

# Applying principle-based guidelines to a complex transaction: exploring management judgement and decision-making

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## Abstract

**Purpose** – The purpose of this paper is to explore management’s information processing, as well as application of judgement and decision-making when faced with accounting for a complex transaction applying principle-based guidelines.

**Design/methodology/approach** – IFRS 15, a principle-based standard, provides minimal guidance to credit card rewards programmes (CCRPs), and complex CCRP transactions were selected as a single case in this qualitative study. Fifteen semi-structured interviews were conducted with CCRP managers, and the data were analysed using thematic analysis.

**Findings** – Various cognitive elements were witnessed in analysing management’s experiences of the decision-making process on accounting for CCRP transactions. The management of some CCRPs were reflective, showcasing professional scepticism and resulting in rational decision-making, while others were impulsive, introducing bias into the decision-making process and leading to bounded rationality. The decision-making processes of management also illustrated the positive and negative effects of familiarity with an event or transaction. In some cases, management seemed averse to change and past practices acted as anchors that distorted management in applying their unbiased judgement when accounting for CCRP transactions.

**Originality/value** – An in-depth understanding was obtained of how management dealt with the cognitive elements that were present in the decision-making process and applied their judgement when accounting for a complex transaction under principle-based guidelines, contributing to theoretical accounting knowledge. To overcome bounded rationality, it is recommended that accountants work in teams and consult with IFRS advisory team members. Educators could use the findings of this study to facilitate the development of students’ decision-making skills.

**Keywords** Principle-based guidelines, Information processing, Accounting choice, Decision-making, complex transactions, Credit card rewards programmes

**Paper type** Research paper



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## 1. Introduction

A company's management is required to process information to facilitate decision-making, including decision-making relating to the appropriate accounting treatment of the company's transactions (Almeida and Lemes, 2020). International Financial Reporting Standards (IFRS) provide a set of accounting rules for preparing the financial statements that are consistent, transparent, and comparable worldwide (Corporate Finance Institute, 2021; IFRS, 2021). Companies that adhere to IFRS therefore apply the regulations contained in IFRS in accounting for its transactions. The IFRS, however, provide principle-based guidelines, often leaving the appropriate accounting treatment of complex transactions open for interpretation (Han *et al.*, 2019). General principle-based accounting standards require management to exercise their professional judgement thoroughly in interpreting and applying IFRS specifically when they are dealing with complex transactions (Oro and Klann, 2018; Pan and Patel, 2017; Psaros, 2007). In addition, another complexity is added when a new IFRS is issued replacing a standard or interpretation previously applied that may result in biased judgements and decisions.

Applying principle-based accounting standards might result in more than one possible way to account for a specific transaction; the challenge faced by management is choosing the most optimal alternative and not simply a satisfactory alternative. Management's judgement can also be influenced by various factors such as previous experience and knowledge (Almeida and Lemes, 2020; Oro and Klann, 2018; Pan and Patel, 2017). Han *et al.* (2019) further argue that it is uncertain how different members of management will interpret complex transactions when minimal guidance is provided and whether they will arrive at the optimal alternative when accounting for specific transactions. Thus, the aim of the research reported in this paper was to explore management's information processing, as well as application of judgement and decision-making, when faced with accounting for a complex transaction applying principle-based guidelines.

Accounting for credit card rewards programme (CCRP) transactions was identified as a complex transaction for purposes of this study and 15 semi-structured interviews were conducted with CCRP management to explore their information processing and application of judgement. Anchored in the theory of cognitive psychology (Wibbeke and Lachmann, 2020), this study contributed to the nomological network of judgement and decision-making research and theory in accounting by obtaining a deeper understanding of how management process information to render a judgement and the impact thereof on decision-making, offering a theoretical perspective on current accounting practice. How management reacted to applying a principle-based standard that requires judgement was examined and accounting processes were critiqued. This study therefore combined different concepts in new ways to investigate a conventional issue and obtained a new understanding of existing issues in accounting (Trafford and Leshem, 2008; Wibbeke and Lachmann, 2020). This study distinguishes itself from recent research on CCRPs that investigated the appropriate accounting treatment of these transactions (Brink and Steenkamp, 2023a, 2023b; Brink *et al.*, 2023) by focusing specifically on management decision-making in the context of complex accounting transactions, merely using CCRPs as a relevant example. This will be discussed in more depth in the research context section.

The findings of this study provide insights into the decision-making process applied by management (including accountants) in practice when faced with uncertainty, which could be useful to business leaders and educators. In a rapidly evolving world, current and future accountants increasingly need decision-making acumen and critical thinking to engage under conditions of continuous uncertainty and ambiguity. Business leaders need to ensure that their employees possess the metacognitive abilities to question their own decision-making,

identify upskilling requirements, and find solutions based on the findings of this study. Educators, too, could use the findings to inform their teaching of financial accounting, specifically, and the development of critical thinking competencies, generally.

This paper is organised as follows: First, it presents the research context to justify the choice of the complex transaction to investigate. Next, it reviews relevant literature to identify gaps in existing knowledge. The methods section then describes the selected participants, the data collection methods employed, and the analysis procedures used. Following this, the findings of the study are presented. Finally, the paper concludes with recommendations based on the findings.

## 2. Research context of the phenomenon under study

This section will explain the choice of CCRPs as a relevant example of a complex transaction in which management's judgement in accounting decision-making is required. The impact and magnitude of IFRS 15 on accounting for a CCRP transactions, as well as the materiality of the amounts involved in these transactions are investigated to clearly demonstrate the relevance and contribution of selecting CCRPs as the complex transaction to consider. In addition, the basic functioning of CCRPs is explained, including previous research on the accounting treatment of CCRP transactions.

Some guidelines contained in IFRS are clear and unambiguous; others are vague and require management's judgement. To reach the aim of the study a complex transaction that requires management's judgement applying principle-based guidelines had to be identified. IFRS 15 *Revenue from Contracts with Customers* and IFRS 16 *Leases* are two recently issued principle-based standards. Although some companies do not engage in lease activities, all companies recognise revenue, and this standard was, therefore, regarded as a more appropriate choice. In addition, revenue recognition is industry specific and various industries including the telecommunication, retail, oil and gas, and construction industries experienced challenges in applying the principle-based guidance of IFRS 15 (Ogunode and Salawu, 2021; PwC, 2018; Usurelu and Dutescu, 2021; Van Wyk and Coetsee, 2020). Accounting for a CCRP transaction is a specific example of a complex accounting transaction relating to which IFRS provides minimal guidance (Brink *et al.*, 2023). When IFRS issued the principle-based IFRS 15, the IASB indicated that it had left it up to the judgement of management to decide how to account for CCRP transactions (EY, 2013; PwC, 2016). At the time of conducting the study CCRP managers had experienced the implementation of IFRS 15, which became effective for accounting periods beginning on or after 1 January 2018. IFRS 15 replaced International Financial Reporting Interpretation Committee (IFRIC) 13 *Customer Loyalty Programmes*, an Interpretation that provided specific guidance to customer loyalty programmes (including CCRPs) (IASB, 2014a), adding another layer of complexity to the decision-making process. How CCRP managers exercised their judgement when determining the accounting treatment for CCRP transactions is an ideal setting to increase knowledge on management' information processing and decision-making in response to the newly issued principle-based IFRS 15.

