



BELGIAN ACCOUNTING STANDARDS BOARD (CBN-CNC) – COMMENTS

IFRIC Draft Interpretation D 21 Real Estate Sales

On behalf of the Belgian Accounting Standards Board (BASB), I am writing to comment on the IFRIC Draft Interpretation D 21 Real Estate Sales

IFRIC D21 intends to clarify when revenue from the sale of real estate should be recognized if an agreement for sale is reached before the construction of the real estate is completed.

IFRIC D21 intends to clarify whether sale agreements entered into before construction is complete, should be regarded as construction contracts within the scope of IAS11 or agreements for sale of goods within the scope of IAS 18.

IFRIC D21 provides a more detailed definition of construction contracts (buyer specification-principle)

As general remark, we believe that these issues cannot be solved by an interpretation of IFRIC.

Therefore, we recommend a detailed revision of the definition of construction contracts in IAS 11.

We strongly recommend the IASB to take over this issue from IFRIC.



BELGIAN ACCOUNTING STANDARDS BOARD (CBN-CNC) – COMMENTS

More in detail, we believe that the underlying principle and logic to distinguish a contract from delivery of goods from that for the delivery of construction services are not clearly stated (paragraph 9 and 10)

Indicators distinguishing the characteristics of the delivery of goods from those of construction services should be provided.

Finally, more guidance and indicators regarding the timing of transfer of control, significant risks (price risk) and rewards belonging to the ownership of the underlying, not entirely constructed, asset should be provided.

Do not hesitate to contact the Belgian accounting Standards Board for any further information