Applying IFRS

Joint Transition Resource Group discusses additional revenue implementation issues

July 2015

Building a better working world

Contents

What you need to know

- TRG members discussed a number of implementation issues at their July 2015 meeting and reached general agreement on many topics.
- TRG members had differing perspectives on certain issues related to the application of the constraint on estimates of variable consideration and whether certain contracts would be considered completed at transition.
- The TRG has one more meeting scheduled in November 2015. While no meetings are currently scheduled for 2016, the TRG may meet again if stakeholders continue to have broad implementation questions that they would like the TRG to address.

The TRG continues to address questions stakeholders have raised about how to apply the new revenue standards.

Overview

The Joint Transition Resource Group for Revenue Recognition (TRG) have discussed a number of implementation issues stakeholders have raised about the new revenue recognition standards[1] issued by the International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) (collectively, the Boards). The Boards are using the TRG discussions to help them determine whether more application guidance is needed and to educate constituents.

Although TRG members expressed similar views on many issues, they had differing perspectives on questions related to the application of the constraint on estimates of variable consideration and whether certain contracts would be considered completed contracts at transition. The TRG may consider these questions further after the Boards' staffs complete additional work.

The questions on which TRG members generally agreed are summarised in the appendix to this publication. While any views expressed by the members of the TRG are non-authoritative, they represent the latest thinking on each topic and entities should consider them as they implement the new revenue standards.

1. Issues that may require further discussion

1.1 Application of the constraint on estimates of variable consideration

TRG members discussed whether the estimated transaction price must be a possible outcome of an individual contract. They had different ideas about when the transaction price would have to be constrained to the highest amount that is both a possible and a highly probable outcome of the contract.

Under the new revenue standards, an entity will have to estimate the amount of any variable consideration to which it will be entitled. The entity will then have to apply the constraint on variable consideration. This means the entity will have to conclude that it is highly probable that a significant revenue reversal will not occur in order to include any variable consideration in the transaction price.

An entity will determine whether to use an 'expected value' or a 'most likely amount' method to estimate variable consideration, based on the method that better predicts the amount of consideration to which it will be entitled. In the Basis for Conclusions, the Boards indicated that an expected value method may better predict the expected consideration when an entity has a large number of contracts with similar characteristics. However, using this method for a contract with several discrete outcomes may result in an estimated transaction price that is not a possible outcome of an individual contract.[2] Consider the example, set out in Illustration 1-1 below, that was discussed by the TRG.

[1] IFRS 15 *Revenue from Contracts with Customers* / Accounting Standards Update 2014-09, *Revenue from Contracts with Customers* (largely codified in Accounting Standards Codification (ASC) 606).
[2] IFRS 15.BC200.

Illustration 1-1 — Estimating variable consideration[3]

Entity A develops websites for its customers. Its contract terms all involve a fixed fee plus variable consideration in the form of a performance bonus for completing each website by a specified date. Based on Entity A's experience, the bonus amounts and probabilities for achieving them are, as follows:

Bonus amount CU	Probability of occurrence
–	15%
50,000	40%
100,000	45%

Entity A concludes that the expected value method would better predict the amount of consideration to which it will be entitled because it has a large number of contracts that have similar characteristics. The expected value of the variable consideration is CU65,000 ([CU0 * 15%] + [CU50,000 * 40%] + [CU100,000 * 45%]).

Some TRG members said that, when evaluating an individual contract, the variable consideration would be constrained to CU50,000 because CU65,000 is not a possible outcome of the contract. That is, they believe that a reversal of CU15,000 is highly probable because there is only a 45% chance that the entity will earn the CU100,000 bonus. Other TRG members observed that the entity would record CU65,000 if the entity has a large group of similar contracts in the reporting period because it would expect (on the basis of the population of the similar contracts) to be entitled to an average of CU65,000 per contract.

The Boards' staffs will summarise the TRG's discussions and try to address the questions raised by TRG members, possibly through examples or a decision framework. The TRG may discuss this issue again at its next meeting in November 2015.

1.2 Completed contracts at transition

Some TRG members observed that it may sometimes be difficult to determine: (a) when a contract would be considered 'complete' for purposes of applying the transition requirements; and (b) how these completed contracts would be accounted for after an entity adopts the new revenue standards.

