 based on the industry to which the entity operates. The findings highlight potential changes in timing of recognition, measurement (including allocation of revenue between goods and services provided) and disclosure.

Key words: IFRS 15; financial report; revenue; real effects; recognition; measurement

JEL Classification: M 41

I. INTRODUCTION

The issues related to the use of the IFRS in the countries with an emerging economy are vast and important. We are in a transitional stage in which the interpretation of each standard must be thoroughly executed and then understood by the practitioners as well as applied correctly by them. These issues refer to: the state’s involvement and strong role which is not specific to those countries having a developed market economy; the lack of an efficient system of retraining and continuous development of staff in the field; a poorly developed methodological framework; a lack of methodological and scientific literature in the field of international practices; some inefficient mechanisms for the control and supervision of the evaluation activity; bureaucracy, etc.

The revenue of an economic entity is a key sector for users of financial information. Their importance derives specifically from the fact that revenue is an indicator of impact in both quantitative and qualitative terms. For different categories of users of financial statements, the results generated by sales can influence decision making, for example for managers, revenues can serve as a performance indicator, for investors, the size of revenues assesses the risk for the new investment, for auditors, they would be an area with a high risk of fraud.

The financial aspect of an economic entity is the instrument by which the degree of performance, stability and continuity is assessed. The existence of single rules makes information on the well-being of an entity comparable over time and at market level. Financial reporting according to International Financial Reporting Standards is a prerequisite for the globalization of the business environment, where there is a need to align single methods on the quantification of financial position and performance. In order to be in line with the development of the market economy, international competent bodies must create the necessary conditions for compatibility of standards and requirements with economic reality.

In view of the fluctuations in the market economy, to which standardization must take a pro-active approach, we notify the emergence of IFRS 15 "Revenue from Contracts with Customers", an international standard that comes with the objective of establishing the principles that an entity should apply to report information useful to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows generated by a contract with a customer. This standard was necessary specifically because of the shortcomings that were found in International Accounting Standard 18 "Revenue", so with financial modernization in the industries it was essential to make the change, which was achieved.

II. LITERATURE REVIEW

It is fact that the company's management communicates with stakeholders through the financial reporting which is designed in accordance with the requirements of the IFRS. This is the reason why they are focussed on disclosing the best economic and financial information in order to have stakeholders make positive decisions in accordance to the interests of the reporting company (Tawiah & Boolaky, 2019; Amidu & Issahaku, 2019;...
Ciubotariu, Socoliuc, Mihaila & Savchuk, 2019; Fontes, Rodrigues & Craig, 2016; Garrido-Miralles, Zorio-Grima & García-Benau, 2016; Irena, 2015). However, in terms of the recognition and measurement of the revenues from the operational activities, they continue to be the key issues in the financial accounting mainly due to the fact that they contribute directly to determining a company’s profit or loss. This was another reason why about three years ago, the IASB intensified its activity in order to solve some of these issues by designing "Revenue from contracts with customers" IFRS 15 (Buk, 2018). Thus, starting on November 18, 2016, the (EU) Regulation no. 2016/1905 based on the IFRS 15 compels companies to apply the standard starting with the financial statements of financial years beginning on or after 1 January 2018. In the event a company applies the IFRS 15 from a previous period, this fact must be reported in the explanatory notes to the financial statements (Grosu & Socoliuc, 2016).

Thus, there are still vocabulary issues, certain practical applicability due to the insufficient number of trained specialists, the perception and assimilation regarding the essence of the new standards. However, the benefits of implementing the international standards are much greater than the costs of transition itself given the fact that the reporting based on the international standards will help to significantly reduce the costs of systematizing, the processing and presenting the information. Consequently, a common language of the financial reporting will be established and the economic relations between states will be harmonized (Țurcanu, Mates, Bostan, Grosu & Socoliuc, 2008; Farcane, Blidisel, Bunget & Dumitrescu, 2019).

The primary objective of the IFRS 15 is to establish the principles that a company must use in order to provide the users of the financial statements with useful information on the nature, amount, timing and uncertainty of the income and cash flows resulting from the contracts with customers. The development of the IFRS 15 is needed to replace older standards such as: the IAS 11; the IAS 18; the IFRIC 13; the IFRIC 15; the IFRIC 18 and the SIC 31 (Ancuzo & Delle Femmine, 2016).

As far as the present topic is concerned, we have used as search parameters the keywords such as “IFRS 15” or “revenues from contracts with customers”. For 2010-2019, the research revealed 51 results (articles and proceedings papers). It is worth mentioning that since 2014 the number of analyzed problem-oriented studies has increased considerably worldwide, whereas in the year of the implementation of the IFRS 15, more precisely in 2018, we have witnessed an increase of the interest of the scientific community in the addressed issue.

