



# Foreningen af Statsautoriserede Revisorer

Kronprinsessegade 8, 1306 København K. Telefon 33 93 91 91  
Telefax nr. 33 11 09 13 e-mail: [fsr@fsr.dk](mailto:fsr@fsr.dk) Internet: [www.fsr.dk](http://www.fsr.dk)

EFRAG – European Financial Reporting Advisory Group  
13-14 Avenue des Arts  
B-1210 Brussels  
Belgium

E-mail: [CommentLetter@efrag.org](mailto:CommentLetter@efrag.org)

24 April 2008

enj/osj/dor ((X:\Udvalg\REGU\EFRAG\FSR Comments IFRIC D24 til EFRAG 240408b.doc)

Dear Sirs

## **Exposure Draft of Proposed Interpretation D24, Customer Contributions**

The Danish Accounting Standards Committee (hereafter referred to as “the Committee”) appreciate the opportunity to comment on EFRAG’s Draft Comment Letter (referred to as the Draft Letter) on the International Financial Reporting Interpretation Committee’s (IFRIC) exposure draft to IFRIC D24, Customer Contributions (referred to as D24).

**As our first point we would like to state that we do not find an immediate need for an interpretation as the issues seem to be covered by the principles of the existing standards IAS 16, 17, and 18.**

If – due to inconsistencies and divergence– there is a wish for an immediate preparation of a guideline/interpretation, we agree with EFRAG in supporting the proposed accounting treatments of Customer Contributions generally. We are also in agreement with EFRAG on the criticism that D24 partly seems unnecessarily complex and partly contains conditions that are not always applicable in practice. D24 appears to be inaccurate which is why the extent of the accounting treatment of related issues seems somewhat obscure.

- It is not immediately clear whether D24 must/can be applied if there is no coherence between a cash contribution and the asset to be acquired or constructed by the receiver. For instance, it can be a question of payment of connection charges of 100 in old developments of building land where only a further investment of 10 is necessary as almost all construction work has been completed in previous years. In such situations, it is not evident that an obligation to deliver 100 corresponding to the contribution must be included, and that this contribution must be recognized in profit and loss over an (infinite) period of delivery which, however, must not exceed the useful life of the assets in question. In general, many different scenarios of obligations to deliver may occur for companies receiving customer contributions.
- We note that the basis for conclusion in paragraph 22 of D24 states that the time value of money should be taken into account in measuring revenue. We understand that the reason

for this is that the IFRIC considers the customer contribution to be financing of the infrastructure. However, we believe that this accounting treatment is not necessarily consistent with the approach in the existing standards and at odds with current practice. Consequently, we believe that any such proposal introducing a concept of adjusting advanced payments for the time value of money should be referred to the Board as a broader project or the revenue recognition project.

**Closing**

Should you have any questions or wish to discuss any of the issues raised in this letter, please contact us.

Yours sincerely

Eskild Nørregaard Jakobsen  
Chairman of the Accounting  
Standards Committee

Ole Steen Jørgensen  
Head of Department, FSR  
Secretary to the Accounting  
Standards Committee