The Boards are using the TRG discussions to help them determine whether more application guidance is needed and to educate constituents.

The first issue is significant because entities using the modified retrospective transition approach only need to apply the new revenue standards to contracts that are not complete as at the date of initial application. The new revenue standards define a completed contract as one in which the entity has fully transferred all of the identified goods and services in accordance with current IFRS before the date of initial application.[4]

Consider an entity that has provided services to a customer, but there are collectability concerns, such that it is not probable that economic benefits will flow to the entity. Under current IFRS, entities would need to defer recognition of revenue until it is probable those economic benefits will flow to the entity,

[3] Adapted from TRG Agenda Paper 38 *Portfolio Practical Expedient and Application of Variable Consideration Constraint*, paragraphs 13-14.

[4] IFRS 15.C2.

which may be as late as when the cash is collected. Based on the definition of a completed contract in the new standards, this contract would appear to be considered complete because the services have been provided to the customer and there are no other deliverables to the customer in the contract. However, some TRG members questioned whether the Boards actually intended for a contract for which revenue is not yet fully recognised at the date of transition to be considered a completed contract.

TRG members also expressed mixed views about whether the entity in such an example would continue to account for the contract under current IFRS after adopting the new revenue standards or whether it would stop recognising revenue related to the contract after adoption.

The Boards' staffs will summarise the TRG's discussions and include some examples to try to clarify the Boards' intent.

How we see it

The answer to the question about what constitutes a completed contract will affect the population of contracts that entities will have to evaluate under both transition methods (i.e., full and modified retrospective). It may also influence an entity's selection of a transition approach if significant amounts of revenue that were deferred or not recognised before adoption would be 'lost' because they would be recognised in prior-year revenue amounts or in the cumulative adjustment to retained earnings on transition.

2. Update on previous TRG issues

The Boards are addressing several issues TRG members previously discussed without reaching general agreement. The IASB expects to issue one comprehensive exposure draft by the end of July 2015 to propose amendments on licences of intellectual property, identifying performance obligations, transition and principal-versus-agent considerations. The comment period is expected to be 90 days.

The FASB proposed amendments to its new revenue standard on accounting for licences of intellectual property and identifying performance obligations; the comment period ended 30 June 2015. The FASB plans to issue two more exposure drafts, one proposing narrow scope amendments (i.e., amendments on transition, non-cash consideration, presentation of sales taxes and collectability) and the other proposing changes to the principal-versus-agent application guidance.

Any changes to the new revenue standards would be subject to each Board's due process procedures, including seeking public comment.

3. What's next

The staff requested that stakeholders submit questions by the end of September for the 9 November 2015 TRG meeting. While no meetings are currently scheduled in 2016, the TRG may meet again if stakeholders continue to have broad implementation questions they would like the TRG to address.

Appendix - TRG items of general agreement

Portfolio practical expedient to estimate variable consideration	
The new revenue standards state that an entity can account for a portfolio of similar contracts collectively if it expects that the result will not be materially different from the result of applying the requirements to the individual contracts. In addition, an entity must determine whether to use an 'expected value' or a 'most likely amount' method to estimate the amount of variable consideration to include in the transaction price, based on the method that better predicts the amount of consideration to which it will be entitled.	
Questions raised	*General agreement*
Is an entity applying the portfolio practical expedient when it considers evidence from other similar contracts to develop an estimate of variable consideration using an expected value method?	No. TRG members generally agreed that an entity is not applying the portfolio practical expedient when considering evidence from other similar contracts to develop an estimate of variable consideration using an expected value method. An entity could choose to apply the portfolio practical expedient, but it is not required to do so.