During 2006-2020 both the number of studies on the “revenue of IFRS” and the thematic areas in which scientific production has been noted are much more diverse. Thus, since during the first years after 2006, the topical studies were analyzed or carried out mainly in the categories Business Finance and Business, at present the research flow covers over 20 thematic areas as the interest focuses more on Management, Business, Economics, Multidisciplinary Sciences, Agricultural Economics Policy etc. (see Figure 1).

Figure 1 – Research profile based on the IFRS 15 worldwide during 2010-2019 and on countries with an emerging economy

Source: Developed by authors based on the Web of Science database

In countries with emerging economies, the scientific production is much lower. The search shows 36 publications on the IFRS 15 and 43 on the revenue to the IFRS (i.e. articles and proceedings paper of authors from these countries as the thematic areas remain slightly diversified since the interest is geared towards Management, Business, Economics, Business Finance, etc.)
In order to study the main research trends in the analyzed topic, we performed a frequency analysis of the key words in the titles/abstracts of the articles included in the Web of Science database using VOSviewer (Figure 3 and 4).

The above figure indicates the existence of 3 clusters which are correlated with the scientific research on the issue of the evaluation and recognition of income within the IFRS framework. The largest cluster covers those topics which are related to the disclosure, the IFRS, the performance and the quality. The 2nd cluster was set around two central topics, namely the IFRS 15 and the revenue recognition. The 3rd cluster consists of only 2 items, namely the recognition and the revenue.

The same analysis which was performed on the IFRS 15 can be observed in the figure below and, unlike the first situation, we were able to identify only 2 clusters around which a larger number of items gravitate. The first cluster is mainly oriented towards the accounting standards, the disclosure, the earning management, the
Incentives, the performances and the quality. The 2nd cluster covers an area which is more geared towards those institutional items such as: the IASB, the IFRS, the IFRS 15, the revenue and the recognition revenue.

III. KEY ELEMENTS OF APPLYING IFRS 15 BASED ON THE INDUSTRY OF WHICH THE ENTITY OPERATES

In order to make the use of the tool more specific it is important to highlight the key elements depending on the industry in which the economic entity operates, thus in the following we will try to identify the particularities of the application of IFRS 15 in the following industries: banking services, IT services and solutions, food production, telecommunication services, construction (see Table 1).

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<th>No.</th>
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| 1. | Banking services | - entities in the banking sector may have a lot of contracts with customers, but these contracts may fall under IFRS 9 rather than IFRS 15, although a combination of standards may be an appropriate approach;  
- in banking entities prepayments by customers are practiced, in accounting practice these are recorded as payables on advances, IFRS 15 comes up with another approach which is to account for payments received in advance as commitment on contracts with customers; |
| 2. | IT services and solutions (Technology) | - the entity will recognize its revenue in full amount, in case of participating in the transaction as an agent, then the revenue recognition will be only to the extent of the delivery commission, which is the net value of the selling price and the purchase price from the principal;  
- a difficulty in contracts with customers in the IT services and solutions industry can be encountered when assigning the transaction price to each of the distinct goods/services identified in the contract. In such cases estimation would be welcome, but this estimation should be as fair as possible;  
- the entity must distinguish between "licenses that represent the transfer of a right to use an entity's intellectual property (recognized at a given time) and licenses that represent the provision of access, over a period of time, to an entity's intellectual property (recognized during access)". |
| 3. | Retail, wholesale and distribution (Food production) | - the option of discounts must be evidenced in contracts and taken into account in revenue recognition, even if at the time of recognition there is uncertainty as to whether or not the discount will actually be granted;  
- a significant issue in the production and sale of finished products is pricing;  
- the entity shall consider whether a "warranty provides assurance that a product meets only the agreed specifications or whether it provides additional maintenance"; |
| 4. | Telecommunication services | - contracts with customers are very diverse, and the homogenisation of contracts will allow the accounting treatment to be applied to a large number of contracts following the same approach;  
- as regards to treatment of contracts with customers with a payment period of more than one year, so in the notes to the financial statements it is necessary to separate revenue recognised at the time of delivery and revenue generated from contracts with customers, where recognition takes place over a period of time;  
- the implementation of the requirements in the company's billing system is very costly;  
- the entity should, regardless of the billing pattern, recognize more revenue associated with a subsidized telephone at the beginning of the contract and less revenue as the contract continues. |
| 5. | Construction | - one of the issues that arises is whether the entity is allowed to collect pre-contract costs in the contract value or should recognise them as current expenses in the profit and loss account, so the standard comes with the recommendation to recognise as current expenses those incurred in the short term, but those greater than one year should be capitalised in a contract acquisition cost account and amortized over the contract term;  
- contracts are for quite a long period of time, in this respect revenue has to be recognised on completion phases; |
| 6. | Consumer products | - entities that take a risk during shipment are allowed to recognise revenue sooner if control passes to the customer at the point of shipment; |
In the field of services, once the transaction price has been determined, the entity assesses the probability of receiving the consideration. If the entity considers it probable that revenue will flow, revenue is recognised. If circumstances subsequently change that affect that probability, the entity assesses its materiality and the impact on the probability of receiving the remaining revenue.

