

# Accounting Standards Board

Aldwych House, 71-91 Aldwych, London WC2B 4HN

Telephone: 020 7492 2300 Fax: 020 7492 2399

[www.frc.org.uk/asb](http://www.frc.org.uk/asb)



Françoise Flores  
Chair  
European Financial Reporting Advisory Group  
35 Square de Meeûs  
B-1000 Brussels  
Belgium

Email: [commentletter@efrag.org](mailto:commentletter@efrag.org)

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Dear Françoise

## **EFRAG's Draft Comment Letter (DCL) on the IASB's Exposure Draft (ED) 'Revenue from Contracts with Customers'**

This letter sets out the views of the Accounting Standards Board (ASB) on the EFRAG DCL to the above IASB ED.

The ASB is still formulating its response to the IASB on its ED. The ASB is broadly supportive of the attempts to develop one basic approach to revenue recognition, although we agree with EFRAG that there is a need for clarification and refinement of a number of the proposals. That said, the ASB is not convinced, at least from an IFRS perspective, that this is an issue on which a converged solution needs to be prioritised.

As you will recall from the ASB's letter of 26 May 2009 to EFRAG on the IASB's Discussion Paper (DP) on revenue recognition, we did not agree with EFRAG's view that an activity-based revenue recognition model should be adopted. We note that EFRAG is continuing to promote an activity-based alternative model, but from the description given in Appendix 3 of the DCL, the ASB is struggling to understand how it differs from the IASB's proposals. A clearer explanation in the final comment letter would be helpful.

Acknowledging the difference we might have on the proposed model for revenue recognition, the ASB shares many of the views set out in the DCL, including EFRAG's agreement with many of the requirements proposed in the ED. We also agree with EFRAG's view that the IASB should explain more fully how the proposals in the ED are an improvement on current standards.

As noted above, we are still working on the ASB's response to the ED and we will forward EFRAG a copy of the response at the same time as we send it to the IASB. If you would like to discuss these comments, please contact Jennifer Guest on 020 7492 2427 [j.guest@frc-asb.org.uk](mailto:j.guest@frc-asb.org.uk) or me.

Yours sincerely

A handwritten signature in black ink, appearing to read "Ian Mackintosh". The signature is fluid and cursive, with the first name "Ian" being more prominent than the last name "Mackintosh".

**Ian Mackintosh**

**Chairman**

DDI: 020 7492 2434

Email: [i.mackintosh@frc-asb.org.uk](mailto:i.mackintosh@frc-asb.org.uk)