For CCRPs, the main debate and challenge with the introduction of IFRS 15 was whether CCRPs were included in the scope of IFRS 15 (EY, 2014). Other concerns included the interaction with financial instruments, different treatments for cash versus non-cash rewards, identifying the relevant revenue stream and the value of award credits without an observable value (Brink, 2017a; IFRS, 2012). The characteristics of CCRPs that complicate the accounting treatment is the fact that these programmes are so complex with multiple parties involved (e.g. the cardholder, the card issuer and the merchant) (Brink, 2017a; FASB and IASB, 2013). CCRPs also differ in their structure and functioning – CCRPs can be structured

in the form of a simple CCRP (swipe only), a complex CCRP (linked to other products) and a co-brand CCRP (Brink *et al.*, 2023). This results in CCRPs being unique. In addition to considering these complexities, if management concluded that their CCRP falls within the scope of IFRS 15, they would need to compare the guidelines of IFRIC 13 with those of IFRS 15, specifically in relation to CCRPs, and identify any potential differences. A detailed comparison of the differences between IFRIC 13 and IFRS 15 is provided in Appendix 1.

To determine the impact of IFRS 15 being issued and how financial institutions accounted for award credits before and after the effective date of IFRS 15, the annual financial statements (AFS) of South African financial institutions offering a CCRP were inspected. (The AFS of these institutions were selected as this paper used these institutions' CCRPs as sample, as will be explained in the Methods section.) In some cases, the entities did not include separate disclosures relating to CCRPs. There were also cases where the CCRP operated in a joint venture that was equity accounted in the AFS of the listed entity and the CCRP disclosures were, therefore, not included. What was evident from the financial statements that included disclosures relating to CCRPs is the following: CCRPs that previously accounted for award credits under IFRIC 13 (and IAS 18) now applied IFRS 15. For example, Nedbank and Standard Bank went from applying IAS 18 and IFRIC 13 to IFRS 15 in accounting for CCRP award credits. These financial institutions which had historically reported CCRP expenses as part of operating expenses, amended their accounting presentation policy to present these expenses as part of net fee and commission revenue (Nedbank, 2016, 2017, 2018; Standard Bank, 2017, 2018). This resulted in Nedbank's and Standard Bank's operating expenses (and non-interest revenue) line item decreasing with R308m (Nedbank, 2018) and R463m (Standard Bank, 2018), respectively. Therefore, the issuance of IFRS 15 led to many financial institutions who had previously applied IFRIC 13 re-evaluating their accounting practices in respect of CCRPs.

The monetary value of CCRP award credits granted is also substantial, for example, the CCRP expenditure (netted against fee and commission income) disclosed by FirstRand (2024) amounted to R2 362m (with an outstanding liability of R2 039m) in the 2024 financial year. Brink (2023) also found (based on investigating AFS of financial institutions offering CCRPs) that, in some cases, the value of award credits granted was material and could thus influence the decision-making of users of financial statements. In addition, Brink (2023) found that applying a different accounting treatment for award credits had an impact on the key ratios disclosed in AFS, which might also influence decision-making.

The basic functioning of a credit card arrangement (on which a typical CCRP is based) can be explained as follows: when a cardholder purchases goods or services from the merchant, the merchant receives an amount of cash from the card issuer that is slightly less than the original invoiced price for the goods and services acquired by the cardholder. This difference between the invoice price and the cash paid to the merchant is referred to as the merchant interchange fee (FASB and IASB, 2013). The card issuer may then also administer a CCRP as part of a credit card arrangement. In terms of the rewards programme, the cardholder receives award credits from the CCRP for each credit card purchase transaction from a merchant (FASB and IASB, 2013).

Previous research on CCRPs has considered the accounting treatment of these transactions. Brink *et al.* (2023) documented the structure and functioning of simple, co-brand and complex CCRPs and found that CCRPs' structure and functioning differ from each other and that their structure and functioning have a direct impact on the accounting treatment, justifying a variety of accounting treatments. Brink and Steenkamp (2023a) considered accounting theory (more specifically the Conceptual Framework for Financial Reporting) in an attempt to address the research problem of accounting for CCRP

transactions after the effective date of IFRS 15. To provide practical guidelines in accounting for a CCRP transaction, [Brink and Steenkamp \(2023b\)](#) developed a model embedded in a decision tree as a heuristic to provide for various possible accounting treatments based on literature. [Brink and Steenkamp \(2023b\)](#) found that based on each type of CCRP's underlying transaction the award credits of a CCRP can be accounted for in terms of IAS 37 (expense and provision), in terms of IFRS 9 (expense and financial liability) or in terms of IFRS 15 (deferred revenue). None of these studies explored management's information processing nor its application of judgement and decision-making when faced with accounting for CCRP transactions. By specifically focusing on decision-making in the face of ambiguity, rather than solely on the appropriate accounting treatment, this study distinguishes itself from other research on CCRPs. Unlike prior studies, which have primarily examined the technical aspects of accounting for CCRP transactions, this paper investigates the management decision-making processes involved in such complex transactions. This represents a novel contribution to the literature by exploring how management applies judgement and navigates complexities when confronted CCRP transactions.

### 3. Literature review

The literature review begins with a discussion of principles-based accounting standards, followed by an exploration of the theory of information processing and its relevance to accounting judgement and decision-making, especially in situations involving ambiguity and complex transactions. The review concludes by identifying gaps in the existing body of knowledge regarding how accountants make decisions in these contexts, emphasising the need for further research into the cognitive processes that influence these decisions.

