- Under IFRS 15, measurement of the revenue will take into account variable consideration constraints in order to achieve high likelihood that a significant reversal of the recognised revenue will not occur in the future. The constraint in assessing revenue at completion for some contracts will generate a decrease in recognised revenue;
- Under IFRS 15, for the application of the overtime method (PoC method), the measure of the progress towards complete satisfaction of a performance obligations will be based on inputs (*i.e.* cost incurred) rather than on outputs (*i.e.* milestones achieved). At Airbus current long-term construction contracts progress is usually measured based on milestones achieved (*e.g.* Tiger programme, satellites, orbital infrastructures). Under IFRS 15, Airbus will measure progress of work performed using a cost-to-cost approach, whenever control of the work performed transfers to the customer over time.

Revenue from the sale of commercial aircraft

With respect to the commercial aircraft business, other than sales made under the A350 launch contracts described above, IFRS 15 will not change the timing of recognising revenue, which will continue to be recognised when the customer takes delivery of the aircraft.

IFRS 15 will impact the presentation of the revenue. Under IAS 18, Airbus recognises revenues based on the amount of its contracts with its customer, unless it has confirmation of the amount of the price concession. In contrast, IFRS 15 requires Airbus to estimate the amount of price concession in all cases and to treat the price concession as a reduction of revenue and cost of sales. Under IFRS 15, revenue and cost of sales will be decreased by the amount of the estimated concession granted by Airbus engine supplier to their customers. This change in presentation triggers an equal decrease between revenue and cost of sales for an amount of € 7.4 billion in 2017 with no impact on Gross Margin, EBIT and on the Cash Flows of the Company.

Impacts on the disclosures

IFRS 15 requires a disclosure of the unperformed performance obligations (represent obligations under binding contracts which are not or not fully completed). In its 2018 financial statements, Airbus will elect the practical expedient which will allow disclosing the unperformed performance obligations as at 31 December 2018 without comparative figures.

IFRS 16 “Leases”

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to underlying asset and a lease liability representing its obligation to make lease payments.

As at 31 December 2017, Airbus has operating lease commitments of € 1,025 million. IAS 17 does not require the recognition of any right of use asset or liability for future payments for these leases; instead certain information is disclosed as operating lease commitments in “— Note 18: Property, Plant and Equipment”.

The assessment of the materiality of IFRS 16 impact on Airbus’ Consolidated Financial Statements is currently being performed.

2.2 Airbus Structure

5. Scope of Consolidation

Consolidation — Airbus’ Consolidated Financial Statements include the financial statements of Airbus SE and all material subsidiaries controlled by Airbus. Airbus’ subsidiaries prepare their financial statements at the same reporting date as Airbus’ Consolidated Financial Statements (see Appendix “Simplified Airbus Structure Chart”).

Subsidiaries are entities controlled by Airbus including so-called structured entities, which are created to accomplish a narrow and well-defined objective (see “— Note 25: Sales Financing Transactions”). They are fully consolidated from the date control commences to the date control ceases.

The assessment of control of a structured entity is performed in three steps. In a first step, Airbus identifies the relevant activities of the structured entities (which may include managing lease receivables, managing the sale or re-lease at the end of the lease and managing the sale or re-lease on default) and in a second step, Airbus assesses which activity is expected to have the most significant impact on the structured entities’ return. Finally, Airbus determines which party or parties control this activity.

Airbus’ interests in equity-accounted investees comprise investments in associates and joint ventures. Investments in associates and joint ventures are accounted for under the equity method and are initially recognised at cost.

The financial statements of Airbus’ investments in associates and joint ventures are generally prepared for the same reporting period as for the parent company. Adjustments are made where necessary to bring the accounting policies and accounting periods in line with those of Airbus.

Perimeter of consolidation

	31 December	
(Number of companies)	**2017**	2016
Fully consolidated entities	207	244
Investments accounted for under the equity method:		
in joint ventures	40	52
in associates	23	23
Total	**270**	**319**

For more details related to unconsolidated and consolidated structured entities, see "— Note 25: Sales Financing Transactions".

6. Acquisitions and Disposals

Business combinations are accounted for using the acquisition method, as at the acquisition date, which is the date on which control is transferred to Airbus.

The determination of the fair value of the acquired assets and the assumed liabilities which are the basis for the measurement of goodwill requires significant estimates. Land, buildings and equipment are usually independently appraised while marketable securities are valued at market prices. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, Airbus either consults with an independent external valuation expert or develops the fair value internally, using appropriate valuation techniques which are generally based on a forecast of the total expected future net cash flows.

These evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and the discount rate applied.

Loss of control, loss of joint control, loss of significant influence — Upon loss of control of a subsidiary, the assets and liabilities and any components of Airbus' equity related to the subsidiary are derecognised. Any gain or loss arising from the loss of control is recognised within other income or other expenses in the Consolidated Income Statements. If Airbus retains any interest in the previous subsidiary, such interest is measured at fair value at the date the control is lost.

Assets and liabilities of a material subsidiary for which a loss of control is highly probable are classified as assets and liabilities held for sale when Airbus has received sufficient evidence that the loss of control will occur in the 12 months after the classification. These assets and liabilities are presented after elimination of intercompany transactions.

When the loss of significant influence or the loss of joint control of an investment accounted for under the equity method is highly probable and will occur in the coming 12 months, this associate or joint venture is classified as an asset held for sale.

Sale of investment in an associate or joint venture — Any gain or loss arising from the disposal of investment accounted for under the equity method is recognised within share of profit from investments accounted for under the equity method.

6.1 Acquisitions

On 16 October 2017, Airbus and **Bombardier Inc. ("Bombardier")** signed an agreement that brings together Airbus' global reach and scale with Bombardier's newest, state-of-the-art jet aircraft family. Under the agreement, Airbus will provide procurement, sales and marketing, and customer support expertise to the C Series Aircraft Limited Partnership ("CSALP"), the entity that manufactures and sells the C Series. At closing, Airbus will acquire a 50.01% interest in CSALP. Bombardier and Investissement Québec will own approximately 31% and 19%, respectively. The transaction has been approved by the Boards of Directors of both Airbus and Bombardier, as well as the Cabinet of the Government of Québec. The transaction remains subject to regulatory approvals, as well as other conditions usual in this type of transaction.

On 9 March 2016, Airbus Commercial Aircraft acquired 100% of the shares of the **Navtech Inc. Group ("Navtech")**, a leading global provider of flight operations solutions, and has recognised goodwill of € 104 million. The purchase price allocation ended on 9 March 2017. No adjustment was made on the goodwill. Navtech provides aviation services with a suite of flight operations products, aeronautical charts, navigation data solutions, flight planning, aircraft performance and crew planning solutions. Navtech generates annual revenues of approximately US$ 40 million and employs over 250 employees, mainly based in Waterloo (Canada) and in Hersham and Cardiff (the UK).