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**International  
Accounting Standards  
Board**

*This observer note is provided as a convenience to observers at IFRIC meetings, to assist them in following the IFRIC's discussion. Views expressed in this document are identified by the staff as a basis for the discussion at the IFRIC meeting. This document does not represent an official position of the IFRIC. Decisions of the IFRIC are determined only after extensive deliberation and due process. IFRIC positions are set out in Interpretations.*

*Note: The observer note is based on the staff paper prepared for the IFRIC. Paragraph numbers correspond to paragraph numbers used in the IFRIC paper. However, because the observer note is less detailed, some paragraph numbers are not used.*

#### **INFORMATION FOR OBSERVERS**

**IFRIC meeting:** July 2008, London

**Project:** D24 *Customer Contributions* – Cover note  
(Agenda Paper 4)

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#### **Background**

1. In April 2008, the IFRIC published for public comment the draft Interpretation D24 *Customer Contributions*. In response to its proposals, the IFRIC received 58 comment letters.
2. The draft Interpretation aims to provide guidance on the accounting for customer contributions received by an access provider. Divergence had arisen in practice with some entities recognising the contributed asset at fair value and others recognising it at a cost of nil. Amongst those that recorded the asset at fair value, some recognised the resulting credit as revenue immediately while others recognised it over the period of the ongoing service.
3. One of the main concerns expressed by respondents to D24 was whether the entity receiving the customer contributions *always* has an obligation to provide

ongoing access to a supply of goods or service. The staff prepared a paper on this key issue (see below).

### **Agenda papers for this meeting**

4. The following agenda papers are provided:
  - AP 4 — Cover note (this agenda paper)
  - AP 4A — Comment letter analysis
  - AP 4B — Whether the entity that receives the contribution has an obligation once connection has been made