Principles-based accounting standards, like IFRS, offer significant benefits by emphasising the economic substance of transactions, which results in more accurate, informative and comparable financial statements ([Barth et al., 2008](#); [Cabán, 2024](#); [Garcia, 2019](#); [Nobes, 2015](#)). This aligns with the decision-usefulness theory which states that financial reports should reflect the economic substance of a transaction rather than rigidly adhering to specific rules ([Cabán, 2024](#)). Principles-based accounting enhances the quality and value relevance of financial reporting, as it allows for greater flexibility in responding to complex or rapidly changing business environments ([Barth et al., 2008](#); [Cabán, 2024](#); [Christensen et al., 2007](#); [Garcia, 2019](#)). Studies have shown that the adoption of such standards, including "Revenue from contracts with customers", improves the accuracy and informativeness of financial statements, benefiting investors by providing more relevant and timely information ([Cabán, 2024](#)). Principles-based accounting standards also foster improved market efficiency and reduce earnings management ([Barth et al., 2008](#); [Cabán, 2024](#); [Christensen et al., 2007](#)). Overall, principles-based accounting provides a solution to poor financial reporting and is seen as a more effective way to ensure transparency and improve financial reporting quality, especially when supported by a strong conceptual framework ([Dennis, 2008](#); [FASB, 2002](#); [Kabureck, 2016](#)). Such standards serve both the needs of business and the public interest and provide the guidance necessary to make virtually all material accounting decisions ([ICAS, 2006](#); [Kabureck, 2016](#)). However, applying principle-based standards require significant professional judgement ([Cabán, 2024](#)).

Management is required to process information to facilitate accounting decision-making ([Oro and Klann, 2018](#)) including the application of professional judgement. Informed by cognitive psychology, the theory of information processing describes the stages that occur when managers interact with and take in various kinds of information ([Prinsloo and Barrett, 2013](#)).

Information processing is however guided by metacognition, which can be defined as “thinking about thinking, awareness of thinking or questioning one’s own thinking processes” (Geertshuis, 2016, p. 1). Metacognitive awareness and the application of metacognitive criteria can result in improved problem-solving and decision-making (Geertshuis, 2016; Prinsloo, 2019). Managers should also consider their cognitive load and the level of complexity that they are able to cognitively process (Van Merriënboer and Sweller, 2005). Elements of complexity that can be present within information processing, include “the number of elements dealt with simultaneously, the interactivity of the elements dealt with, the level of abstraction of the information and the degree of fuzziness or vagueness involved” (Prinsloo, 2019:1). The more aware managers become of their cognitive load and the mental shortcuts that ease their cognitive load, the better the judgement that can be applied when deciding on the appropriate accounting treatment for of a complex transaction under IFRS.

Internal cognitive processes such as how information is processed to render a judgement therefore result in external decision-making. Management decision-making can however include rational decision-making, bounded rationality, and intuitive decision-making (Gordon, 2022). Rational decision-making can be defined as logical decisions made under certainty with all alternatives, outcomes and decision criteria known, resulting in the optimum choice (Gordon, 2022; Keast and Towler, 2009; Lunenburg, 2010). Bounded rationality, proposed as an alternative to rationality involves choosing satisfactory alternatives and not always selecting the optimal alternatives (Nielsen, 2011; Simon, 1997), while intuition represents a quick apprehension of a decision situation based on past experiences and accumulated judgement, without conscious reasoning (Gordon, 2022; Myers, 2002). In accounting, where a transaction is simple and straightforward, with a specific standard being applicable and specific guidance available, management will make a rational decision when accounting for the transaction. However, when management is faced with a complex transaction, and required to apply its judgement, rationality is limited often resulting in bounded rationality (selecting a decision that is satisfactory rather than optimal). The relevance and faithful representation of such transaction can therefore be undermined because management is required to apply their judgement.

Sound judgement is regarded as a core requirement in accounting activity and one of the distinguishing features of the accounting profession (Harding and Ren, 2007). Judgement can be defined as “decision-making in the face of ambiguity” and as the process of reaching a decision based on careful thought when there are several possible alternative solutions (Small *et al.*, 2019; Harding and Ren, 2007:7) The IFRS are characterised by ambiguity, because it is uncertain how different accountants will interpret issues where guidance is vague (Han *et al.*, 2019). However, appropriate professional judgements by accountants in respect of specific accounting issues can be regarded as a prerequisite for consistent accounting practices leading to comparable annual financial statements and financial information that is decision-useful (Han *et al.*, 2019; Psaros, 2007).

Information processing, judgement and decision-making in accounting involve, among other things, the need to estimate, measure, recognise and establish criteria (such as depreciation, economic life and recoverable value). The level of knowledge about the subject, or reliable bases for estimating or defining clear and objective criteria, has a direct impact on the success of the judgement of accounting facts – relating to the process of measurement and recognition of information by accountants (Oro and Klann, 2018).

Accountants bring certain input factors to the decision-making process, for example, knowledge and previous experience, and they use different strategies when processing information and making decisions (Banner, 1999; Oro and Klann, 2018). According to Small *et al.* (2019), accountants apply their judgement to make decisions or form opinions based on

evidence, experience, knowledge, skills, integrity, objectivity, professional scepticism and informed by professional standards and regulations. Accountants can, however, also be influenced by their personality, culture, economics, legal thinking, power and other interests during the information processing and decision-making process (Oro and Klann, 2018; Pan and Patel, 2017; Zahid *et al.*, 2024). Some accountants adopt a legalistic approach, they rely on rules, and are more cautious in exercising their individual judgements to reduce possible inconsistencies with the judgements of their peers (Pan and Patel, 2017). Zahid *et al.* (2024) explained how cultural values can significantly impact financial reporting practices. Cultures characterised by low uncertainty avoidance, collectivism, high power distance, future orientation and masculine traits tend to favour uniformity, conservatism and secrecy in financial reporting, with less emphasis on professionalism. In addition, such cultures often place a strong focus on adhering to laws, strict codes of conduct, written rules and maintaining consistent traditional practices (Zahid *et al.*, 2024). In a study, Psaros (2007) found that most accountants attempted to make a genuine and objective assessment (rational decision-making) when applying their judgement.

There are however risks involved in allowing management to exercise their professional judgement, as this may result in behavioural biases, undermining the ability of accountants to choose a treatment that best reflects the underlying transaction (Lee and Humphrey, 2006; Perera *et al.*, 2020). Concerns have been raised about how accountants deal with the cognitive elements that are present in the decision-making process and how accountants process information (Oro and Klann, 2018). These cognitive elements that may have an impact on the behaviour of accountants in the decision-making process include: “impulsiveness, lack of scepticism, natural optimism and pessimism, familiarity, adjustment heuristic, overconfidence, loss aversion, change aversion and task complexity” (De Souza *et al.*, 2020, p. 1).