Application of the series requirement	
The new revenue standards require that a series of distinct goods or services be accounted for as a single performance obligation if they are substantially the same, have the same pattern of transfer and both of the following criteria are met: (1) each distinct good or service in the series represents a performance obligation that would be satisfied over time; and (2) the entity would measure its progress toward satisfaction of the performance obligation using the same measure of progress for each distinct good or service in the series (the series requirement). Entities will need to determine whether a single performance obligation is created as a result of applying the series requirement, in order to appropriately allocate variable consideration and apply the contract modifications and changes in transaction price requirements.	
Questions raised	*General agreement*
How should an entity consider whether a performance obligation consists of distinct goods or services that are 'substantially the same'?	TRG members generally agreed that the staff paper on this question, which primarily focused on the application of the series provision to service contracts, will help entities understand the new revenue standards' requirement to determine whether a performance obligation consists of distinct goods or services that are 'substantially the same'. In the staff paper, the first step in making this determination is to determine the nature of the entity's promise in providing services to the customer. That is, if the nature of the promise is to deliver a specified quantity of service (e.g., monthly payroll services over a defined contract period), the evaluation would consider whether each service is distinct and substantially the same. In contrast, if the nature of the entity's promise is to stand-ready or provide a single service for a period of time (i.e., because there is an unspecified quantity to be delivered), the evaluation would consider whether each time increment (e.g., hour, day), rather than the underlying activities, is distinct and substantially the same.

	The staff's evaluation is consistent with the examples in the new revenue standards on monthly payroll processing and hotel management services, respectively. In the monthly payroll processing example, the nature of the promise is to deliver 12 distinct instances of the service that are substantially the same over the course of one year. In the hotel management example, the nature of the promise is to provide a daily management service. The underlying activities could vary within a day and from day to day (e.g., employee management, training, accounting services), but that would not prevent an entity from concluding that the daily management service is distinct and substantially the same.

Forms of variable consideration

Under the new revenue standards, if the consideration promised in a contract includes a variable amount, an entity will be required to estimate the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to a customer. Variability can result from discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or other similar items. The promised consideration can also vary if an entity's entitlement to the consideration is contingent on the occurrence or non-occurrence of a future event.

Questions raised	*General agreement*
If a contract includes an undefined quantity of outputs, but the contractual rate per unit is fixed, is the consideration variable?	Yes. TRG members generally agreed that if a contract includes an unknown quantity of tasks, throughout the contract period, for which the entity has enforceable rights and obligations and the consideration received is contingent upon the quantity completed, the total transaction price would be variable. This is because the contract has a range of possible transaction prices and the ultimate consideration will depend on the occurrence or non-occurrence of a future event (e.g., customer usage), even though the rate per unit is fixed. The staff paper on this topic noted that an entity would need to consider contractual minimums (or other clauses) that would make some or all of the consideration fixed.

Accounting for restocking fees and related costs

Entities sometimes charge customers a 'restocking fee' when a product is returned. This fee may be levied by entities to compensate them for the costs of repackaging, shipping and/or reselling the item at a lower price to another customer. Stakeholders have raised questions about how to account for restocking fees and related costs. Under the new revenue standards, rights of return create variability in the transaction price. An entity is required to estimate the amount of expected returns at contract inception, exclude this amount from its transaction price and establish a corresponding refund liability. An entity will also recognise a return asset (and adjust cost of sales) for the right to recover the goods returned by the customer.

Questions raised	*General agreement*
How should an entity account for restocking fees for goods that are expected to be returned?	TRG members generally agreed that restocking fees for goods that are expected to be returned would be included in the estimate of the transaction price at contract inception and recorded as revenue when (or as) control of the good transfers. For example, assume that an entity enters into a contract with a customer to sell 10 widgets for CU100 each. The customer has the

	right to return the widgets, but if it does so, it will be charged a 10% restocking fee (or CU10 per returned widget). The entity estimates that 10% of all widgets that are sold will be returned. Upon transfer of control of the 10 widgets, the entity will recognise revenue of CU910 [(9 widgets not expected to be returned x CU100 selling price) + (1 widget expected to be returned x CU10 restocking fee)]. A refund liability of CU90 will also be recorded [1 widget expected to be returned x (CU100 selling price - CU10 restocking free)].
How should an entity account for restocking costs related to expected returns (e.g., shipping or repackaging costs)?	TRG members generally agreed that restocking costs would be recorded as a reduction of the amount of the return asset when (or as) control of the good transfers. This accounting treatment will be consistent with the new revenue standards' requirement that the return asset be initially measured at the former carrying amount of the inventory, less any expected costs to recover the goods (e.g., restocking costs).

