

Mr. Hans Hoogervorst, Chairman
International Accounting Standards Board
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London, EC4M 6XH
United Kingdom
(sent via email to info@ifrs.org)

Mr. Russell Golden, Chairman
Financial Accounting Standards Board
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(sent via email to director@fasb.org)

Dear Mr. Hoogervorst and Mr. Golden:

Apple Inc. (“Apple” or the “Company”) supports the Board’s efforts of simplification and international convergence of revenue accounting. We are also supportive of the recent decision by the FASB to propose a one year deferral in the effective date for ASU No. 2014-09, *Revenue from Contracts with Customers*, to allow companies more time to properly implement this comprehensive accounting standard. We understand the IASB plans to meet later this month to discuss the effective date for IFRS 15, *Revenue from Contracts with Customers*. We would like to share with you some complexities that multinational companies, such as Apple, will face when implementing ASU No. 2014-09 and IFRS 15 and encourage the IASB to consider these matters, and our recommendations to address them, in the deliberations for an effective date for IFRS 15. While we highlight Apple’s specific issues below, we believe these are issues that most multinational companies will face.

Apple reports its consolidated results under U.S. GAAP but prepares and files local entity statutory financial statements in many jurisdictions around the world. Many of these local statutory filings are prepared in accordance with IFRS. The Company prepares these local statutory filings by starting with the U.S. GAAP results for the local entity and manually adjusts the local entity’s books for any differences between U.S. GAAP and IFRS. These local GAAP adjustments are easily identified, as they tend to be for stand-alone transactions and are not numerous. If an adjustment does relate to a significant volume of transactions, the nature of the adjustment is such that it can be determined at the aggregate level rather than at the transaction level.

Apple's fiscal year end is the last Saturday in September. For simplicity purposes, the Company has assumed herein that the last Saturday in September falls on September 30 but in reality, the Company's fiscal year often ends prior to September 30. The fiscal year ends for our local entities can differ from the Company's fiscal year end due to statutory requirements. While we have local entities that share the same fiscal year end as the Company, we also have many local entities with fiscal year ends of March 31, September 30 or December 31.

Were the FASB to decide to implement a one year deferral, Apple would intend to implement ASU No. 2014-09 for its consolidated U.S. GAAP results in the fiscal year beginning October 1, 2018. However, by adopting on this date at the consolidated level there are two complexities for our local statutory filings we foresee which we would like to share with you.

First, if the effective date for IFRS 15 is not aligned with the new effective date for ASU No. 2014-09, the Company will have to adopt the new revenue accounting standard for local entities that follow IFRS prior to the Company's adoption of the standard at a consolidated level. Given the volume of transactions involved and the nature of the adjustments, adopting the new revenue accounting standard for only our local entities is not practical and the Company would not be willing to engage in an implementation effort for such a comprehensive new standard solely for its local statutory filings. As a result, Apple would likely have to adopt the new revenue accounting standard at the consolidated level using the original effective date of ASU No. 2014-09. This will effectively negate the one year effective date deferral proposed by the FASB.

Second, even if the IASB aligns the effective date for IFRS 15 with the new effective date for ASU No. 2014-09, the Company will still be forced to adopt IFRS 15 for local entities prior to the adoption of ASU No. 2014-09 for consolidated reporting because of the varying fiscal year ends that exist for our local entities. Similar to the first point, these local entity adoptions would likely result in the Company adopting the new revenue accounting standard at the Consolidated level and effectively negating the one year effective date deferral proposed by the FASB.

To address these complexities, we propose the following recommendations:

- Establish a converged effective date for the new revenue accounting standards.
- Provide a practical expedient that allows multinational companies the option of adopting IFRS 15 for local statutory filings in the first fiscal period beginning after ASU No. 2014-09 or IFRS 15 has been adopted for consolidated purposes.

By way of demonstration, the table below shows the potential adoption dates for Apple and its various local entities under the proposed alternative application dates. The table highlights the fact that even if the IASB grants a similar one year deferral for IFRS 15 as currently proposed for ASU No. 2014-09, the Company has certain local entities that will need to apply IFRS 15 prior to the adoption of ASU No. 2014-09 for consolidated purposes.

Adoption Dates for ASU No. 2014-09 / IFRS 15

Consolidated U.S. GAAP Financial Statements (ASU No. 2014-09)

Apple Inc. fiscal year end	10/1/2018
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Local Statutory Filings (IFRS 15 – No deferral)

December year end	1/1/2017
March year end	4/1/2017
September year end	10/1/2017

Local Statutory Filings (IFRS 15 – Converge with FASB)

December year end	1/1/2018
March year end	4/1/2018
September year end	10/1/2018

Local Statutory Filings (IFRS 15 – Converge with FASB and a practical expedient for multinationals)

September year end	10/1/2018
December year end	1/1/2019
March year end	4/1/2019

Please let me know if you would like to have a call to discuss our position further.

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