Psaros (2007) further argued that incentives may also have an impact on the judgements and actions of accountants. Accountants might exploit the discretion allowed by IFRS for aggressive reporting, portraying events favourably or to support their preferred accounting treatment when accounting treatments are not clearly indicated by relevant literature, accounting standards and the facts (Cuccia *et al.*, 1995; Jamal and Tan, 2010; Pan and Patel, 2017; Psaros, 2007). Obtaining an understanding of accounting judgements (Psaros, 2007), including how ambiguity in IFRS affects the judgements of accountants (Han *et al.*, 2019) and other factors influencing accountants’ judgements (Pan and Patel, 2017), has received minimal attention in research and further informed the purpose of this study.

#### 4. Methods and data collection

According to Oro and Klann (2018), the heuristics or cognitive strategies of decision-making brings an internal difficulty to researchers in the behavioural area: it is a phenomenon that can only be known by investigating how managers act (i.e. how they apply their judgement) when confronted with accounting issues. This study therefore required a methodology which would enable the researchers to explore the particular phenomenon in substantial depth, i.e. to obtain an understanding of the heuristics in judgement and decision-making applied in accounting for complex transactions applying principle-based guidelines.

Although accounting emerged as a primarily quantitative discipline, over time, studies have increasingly used qualitative methods, which are proving to be both promising and increasingly important (Lee and Humphrey, 2006). Lee and Humphrey (2006) encourage the use of qualitative methods in accounting research because these methods foster innovation and address the limitations of traditional accounting practices. A qualitative exploratory

approach was adopted to obtain descriptive and rich data on how management process information and apply judgement when faced with accounting for a complex transaction applying principle-based guidelines (McKenzie and Danforth, 2014; Myers, 2009). Ahmad and Wu (2024) also used a qualitative approach (more specifically semi-structured interviews) in exploring mechanism by which heuristic-driven biases influence the decisions of finance practitioners. The interpretive paradigm applied is well suited to accounting research and lends itself to exploring existing accounting practice and proposing recommendations for new ways of doing things (De Villiers *et al.*, 2019). Selecting the interpretivist paradigm also allowed the researchers to obtain insight into managers' experiences and their perceptions making decision in the face of ambiguity. A phenomenological research strategy was used as it allowed the researchers to grasp the universal essence (Creswell and Poth, 2018) of managers' experiences.

#### 4.1 Participants selected for participation

CCRP transactions were identified as a single case study (Given, 2008), as was explained in the research context. Either a global or local perspective could be used to study accounting for CCRP transactions; however, doing so from a global perspective would be problematic because different national environments may have an impact on the structure and functioning, and proper accounting treatment of CCRPs. Given this, the decision was made to approach the research challenge from the standpoint of a single country. South Africa was selected, as South African listed companies are required to apply IFRS and some prior research on CCRPs had already been done in South Africa (Brink, 2017b; Brink and Steenkamp, 2023a; Brink *et al.*, 2023), providing a useful point of departure for this study.

CCRP managers (those directly involved in the CCRP transaction), including the head of the CCRP, the accountant responsible for recording the CCRP transactions, and the IFRS advisory team member were purposively selected as participants. This facilitated the selection of an information-rich sample from which the most can be learned regarding the phenomenon under study (Creswell and Guetterman, 2019; Merriam and Tisdell, 2016). Data was triangulated as evidence from multiple empirical sources was used – the head of the CCRP, the accountant and the IFRS advisory team members participated in the interviews (Eriksson and Kovalainen, 2008).

There are 12 CCRPs operating in South Africa and the managers of all 12 South African CCRPs were purposively selected to form part of the population for investigation and invited to take part in the study. The managers of eight of the 12 South African CCRPs participated in the study. Fourteen interviews (referred to as P1–P14) and a single follow-up interview were conducted, totalling 15 interviews. Refer to Appendix 2 for more detail on the interview participants. Institutional permission was obtained from the organisations that ran a CCRP, with supporting informed consent from the CCRP managers prior to the interviews. Aligned to ethical research conduct, ethical clearance was also obtained prior to commencing with the research project.

#### 4.2 Data-collection method

To obtain rich in-depth information, semi-structured interviews were used. This allowed the researchers to ask less-structured questions, investigate spontaneous issues brought up by the participants, and clarify answers if necessary (Creswell and Guetterman, 2019; Polkinghorne, 2005; Ryan *et al.*, 2009). The participants were given the opportunity to react in their own words and considering their own experiences through the open-ended questions and probes used (Ryan *et al.*, 2009). The study's aim (Ryan *et al.*, 2009) guided the development of the interview guide (see Appendix 3), which was based on ideas and

concepts found in the literature (Barriball and While, 1994). Each interview lasted between 45 min to an hour.

In total, 15 interviews were conducted to a point that data saturation had been reached and when nothing new was being added or no new insights were gained (Bowen, 2008; Dai *et al.*, 2018). In the exceptional cases when new data were obtained, the data did not enrich the thickness of the descriptions (Twining *et al.*, 2017). All interviews were recorded (totalling 12 h and 19 min of recordings) with the permission of the participants, and then transcribed.

#### 4.3 Data analysis

To analyse the data thematic analysis, following the approach of Braun and Clarke (2012), was used as it enabled the researchers to recognise themes, codes and regularities that were indicated by the participants regarding their decision-making processes and the application of judgement in accounting for a complex transaction applying principle-based guidelines. The researchers engaged in coding the data, with codes identified from the participants' insights and experiences, following an inductive approach (Braun and Clarke, 2012). Informed by information processing theory (Prinsloo, 2019) and the importance of reflexivity in qualitative research (Bloomberg and Volpe, 2016), the personal field notes of the researchers subsequently guided the identification of themes on management's typical decision-making processes. To this end, the researchers were aware of functional categories of cognitive processing as well as the metacognitive criteria by which the participants' thought processes were guided, monitored and corrected that were determined deductively (Hsieh and Shannon, 2005). This approach provided a rich description of the data (inductive), complemented by a deductive approach (Braun and Clarke, 2006). "Accountants not challenging suggested accounting treatment" and "contractual rights and obligations" are examples of a code identified using the inductive approach. An example of a theme determined deductively would be "Decision-making process with the issue of a new principle-based IFRS".

### 5. Findings and discussion

This section is presented based on the themes identified during thematic analysis. Firstly, the challenges faced by management in applying a principle-based standard to a complex transaction are discussed and evaluated. Secondly, management's reaction to the implementation of a principle-based standard that requires judgement was explored. It considered how management processed new information (evaluating the complex underlying transaction in the light of the amended accounting requirements) and the impact thereof on accounting decision-making. This showcased management's decision-making in the face of ambiguity. The need to explore management decision-making in accounting for CCRP transactions was confirmed by Participant 5 owing to the high level of management judgement that is involved in accounting for these complex transactions.