Hendriksen and Van Greda (2012, p. 224) present a view of revenue focused only on those that generate an increase in the entity's profit, stating that "at its most fundamental level, revenue is an increase in profit. Like profit, it is a flow from the creation of goods or services by a company during a period".

Despite the various characterisations of revenue found, they are not different in essence. The complexity lies in the moment of the revenue recognition, and it is one of the most relevant issues of accounting.

According to Braunbeck (2015), the revenue recognition of a small business establishment may not seem so complex as described above, because it is notorious the transfer of control of the risks and benefits of a commodity, and it is possible to assess the amount that should be recognized as revenue, since the consideration, in general, is monetary, fixed and reliable. The difficulty arises when transactions of greater complexity occur, as for example, in services rendered over months and/or years or services sold as a whole. The referred author cites as an example the sale of a package from a telephony operator, which comprises communication services and a mobile phone whose price is included in the service (apparently, the handset was free). In this transaction, will it be recognized only the revenue from the tariffs of the calls when made or is there the sale of a handset at the moment of signing the contract? It was situations such as these, combined with the diversity of standards, the limited guidance and the frequent republication of financial reports that led the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) to converge in order to unify the understanding with regard to the recognition of revenue, culminating in 2014 with the issue of IFRS 15 - Revenue from Contracts with Customers - which consolidates and replaces the previous regulations and interpretations, IAS 11 - Construction Contracts, IAS 18 - Revenue, IFRIC 13 - Customer Loyalty Programmes, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers and SIC-31 - Revenue - Barter Transactions Involving Advertising Services.

Almeida (2016) states that the difficulty of recognition is related to the type of operation and the branch of activity in which the entity operates, requiring a high degree of judgment by the company's management so that the information reflects the economic reality of the company. The relevance is justified by the fact that the revenue is inserted in the income statement and influences the determination of the entity's profit, becoming a crucial metric for many investment decisions and, consequently, in the amount of the dividend that will be distributed to the partners or owners of the entity, as well as the taxes to be collected to the municipal, state and federal governments.

According to the study conducted by Tavares (2016), entities in the telecommunications sector show the highest average level of disclosure of information regarding revenues from customer contracts.

Tutino, Regoliosi, Mattei, Paoloni & Pompili (2019), highlights the fact that "earnings management practices are commonly adopted in the Telecommunications industry, which is consequently highly impacted by the introduction of IFRS 15".

Another area in which opinions were expressed is the one that refers to how changes regards in how entities recognise, measure, present and disclose their revenues (Napier & Stadler, 2020) can change security prices, how companies operate, and their costs and cash flows.

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<td>7.</td>
<td>Industrial products</td>
<td>- entities may resort to recognition of revenue as customized products are produced, based on the terms of the contract with the clients and the termination provisions;</td>
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<td>8.</td>
<td>Real estate</td>
<td>- some entities in the real estate sector will find that „revenue previously recognised at a point in time should now be recognised over time, or vice versa&quot;;</td>
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<td>9.</td>
<td>Media</td>
<td>- because a multimedia advertising campaign can include several types of advertising placement, such entities will need to assess whether advertising services are separate performance obligations or whether they should be accounted for as a single obligation;</td>
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<td>10.</td>
<td>Mining</td>
<td>- the entity will need to recognize revenue &quot;at a different time depending on the assessment of the transfer of control of the goods and / or may be required to allocate a portion of the transaction price to separate transportation and insurance service for certain CIF contracts&quot;.</td>
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Source: Own elaboration based on https://www2.deloitte.com/ca/en/pages/audit/articles/IFRS15.html
IV. CONCLUSION

It is a fact that any improvement/modernization in terms of the financial practices and accounting and fiscal policies require a major effort and a consistent investment, yet this initiative must come from the economic actors who are directly involved but at the same time it needs to be supported by the regulatory framework existing in the country of origin. It is obvious that the companies in the emerging economies need this change because it will open new horizons and opportunities for them. In terms of those measures for the improvement of the process of harmonizing the financial accounting process, the following aspects are important such as: the simplification of the financial and statistical reporting process based on developing and launching a single reporting platform; the implementation of training programs and the development of skills and knowledge of the representatives of the accounting, audit, consulting and tax control profession in order to facilitate the application of European legislation; the systematization and harmonization of the tax and customs legislation through the development and adoption of new legislation (such as the Tax Codes and Customs Codes) which will ensure the transparency, security and clarity of the fiscal and customs policies.

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