

Date

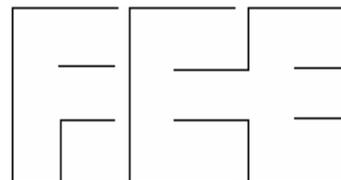
Le Président

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30 April 2008

Mr. Stig Enevoldsen
Chairman
Technical Expert Group
EFRAG
Avenue des Arts 13-14
1000 BRUXELLES



commentletter@efrag.org

Dear Mr. Enevoldsen,

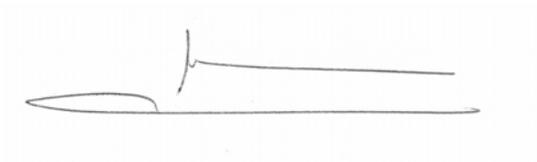
Re: EFRAG's Draft Comment Letter on IFRIC Draft Interpretation D24 *Customer Contributions*

1. FEE (Fédération des Experts Comptables Européens - Federation of European Accountants) is pleased to submit its views on the EFRAG Draft Comment Letter on IFRIC Draft Interpretation D24 *Customer Contributions*.
2. Like EFRAG, we support IFRIC in its effort to provide interpretative guidance on the financial reporting of customer contributions.
3. We agree with EFRAG and we broadly support the proposals presented to resolve the issues addressed in the draft interpretation. However, we also share EFRAG's main concerns; we have a general concern regarding the overall approach adopted in the draft interpretation to address these issues, in addition to some other specific issues that we have identified as detailed in this letter.
4. In summary:
 - We agree with EFRAG that it would be easier to understand the rationale of the draft interpretation if the starting point in the approach of the consensus and basis for conclusions was from an IAS 18 perspective;
 - We support EFRAG that the interpretation should more clearly take into account the terms of the transaction, instead of simply stating that there is always an ongoing obligation to provide access in return for the contribution;
 - We believe that EFRAG could also mention the fact that, in some situations, contributions received in cash may be of a similar nature as the initial fees discussed by the IFRIC which resulted in a wording for rejection published in the January 2007 IFRIC update.
 - We think that by shortening the EFRAG Draft Comment Letter and prioritising the issues that are identified, the overall understanding of the comments made would be improved. We recommend that EFRAG shorten the response and suggest that the letter be made user-friendlier.

5. Our detailed comments are presented in the Appendix to this letter.

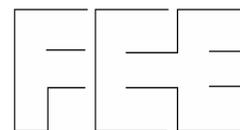
We would be pleased to discuss any aspect of this letter you may wish to raise with us.

Yours sincerely,

A handwritten signature in black ink, consisting of a large, stylized initial 'J' followed by a long horizontal line that ends in a small upward tick.

Jacques Potdevin
President

Ref: ACC/LF



APPENDIX – Detailed comments on IFRIC draft interpretation D24 *Customer Contributions*

GENERAL COMMENTS

Accounting Solution proposed by D24 and Summary of EFRAG's position

1. We share EFRAG's main concern regarding the overall approach adopted in the draft interpretation to address the issues presented.
2. We agree with EFRAG that it would be easier to understand the rationale of the draft interpretation if the starting point in the approach of the consensus and basis for conclusions was from an IAS 18 perspective. The draft interpretation uses the accounting for a cash contribution as the basis to conclude on how to account for customer contributions. In accounting for a cash contribution, the assessment of whether there is a sale is presented as the key issue to be considered. It would be easier to follow the rationale of the draft interpretation if the accounting for cash contributions was presented first and then the proposal to use the same method for accounting for non-cash contributions, including customer contributions.
3. We support EFRAG, as detailed in paragraph 5 of the EFRAG Draft Comment Letter, that the interpretation should more clearly take into account the terms of the transaction, instead of simply stating that there is always an ongoing obligation to provide access in return for the contribution to provide access in return for the contribution.

DETAILED COMMENTS

Scope

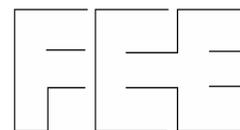
4. We agree with EFRAG that the scope of the draft interpretation is not clear.
5. In addition, we think that it would be helpful to have some examples of how the interpretation would apply to sectors other than the ones provided in the draft interpretation. For instance, when the supplies of goods are involved, the understanding of the proposals may be more difficult to understand and illustrative examples would help.
6. It would be helpful to address the issues presented from the perspective of the customer. While we understand that this is clearly out from the draft interpretation, we believe that addressing this area would enhance the overall understanding of the interpretation and would benefit all users.

General Consensus

7. We broadly support the proposals presented to resolve the issues addressed in the draft interpretation, subject to our general concern regarding the overall approach adopted in the draft interpretation as detailed earlier under General Comments, in addition to other specific issues identified as detailed in this letter.

Accounting for a cash contribution

8. We broadly agree with EFRAG's comments. We think that it would be easier to understand the rationale by starting with the principle of cash contributions, as it is in this discussion that the different ways of looking at the contributions are raised and discussed.



9. We share EFRAG's concern regarding the case of a cash contribution in the consensus and basis of conclusion that there would be no need to consider the existence of a lease. We support EFRAG's call for clarification of this proposal in this respect.

Transition

10. Like EFRAG, we agree with the proposal and support the prospective application of the final interpretation, as justified by the IFRIC in BC33.

Other comments

11. We support EFRAG's comments regarding the label "customer contribution" and that this is misleading, as detailed in paragraph 38 of the EFRAG Draft Comment Letter. We support EFRAG's suggestion to IFRIC that the interpretation should use "cash contribution" and "non-cash contribution".
12. We agree with EFRAG's comments regarding the scope of the interpretation that it would be easier to understand if the opening paragraphs included some examples of the types of transactions being addressed.

Drafting remarks

13. We think that by shortening the EFRAG Draft Comment Letter and prioritising the issues that are identified, the overall understanding of the comments made would improved. We recommend that EFRAG shorten the response and suggest the following to make the letter more user-friendly:
 - We suggest that the two provisions and exceptions presented on page 1 of the covering letter [(a) and (b)] include specific references to the paragraphs in the letter where these issues are explained;
 - In addition, it is not always easy to make the link between the comments under "General Comments" and the comments under "Detail Comments". It is also not clear what the conclusions are for each of the sections under the "Details Comments". We suggest that concluding remarks are included under each section of the "Detail Comments" with specific references where relevant to any comments made under "General Comments";
 - We also think that splitting between "major" comments and "editorial" comments would enhance the understanding of the comments made. For instance, we consider the comments made under paragraph 28 on page 9 of the EFRAG Draft Comment Letter minor and it would be helpful for the reader to present them as such.