For cross-reference purposes and to better understand the quotes provided by participants in the findings of the study, a summary of important themes identified is compiled in Appendix 4. The participants who mentioned each theme are listed, including reference to their demographics.

#### 5.1 Challenges in applying a principle-based standard to a complex transaction

To account for the CCRP transaction faithfully, one must truly understand the substance of the transaction and therefore the underlying key elements of this complex transaction must be considered. Participants 5 and 13 stated that each CCRP's unique terms and conditions determine how the transaction will be accounted for. Participant 11 agreed and stated:

It was really a discussion as to: What is the true underlying nature of what we have as a business? What is the nature of the scheme we're running? How does that compare to other schemes? And what is the process that makes sense? [...] We sat down and we said, look: What do we really have and what is our true environment?

Participant 9 explained that what the cardholder sees when looking at the reward programme “which is very much the marketing view” differs from what is happening in the background. To faithfully account for the transaction, the substance of the transaction, the “bigger picture, holistic picture, substance over form” must be considered (P9). “One of the critical factors is that we need to make sure that we've documented the background correctly before we even get to the right answer” to account for the CCRP transaction (P5). Participant 1 added that the “substance of the loyalty programme” together with “the underlying sort of currency or mechanism of redemption for a loyalty programme would ultimately dictate how you” account for the CCRP transaction (P1).

Another complexity with accounting for a CCRP transaction is “having to interpret the legal agreement and fit them into the accounting requirements” because “the legal guys don't necessarily write contracts with the accounting in mind” (P5). Participant 9 agreed and stated that they try to account for the CCRP transaction applying substance over form, “but substance over form does not [always] allow you to override your contractual rights and obligations” (P9). The rights and obligations sometimes cause the transaction to look different from what it actually is (P9). Participant 9 overcame the risk of being influenced by the legal thinking behind the transaction during the decision-making process (Oro and Klann, 2018).

Participants 5, 8 and 9 accentuated the fact that IFRS 15 is a principle-based standard. They found it a hard standard to apply and held that it could lead to impracticalities when accounting for a CCRP transaction. Participant 5 stated that IFRS 15 “is quite broad” and requires management to exercise judgement. “It's not a standard that's very intuitive to read and get to the answer” (P9). Participant 9 struggled to apply the guidelines of IFRS 15 to account for a CCRP linked to other products. Participant 14, too, emphasised the impracticalities of applying the deferred revenue model of IFRS 15 to a CCRP linked to other products. These comments from participants align with literature indicating that principle-based IFRS standards require management to extensively exercise their professional judgement and make accounting decisions about ambiguous and complex transactions while interpreting and applying IFRS (Harding and Ren, 2007; Oro and Klann, 2018; Pan and Patel, 2017; Psaros, 2007).

The participants pointed out that the complexity of the underlying CCRP transaction, including various elements, needed to be considered (P1; P5; P9; P11; P13), as well as the difficulty of accounting for a CCRP transaction within the principle-based IFRS 15 (P5; P8; P9; P14). This emphasises the importance of CCRP management being aware of the information-processing steps to be followed in the decision-making process and of their cognitive load and the level of complexity that they are able to cognitively process. CCRP management is required to deal with a number of elements simultaneously in accounting for CCRP transactions where minimum guidance is provided, which increases the complexity present in information processing (Prinsloo, 2019). The more aware managers become of their cognitive load and the mental shortcuts that ease their cognitive load, the better judgement can be applied in the decision-making process (Prinsloo, 2019). Pattern recognition and previous experiences can lead to judgement errors, so it is crucial to follow a rational decision-making process. This involves gathering all relevant information, exploring alternatives and weighing the potential consequences (pros and cons) before making a

decision. To explore the application of IFRS 15 in more depth the next section investigates the specific decision-making processes applied when IFRS 15 came into effect.

### 5.2 Decision-making process with the issue of a new principle-based IFRS

Prior to the issue of IFRS 15 CCRPs had specific guidance on accounting for CCRP transactions under IFRIC 13 (the scope of IFRIC 13 clearly included CCRP transactions, refer to IFRIC 13 Basis of Conclusions paragraph 4) (IASB, 2007). However, Brink (2017a) found that only some CCRPs employed the approach prescribed by IFRIC 13. Some CCRPs accounted for the transaction applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. When IFRS 15 replaced IFRIC 13 it was expected that IFRS 15 would then be the standard applicable to CCRPs. But one of the main concerns raised with the introduction of IFRS 15 was whether CCRPs were included in the scope of IFRS 15 (EY, 2014). Other concerns included the interaction with financial instruments, different treatment for cash versus non-cash rewards, identifying the relevant revenue stream and value of award credits without an observable value (Brink, 2017a; IFRS, 2012). IFRS 15 also only includes one illustrative example pertaining to customer loyalty programmes but specifically excludes CCRPs (IASB, 2014b). In spite of stakeholder concerns, the IASB did not provide any additional guidance to CCRPs in IFRS 15 as it is a principle-based document (EY, 2013; PwC, 2016).

When a new standard is issued or a technical difficulty arises, the auditors (P5; P6; P9; P10; P11; P13) and, where applicable, the in-house IFRS advisory teams (P3; P4; P8; P10; P11; P14) are often consulted. The auditors and the in-house IFRS advisory teams write a report with a recommended accounting treatment. Participant 3 stated:

The moment there is a huge change up with any accounting principles and such, we do get an official opinion, accounting opinion from our IFRS advisory team so that we have an independent party, so to say, verify the procedures that we're following [...] They did look at all aspects of it, and optimised, you know, its application within our financials [...] So, an opinion like that was issued for the general treatment post IFRS 15, and that is essentially what we base our accounting on.

From some of the interviews, it was evident that the accountants did not question or challenge the accounting treatment suggested by the auditors or the in-house IFRS advisory teams (P7; P10; P13). Participant 9 stated:

I get the feeling from some of the accountants that I talk to, is they just kind of ask: What do I need to do? And, Okay, is that right? Okay, then I do it. They don't really think about the mechanics [...] There is very few accountants, I would say, that challenge per se [the accounting treatment] [...] It depends on [...] their role and their position. If it's somebody more senior strategically, they will [challenge the accounting treatment]. If there's different accounting objectives, then people will dispute and say, But what if this [...]? Or they don't think that – like the answer is reflecting the economics of what's happening, then it's more – that would be a dispute [...] [But] if it is somebody that's like: You have to get the month-end accounts done, they don't. Then it's like: Well, [...] Group Technical has done this, we've designed this, the auditors have signed it off, just push a button [...] [Also] if it is very straightforward, like: Yes, the answer, this is what we do, or this is the group policy, you stick it. I don't really care about your own opinion. Like that's our group stance.

