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Sent: 14 December 2007 16:15
To: Stig Enevoldsen (Deloitte)
Cc: Paul Ebling; [...]
Subject: comment on PAAinE Revenue Recognition

11 December 2007

Stig Enevoldsen

Chairman

EFRAG

Dear Stig,

I am writing on the behalf of the Accounting Standard Committee in Poland. We are pleased to comment on "PAAinE Revenue Recognition–A European Contribution Project".

Re: INVITATION TO COMMENT

Q1. Critical remarks – included in the paper – related to IAS concerning revenues, i.e. IAS 11 and IAS 18 are fair .

Q2.

- a) The aim of the discussion on Revenue Recognition should be developing the set of principles that can be applied for all kinds of the industries and businesses, i.e. generally applied principles. The aim defined in this way is appropriate and realistic.
- b) In the light of the aim defined above the approach presented in the paper is fair, based on not addressing in the paper the special entities' issues such as banks and insurers. Detailed solutions related to these entities would be the subject of the Interpretation.

Q3. Conclusions specified in par. (a) to (g) seems to be fair and complete.

Q4. Generally revenue should be the measure of the activity undertaken to fulfil a contract with a costumer. A reason for this – defined in Q2.a – is the aim of the discussion on Revenue Recognition, which is to develop the set of principles that can be applied for all kind of the industries and businesses, i.e. generally applied principles. However, it does not mean that in some sorts of economic activities (e.g. groceries retail) revenue will not be the measure of the final fulfilling the contract with a costumer. It will depend on the duration and the provisions of the contract.

Q5.

- a) The discussion concerning Approaches A to C seems to be reliable and complete.
- b) –

Q6. The discussion concerning an Approach D seems to be reliable and complete.

Q7. Examples presented in Appendix IV seems to be comprehensive.

Q8. A preferred approach for revenues recognising for contracts realised in whole within one reporting period is Approach A and for contracts lasting longer than one reporting period – an Approach D. The advantage of the Approach A is its simplicity, disadvantage – lack of the possibility expanding to the area of contracts that last longer. Owing to this the finally preferred approach is D, which after development could be more satisfying in various conditions.

Q9. It seems to me that in revenues recognising the essential weight has a supplier's point of view. However, it does not mean not taking into consideration a receiver's point of view.

Q10. A hitherto broad debate on recognising revenues seems to take into account all the aspects of the issue.

Yours sincerely,

Dr. Danuta Krzywda
Member of Polish Accounting Standards Committee