Consideration payable to a customer	
TRG members revisited several implementation questions relating to consideration payable to a customer and generally expressed the same views they did at the last TRG meeting in March, when technological difficulties prevented TRG members attending the meeting at the FASB's office in Norwalk, Connecticut, from holding a joint discussion with those who met in London. The new revenue standards require that an entity account for consideration payable to a customer (e.g., cash, credit, other items such as coupons or vouchers that can be applied against amounts owed to the entity) as a reduction of revenue, unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the entity.	
Questions raised	*General agreement*
Which payments to a customer are in the scope of the requirements for consideration payable to a customer?	TRG members generally agreed that an entity may not need to separately analyse each payment to a customer if it is apparent that the payment is for a distinct good or service acquired in the normal course of business at market prices. However, if the business purpose of a payment to a customer is unclear or the goods or services are acquired in a manner that is inconsistent with market terms that other entities would receive when purchasing the customer's good or services, the payment needs to be evaluated under these requirements.
Who is considered an entity's customer when applying the requirements for consideration payable to a customer?	TRG members generally agreed that these requirements would be applied to all payments made to entities/customers in the distribution chain of a contract. However, they agreed there could also be situations in which the requirements would apply to payments made to any customer of an entity's customer outside the distribution chain if both parties are considered the entity's customers. For example, in an arrangement with a principal, an agent and an end-customer, an agent may conclude its only customer is the principal or it may conclude that it has two customers – the principal and the end-customer. TRG members agreed that agents will need to evaluate their facts and circumstances to determine whether payments made to an end-customer would be considered a reduction of revenue or a marketing expense.

How do the requirements on the timing of recognition of consideration payable to a customer reconcile with the variable consideration requirements?	TRG members generally agreed that the standards contain potentially conflicting requirements on when to recognise consideration payable to a customer that involves variable payments (e.g., price concessions). Under the requirements for when to recognise consideration payable to a customer, any reduction of the transaction price (and, therefore, of revenue) will be recognised at the later of when the entity transfers the promised goods or services to the customer or the entity promises to pay the consideration. However, if an entity has a history of providing this type of consideration to its customers, the requirements for estimating variable consideration require the entity to consider such amounts at the contract's inception when the transaction price is estimated, even if the entity has not yet provided or promised to provide this consideration to the customer. However, some TRG members noted that this conflict may not arise frequently. As such, TRG members did not support amending the standards.
Allocation of variable consideration	
Under the new revenue standards' relative stand-alone selling price method, a contract's transaction price will be allocated proportionately to all performance obligations identified in a contract, with two exceptions. One exception requires variable consideration to be allocated entirely to a specific part of a contract, such as one or more (but not all) performance obligations in the contract or one or more (but not all) distinct goods or services promised in a series of distinct goods or services that forms part of a single performance obligation. Two criteria must be met to apply this exception. Firstly, the terms of the variable payment must relate specifically to the entity's efforts to satisfy the performance obligation or transfer the distinct good or service. Secondly, allocating the variable amount of consideration entirely to the performance obligation or the distinct good or service must be consistent with the new revenue standards' allocation objective.	
Questions raised	*General agreement*
In order to meet the criteria to allocate variable consideration entirely to a specific part of a contract, must the allocation be made on a relative stand-alone selling price basis?	No. TRG members generally agreed that a relative stand-alone selling price allocation is not required to meet the allocation objective when it relates to the allocation of variable consideration to a specific part of a contract (e.g., a distinct good or service in a series). The Basis for Conclusions for the new revenue standards notes that stand-alone selling price is the default method for meeting the allocation objective, but other methods could be used in certain instances (e.g., in allocating variable consideration).[5]
Determining when control of a commodity transfers	
Under the new revenue standards, an entity transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of three criteria is met. The first criterion is that the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs. Whether a commodity is transferred over time is important in determining whether the sale of a commodity will meet the series criteria, which affects how an entity will allocate variable consideration and apply the requirements for contract modifications and changes in the transaction price.	

[5] IFRS 15.BC279-BC280.