The following comment of Participants 10 and 14 indicate the strong reliance placed on the in-house IFRS advisory team and that the head of the programme or the accountant does not always think about the underlying transaction and whether it is faithfully accounted for: “Goodness, we have to go so far back [...] But we have our own technical in-house team, so

they definitely would have been consulted” (P10) and “their expertise, not mine” (P14). Participant 4 stated:

If we have any questions or any queries, pop off an e-mail to the accounting technical department, they need to issue us with a formal opinion so that we have it on record for the auditors. When you look at whatever accounting treatment we’ve decided to adopt [...] we’ve got the backing to say, well, technical told us, so here we go.

The following comments of participants in [Table 1](#) indicate that the underlying elements of the CCRP transaction were not reconsidered after the issue of IFRS 15 to determine whether IFRS 15 would be applicable or not.

Participant 8 mentioned the struggle to fit the transaction into IFRS 15, but if you previously accounted for the transaction in terms of IFRIC 13, “why would it be different now?” (P8). This comment from Participant 8 illustrates how the cognitive element of anchoring might cause bias in the decision-making process ([De Souza et al., 2020](#)). [Brink \(2014\)](#) identified a similar risk that customer loyalty programmes might continue applying the principles of IFRIC 13, after the issue of IFRS 15, because of the lack of specific guidance contained in IFRS 15.

Participants 7 and 10 stated that their CCRP (accounting for the transaction applying IAS 37) is simple and straightforward, and the accounting treatment has never been questioned or changed after initial implementation. Participant 7 also stated that, with the issue of IFRS 15, the new standard was discussed with the auditors, but the CCRP transaction was not included in these discussions (P7). According to Participant 7, “the net impact is the same” so why even consider whether it is necessary to change the current way of accounting for the CCRP transaction. Participant 11 agreed and stated that “even if we did go the IFRS 15 route [and not the IAS 37 route], the impact on our financials would have been very immaterial” (P11). Participant 11 added: “This is what it is, and we’ve done one paper and it’s fine, it’s a non-event going forward”.

It was evident from interviews with Participants 5, 7, 10 and 11 that, once a decision was made regarding the accounting treatment of the CCRP transaction, it became cemented and firmly established to a point where it became difficult to consider any other options. The strong reliance placed on the auditors or in-house IFRS advisory teams – as well as the fact that the underlying elements of the CCRP transaction were not reconsidered after the effective date of IFRS 15 and that the existing accounting treatment were firmly established – explains why some participants struggled to provide more in-depth answers regarding the decision-making process followed when IFRS 15 was implemented.

**Table 1.** Evidence that participants did not reconsider the underlying elements of the CCRP transaction after IFRS 15

Participant	Quotation
10	We didn’t even think about that
7	So we’ve never done that and we’ve never thought about it like that ... it didn’t even come up. And our auditors never brought it up either [...] I don’t know. I need to check
5	I think it might be, but I’ll just need to give that a bit of thought
14	So, we haven’t even gone into that as yet, which is really scary ... No, we haven’t looked at the new IFRS standards to see how it would impact the reward programme as it currently runs ... We haven’t gone down that road yet

**Source(s):** Created by authors

The reason why the accounting treatment of CCRP transactions did not receive as much attention in the case of some CCRPs is the fact that the value of CCRP transactions is often immaterial (P7; P11). Participants 11 stated “in terms of our balance sheet [...] and income statement, it’s actually very, very small. And not something that [...] people would spend a lot of time on [...] it’s not such a big thing in our lives. Participant 13 agreed, stating that the liability line item in the balance sheet is not significant in comparison with other line items. Also, when transactions are immaterial, auditors will rarely question the accounting treatment (P11).

In contrast, Participant 9 stated that because of having a CCRP linked to other products “we have probably a lot more questions we typically have to ask ourselves in accounting for it”. Participant 9 previously accounted for a CCRP transaction in terms of IFRIC 13 and stated that one could not just assume that if you previously accounted for the CCRP transaction applying IFRIC 13 that IFRS 15 would automatically be applicable. According to Participant 9, it was important to carefully reconsider the underlying elements of the transaction to determine how to faithfully account for the transaction, because the amounts involved are material. Thus, for some CCRPs, the issue of IFRS 15 resulted in an in-depth inquiry of how IFRS 15 affected accounting for a CCRP transaction (P1; P3; P9). Participant 1 stated:

[We had] very conclusive and in-detail consultation with our technical teams as well as external auditors, and I think very proactively ahead of time evaluated the various options. We obviously benchmarked ourselves locally in terms of accounting treatment, as well as quite a significant amount of research in terms of international loyalty reward programmes and how they were accounting for it, and I think there was quite a lot of literature around how we do it.

Participant 9 also explained in detail the thought processes that took place with the implementation of IFRS 15. For other CCRPs the issue of IFRS 15 was a non-event (P7; P10; P11; P13; P14) “because 99% of your revenue is excluded from the scope [of IFRS 15]” (P11). “It’s not something that is a very big thing in our lives” (P11). IFRS 15 and IFRS 9 became effective at the same time and IFRS 9 took up a lot of banks’ attention and time (P13).

It is clear from the documentation of how management dealt with accounting for CCRP transactions with the issue of IFRS 15 that there are risks involved in allowing management to exercise its judgement, since, for example, behavioural biases may arise that might undermine the ability of management to faithfully account for the underlying transaction (Perera *et al.*, 2020). Various cognitive elements (for example impulsiveness, professional scepticism, familiarity and adjustment heuristic) were witnessed in analysing management’s experiences of the decision-making process on accounting for CCRP transactions (De Souza *et al.*, 2020; Prinsloo, 2019). Management dealt with the cognitive elements that are present in the decision-making process in different ways – some overcame biases and others struggled to keep bias out of the decision-making process (De Souza *et al.*, 2020).

The management of some CCRPs were reflective, showcasing professional scepticism and others were impulsive, bringing bias into the decision-making process (De Souza *et al.*, 2020). Both the positive and negative effects of familiarity were evident in the responses of managers in this section. The familiarity of the transaction sometimes resulted in managers being able to make a more informed choice and on other occasions managers became impulsive in their decision-making processes (De Souza *et al.*, 2020). In instances where management viewed the accounting task as complex, it led to more reflection and resulted in a less impulsive approach. In contrast, when the tasks were viewed as less complex, a more impulsive approach was taken, based on the familiarity of the event. In some cases, management seemed averse to change and past practices acted as anchors that constrained

managers from applying their unbiased judgement in accounting for a CCRP transaction (De Souza *et al.*, 2020). It is recommended that management should become more aware of its own cognitive criteria to ensure improved problem-solving and decision-making (Geertshuis, 2016; Prinsloo, 2019).