Questions raised	*General agreement*
What factors should an entity consider when evaluating whether a customer simultaneously receives and consumes the benefits of a commodity (e.g., electricity, natural gas, heating oil) as the entity performs?	TRG members generally agreed that an entity would consider all known facts and circumstances when evaluating whether a customer simultaneously receives and consumes the benefits of a commodity. These may include the inherent characteristics of the commodity (e.g., whether the commodity can be stored), contract terms (e.g., a continuous supply contract to meet immediate demands) and information about infrastructure or other delivery mechanisms. As such, revenue related to the sale of a commodity may or may not be recognised over time, depending on whether the facts and circumstances of the contract indicate that the customer will simultaneously receive and consume the benefits. This evaluation will likely require the use of significant judgement.

Measuring progress when multiple goods or services are combined in a single performance obligation
When an entity has determined that a performance obligation is satisfied over time, the standards require the entity to select a single measure of progress that best depicts the entity's performance in transferring the goods or services in order to recognise revenue as the entity performs. The standards provide two methods for measuring progress: (1) an input method (e.g., resources consumed, labour hours expended, costs incurred, time elapsed, machine hours used); and (2) an output method (e.g., surveys of performance completed to date, appraisals of results achieved, milestones reached, time elapsed, units produced or units delivered).

Questions raised	*General agreement*
Can multiple measures of progress be used to depict an entity's performance in transferring a performance obligation comprised of two or more goods and/or services that is satisfied over time? Under Step 2 of the new model, a single performance obligation may contain multiple non-distinct goods or services and/or distinct goods or services that were required to be combined with non-distinct goods or services in order to identify a distinct bundle. This bundled performance obligation is referred to as a 'combined performance obligation' for purposes of this discussion.	TRG members agreed that when an entity has determined that a combined performance obligation is satisfied over time, the entity has to select a single measure of progress that best depicts the entity's performance in transferring the goods or services. While TRG members did not discuss this point, the staff paper noted that a single method of measuring progress should not be broadly interpreted to mean an entity may apply multiple measures of progress as long as all measures used are either output or input measures. TRG members also acknowledged that there is currently diversity in practice and selecting a single measure of progress may represent a change for entities that currently use a multiple attribution model when deliverables cannot be separated into separate units of account.
How should an entity determine the appropriate single measure of progress for a combined performance obligation that is satisfied over time?	TRG members acknowledged that it may be difficult to appropriately determine a single measure of progress when the entity will transfer goods or services that make up the combined performance obligation over different points of time and/or the entity would otherwise use a different measure of progress (e.g., a time-based method versus a labour-based input method) if each promise was a separate performance obligation. Such a determination will require significant judgement, but TRG members generally agreed that the measure of progress selected is not meant to be a 'free choice', nor should entities default to an

	approach for determining a single measure of progress. For example, entities should not default to a 'final deliverable' methodology such that all revenue would be recognised over the performance period of the last promised good or service. Rather, an entity is required to select the single measure of progress that most accurately depicts the entity's performance in satisfying its combined performance obligation. Some TRG members observed that an entity would need to consider the reasons why goods or services were bundled into a combined performance obligation in order to determine the appropriate pattern of revenue recognition. For example, if a good or service was combined with other goods or services because it was not capable of being distinct, that may indicate that it does not provide value or use to the customer on its own. As such, the entity would not contemplate the transfer of that good or service when determining the pattern of revenue recognition for the combined performance obligation. TRG members also generally agreed that, if an appropriately selected single measure of progress does not faithfully depict the economics of the arrangement, the entity should challenge whether the performance obligation was correctly combined (i.e., there may be more than one performance obligation).

Practical expedient for measuring progress toward satisfaction of a performance obligation

The new revenue standards include a practical expedient that allows an entity to recognise revenue in the amount for which it has the right to invoice (i.e., the 'right to invoice' practical expedient) if the entity has a right to payment from a customer in an amount that corresponds directly with the value of the entity's performance completed to date (e.g., a service contract in which an entity bills a fixed amount for each hour of service provided). In addition, the Boards provided a practical expedient under which an entity can choose not to disclose certain information. For contracts for which revenue is recognised in accordance with the 'right to invoice' practical expedient or contracts that have an expected duration of less than one year, an entity can choose not to disclose the amount of transaction price allocated to remaining performance obligations (similar to 'backlog' disclosures).

Questions raised	*General agreement*
Can an entity use the 'right to invoice' practical expedient for a contract that includes rates that change over the contractual term?	TRG members generally agreed that determining whether an entity can apply the 'right to invoice' practical expedient will require judgement. They also generally agreed that it is possible for entities to meet the requirements for the practical expedient in contracts with changing rates, provided that the changes in rates correspond directly to changes in value to the customer. That is, a contract does not need to have a fixed price per unit for the duration of a contract in order to qualify for the practical expedient. Examples of contracts that might qualify include an IT outsourcing arrangement with rates that decrease over the contract term as the level of effort to the customer decreases or a multi-year electricity contract that contemplates the forward market price of electricity. However, the SEC Observer also noted that entities will need to have strong evidence that variable prices are representative of value to the customer in order to recognise variable amounts of revenue for similar goods or services.

	TRG members also discussed that an entity would have to evaluate all significant upfront payments or retrospective adjustments (e.g., accumulating rebates) in order to determine whether the amount the entity has a right to invoice for each incremental good or service corresponds directly to the value to the customer. That is, if an upfront payment or retrospective adjustment shifts payment for value to the customer to the front or back-end of a contract, it may be difficult for an entity to conclude that the amount invoiced corresponds directly with the value provided to the customer for goods or services. The staff paper on this question also stated that the presence of an agreed-upon customer payment schedule does not mean that the amount an entity has the right to invoice corresponds directly with the value to the customer of the entity's performance completed to date. In addition, the staff paper stated that the existence of specified contract minimums (or volume discounts) would not always preclude the application of the practical expedient, provided that these clauses are deemed non-substantive (e.g., the entity expects to receive amounts in excess of the specified minimums).
If an entity determines that it has not met the criteria to use the 'right to invoice' practical expedient (e.g., because there is a substantive contractual minimum payment or a volume discount), can the entity still use the 'backlog' practical expedient?	TRG members generally agreed that the standards are clear that an entity only can use the 'backlog' practical expedient to avoid disclosing the amount of the transaction price allocated to remaining performance obligations for contracts with: (1) an original expected duration of less than one year; or (2) those that qualify for the 'right to invoice' practical expedient. If a contract does not meet either of these criteria, an entity will be required to make the backlog disclosures. However, under these requirements, an entity is able to qualitatively describe any consideration that is not included in the transaction price (e.g., any estimated amount of variable consideration that is constrained).
Determining the scope for certain credit card arrangements	
A bank that issues credit cards can have various income streams (e.g., annual fees) from a cardholder under various credit card arrangements. Some of these fees may entitle cardholders to ancillary services (e.g., concierge services, airport lounge access). The card issuer also may provide rewards to cardholders based on their purchases. US GAAP stakeholders have questioned whether such fees and programmes are within the scope of the FASB's new revenue standard, particularly when a good or service is provided to a cardholder.	
Questions raised	*General agreement*
Are credit card fees in the scope of the FASB's new revenue standard?	No. TRG members in Norwalk generally agreed that credit card fees that are accounted for under ASC 310, *Receivables*, are not in the scope of ASC 606. This includes annual fees that may entitle cardholders to ancillary services. TRG members in Norwalk noted that this conclusion is consistent with today's accounting for credit card fees. However, the SEC Observer noted and TRG members in Norwalk generally agreed that the nature of the arrangement must be truly that of a credit card lending arrangement in order to be in the scope of ASC 310, and entities will need to continue to evaluate their arrangements as new programmes develop.

	While this question has only been raised by US GAAP stakeholders, TRG members in London generally agreed that an IFRS preparer would first need to determine whether the credit card fees are within the scope of IFRS 9 *Financial Instruments* or IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9/IAS 39 requires that any fees that are an integral part of the effective interest rate for a financial instrument be treated as an adjustment to the effective interest rate. Conversely, any fees that are not an integral part of the effective interest rate of the financial instrument will generally be accounted for under IFRS 15. As such, credit card fees could be treated differently under IFRS and US GAAP.
Are cardholder rewards programmes in the scope of the FASB's new revenue standard? *(This topic was only raised in a US GAAP context)*	No. TRG members in Norwalk generally agreed if all consideration (i.e., credit card fees) related to the rewards programme are determined to be in the scope of ASC 310, the rewards programme would not be in the scope of ASC 606. However, this determination would have to be made based on the facts and circumstances due to the wide variety of credit card reward programmes offered.

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