## 6. Conclusion and recommendations

The accounting treatment of complex transactions is often left open for interpretation under principle-based guidelines, and it is uncertain how management deals with the elements of complexity that are present within the processing of information, and the thought processes employed to arrive at an appropriate accounting treatment. Literature on information processing in the accounting field is limited. The aim of this study was to explore management's information processing, as well as application of judgement and decision-making when faced with accounting for a complex transaction applying principle-based guidelines.

IFRS provides minimal guidance for accounting for complex CCRP transactions and was considered an ideal setting to increase knowledge on management's information processing and decision-making in response to principle-based guidelines. This paper illustrated how management dealt with the cognitive elements that are present in the decision-making process (Prinsloo and Barrett, 2013). Some managers overcame biases, for example, managers who did not allow past practices to act as anchors when deciding on the accounting treatment of CCRP transactions after the effective date of IFRS 15, and managers who allowed the familiarity of the transaction to have a positive effect on their professional judgement. In contrast, it was also evident that management sometimes struggled to keep bias out of the decision-making process. For example, some managers were averse to change (choosing to keep with the same accounting option) or made impulsive decisions showing a lack of professional scepticism (De Souza *et al.*, 2020).

Rational decision-making will always be ideal when accounting for a transaction, but, as is evident in this study, it is not always possible owing to the limited information available, systemic effects and individual differences between managers (e.g. having differing previous experiences and risk aversion levels). To overcome bounded rationality, management should be aware of the limits of their thinking capacity. Working in groups or teams can help overcome some of the limitations of bounded rationality. People have different information-processing capacities based on previous experience and differing depths of knowledge that could contribute to a group discussion (Decision Lab, 2022; Prinsloo and Barrett, 2013).

Therefore, when management are confronted with accounting for complex transaction under principle-based guidelines it is recommended that they consult with IFRS advisory team members (if available), auditors or other accountants to overcome some of the limitations of bounded rationality (Decision Lab, 2022). This will provide access to the experiences of others and provide multiple perspectives, reducing the effects of cognitive bias and ensuring optimal decision-making (Decision Lab, 2022; Prinsloo and Barrett, 2013). In addition, metacognitive awareness and the application of metacognitive criteria by management can result in improved problem-solving and rational decision-making (Geertshuis, 2016; Prinsloo, 2019).

As an area for future research, ways (other than consultation) to overcome the limitations of bounded rationality when faced with an accounting issue requiring management's judgement can be explored. The stages that occur when accountants interact with and take in various kinds of information (i.e. information processing theory), including the metacognitive criteria by which thought processes are guided, monitored, controlled and corrected, might be investigated (Prinsloo, 2019). Stakeholders (including educators in the

training and development of accounting graduates, accountants and management) should not only become aware of information processing competencies, but also be trained in the application of metacognitive criteria that can result in improved problem-solving and decision-making (Geertshuis, 2016; Prinsloo, 2019). It is recommended that future studies address the question of how accountants can overcome cognitive elements (e.g. impulsiveness, lack of scepticism and change aversion) that negatively impact their judgement and decision-making processes.

Using a qualitative research approach, this study illustrated how to obtain a deeper understanding of how management accounts for a transaction (CCRP transactions in this case) in its setting, offering a theoretical perspective of current practice. This study provided a good starting point for considering information processing in the field of accounting and in obtaining an understanding of accounting judgements, including how ambiguity in IFRS affects the judgements of accountants. This study, therefore, makes a contribution to accounting knowledge in this respect.

#### Note

1. Various probes were used during the interviews to obtain clarification for answers and to elicit valuable and complete information.

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### Appendix 1. Comparing IFRIC 13 with IFRS 15

**Table A1** compares the guidance specifically related to customer loyalty programmes (including CCRPs) in IFRIC 13 and IFRS 15. Just below the table the key differences are summarised.

#### *Summary of key differences*

Considering the above table, **Brink (2014)** found that even though different terms are used in IFRIC 13 and IFRS 15 relating to customer loyalty programmes (CLPs) there is only one difference in the accounting treatment, namely the allocation of the fair value (IFRIC 13) or the transaction price (IFRS 15) to the goods or services sold in the initial transaction and the award credits granted (performance obligations), leading to differing measurements of the CLP liabilities. The value allocated to award credits under IFRIC 13 equals the fair value of the award credits multiplied by the expected redemption rate (fair value). The value allocated to award credits under the IFRS 15 equals the transaction price multiplied by the stand-alone selling price of the award credits granted divided by the sum of the stand-alone selling price of the goods or services supplied in the initial purchase transaction and the stand-alone selling price of the award credits granted (*relative* stand-alone selling price). This difference is caused by IFRS 15 referring to ‘relative’ stand-alone selling price. The effect of IFRS 15 on the accounting treatment of a CLP transaction is that less revenue will initially be deferred and this will result in an acceleration of revenue recognition (**Brink, 2014**).

**Table A1.** Comparing the guidelines of IFRIC 13 and IFRS 15

Guidelines	IFRIC 13	IFRS 15
Description of the transaction	A client loyalty programme transaction is a single transaction consisting of two separate identifiable components. The selling price in a client loyalty programme transaction includes an amount for subsequent servicing (IFRIC 13 par. 5; IAS 18 par. 13)	An option to acquire additional goods or services for free or at a discount would represent a separate performance obligation if it gives the customer a material right that it otherwise would not have received without entering into the contract. If the option provides a material right to the customer, the customer in effect pays the entity in advance for future goods or services (IFRS 15 par. B40)
Timing of revenue recognition	The consideration received or receivable from the sale should be allocated to the goods or services sold and the points granted. The portion allocated to the goods or services sold will be recognised as revenue during the sales transaction. The portion allocated to the points will be recognised as revenue only when the points are exchanged for benefits, and the recognition of this portion of the revenue is therefore deferred (IFRIC 13 par. 5 and 7, IAS 18 par. 13)	An entity must recognise revenue when or as it satisfies performance obligations by transferring control of a good or a service (i.e. the asset) to a customer (IFRS 15 par. 30)
Breakage	If a supplier supplies the benefits itself, it shall recognise the consideration allocated to points as revenue when points are exchanged and the supplier fulfils its obligation to supply benefits. The amount of revenue recognised shall be based on the number of points that have been exchanged for benefits, relative to the total number expected to be exchanged (IFRIC 13 par. 7)	If a customer does not exercise all of its rights under the option at once it will result in 'breakage' of the contract liability. If an entity is reasonably assured to be entitled to the amount of expected breakage, the entity would recognise the effects of the expected breakage 'in proportion to the pattern of rights exercised by the customer' (IFRS 15 par. B46)
Allocation between components	The fair value of the consideration received under the initial sale must be allocated between the points and the other components of the sale (IFRIC 13 par. 5)	An entity must allocate the transaction price to each of the identified performance obligations based on the relative stand-alone selling prices of the underlying goods and services. The stand-alone selling price is the price at which an entity would sell a promised good or service separately to a customer, for example the list price of the goods or services (IFRS 15 par. 73–77)

*(continued)*

**Table A1.** Continued

Guidelines	IFRIC 13	IFRS 15
Measurement of CLP award credits	<p>The portion of consideration allocated to the points granted in the underlying sales transaction shall be measured by reference to their fair value (IFRIC 13 par 6). If there is not a quoted market price for an identical point, fair value must be measured using another valuation technique. The supplier may measure the fair value of points by reference to the fair value of the benefits they could be exchanged for (IFRIC 13 AG par. 1), in other words, the value of the points (held as an asset) in the hands of the consumer. The fair value of the points takes into account, as appropriate:</p> <ul style="list-style-type: none"><li>– the amount of the discounts or incentives that would otherwise be offered to consumers who have not earned points from an initial sale;</li><li>– the proportion of points that are not expected to be exchanged by consumers; and</li><li>– non-performance risk (IFRIC 13 AG par. 2)</li></ul>	<p>If the stand-alone selling price for a customer's option to acquire additional goods or services is not directly observable, an entity shall estimate it. That estimate shall reflect the discount the customer would obtain when exercising the option, adjusted for both of the following: 1) any discount that the customer could receive without exercising the option; and 2) the likelihood that the option will be exercised (IFRS 15 par. B42)</p>

Source(s): [Brink \(2014\)](#), adapted

## Appendix 2. Demographic information of interviewees

[Table A2](#) includes the participant number for each interview and details about the CCRP managers who were interviewed. All participants were from financial institutions falling within the financial services industry sector. This was the only demographic information deemed important and obtained from the participants.

The following participants had access to an in-house advisory team: P1; P3; P4; P8; P10.

\* For these interviews, one of the participants (the head of the CCRP in two instances and the head accountant in one instance) requested that the accountants sit in on a single interview, which resulted in no separate interviews being conducted for these participants. During these interviews, one participant primarily took the lead, while the others made only minor contributions, such as providing clarifications or confirming statements made by the main speaker. Therefore, a single participant number has been allocated for these interviews. Additionally, these interviews were not conducted as focus groups, and their dynamics were aligned with individual interviews.

**Table A2.** Summary of interviews conducted with CCRP managers

Interview	Participant no.	No. of people interviewed who were:		
		Accountant	Heads of programme	IFRS advisory team member
Interview 1	P1*	3	1	
Interview 2	P2		1	
Interview 3	P3		1	
Interview 4	P4	1		
Interview 5	P6		1	
Interview 6	P8		1	
Interview 7	P5			1
Interview 8	P7*	2		
Interview 9	P9			1
Interview 10 (follow-up)	P9			
Interview 11	P12		1	
Interview 12	P10*	1	1	
Interview 13	P11			1
Interview 14	P13			1
Interview 15	P14	1		
Totals	14	8	7	4

**Source(s):** Created by authors

### Appendix 3. Interview guide

Questions [1]

- Can you tell me about your experience and engagement with the accounting treatment of CCRP transactions?
- Can you tell me a little more about the decision-making process you followed to account for CCRP transactions post IFRS 15?
- Can we for a moment discuss whether you experienced any changes in accounting for CCRP transactions after the effective date of IFRS 15, and the impact of these changes?
- Can you tell me a little more about the decision-making process you employed to determine the customer in the CCRP transaction?
- Can we discuss the measurement of the award credits and how this value is determined?
- Can you think of anything else that would be important or that we have missed in deciding how to account for CCRP transactions?

*Source(s):* Created by authors

### Appendix 4. Summary of results on important themes identified

**Table A3** provides a summary of important themes identified. The participants who mentioned each theme are listed together with their demographics to enhance understanding of the quotes provided by various participants in the study's findings.

**Table A3.** Summary on important themes identified

Theme	Participants who mentioned each theme	Demographic details of participants
CCRP transactions are complex and require management's judgement	P1; P5; P9; P11; P13	Accountants, head of programme, IFRS advisory team
Importance of understanding the substance of the underlying complex transaction	P1; P5; P9; P11; P13	Accountants, head of programme, IFRS advisory team
Considering the contractual right and obligations	P5; P9	IFRS advisory team
Complex to apply a principle-based standard (IFRS 15) to CCRP transactions	P5; P8; P9	Head of programme, IFRS advisory team
Impractical to apply IFRS 15 to some CCRP transactions	P9; P14	Accountant, IFRS advisory team
Auditors are consulted	P5; P6; P9; P10; P11; P13	Accountant, head of programme, IFRS advisory team
In-house advisory team is consulted	P3; P4; P8; P10; P11; P14	Accountant, head of programme, IFRS advisory team
Do not question auditors or in-house advisory team opinion	P7; P9; P10; P13; P14	Accountant, head of programme, IFRS advisory team
Underlying CCRP transaction not re-considered after the issue of IFRS 15	P5; P7; P10; P11; P14	Accountant, head of programme, IFRS advisory team
Issue of IFRS 15 resulted in an in-depth inquiry of how IFRS 15 is applicable to CCRP transactions	P1; P3; P9	Accountant, head of programme, IFRS advisory team
If IFRIC 13 was applied, IFRS 15 will now be applicable	P8	Head of programme
Some CCRPs are simple and the accounting treatment straightforward (IAS 37)	P7; P10	Accountant, head of programme
Continue applying IAS 37	P7; P10	Accountant, head of programme, IFRS advisory team
Existing accounting treatment firmly established	P5; P7; P10; P11	Accountant, head of programme, IFRS advisory team
For some CCRPs the value of CCRP transactions is immaterial	P7; P11	Accountant, IFRS advisory team
For some CCRPs the value of CCRP transactions is material	P9	IFRS advisory team
If IFRIC 13 was applied, rethink if IFRS 15 is now applicable (for complex CCRPs)	P9	IFRS advisory team

**Source(s):** Created by authors

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