



28 January 2008

To: **Members of the Hong Kong Institute of CPAs**  
**All other interested parties**

**INVITATION TO COMMENT ON INTERNATIONAL FINANCIAL REPORTING  
INTERPRETATIONS COMMITTEE (IFRIC) DRAFT INTERPRETATION  
D24 CUSTOMER CONTRIBUTIONS**

***Comments to be received by 31 March 2008***

The Hong Kong Institute of Certified Public Accountants' (Institute) Financial Reporting Standards Committee (FRSC) is seeking comments on the IFRIC Draft Interpretation which has been posted on the Institute's website at: [www.hkicpa.org.hk/professionaltechnical/accounting/exposedraft/content.php](http://www.hkicpa.org.hk/professionaltechnical/accounting/exposedraft/content.php).

Customer contributions are transactions in which an entity – the access provider – receives an asset it uses to provide access to an ongoing supply of goods or services to a customer or customers. In some cases, the access provider receives cash which it must use to acquire or construct the asset that will provide access.

IFRIC D24 addresses a number of areas where practice is diverse. It clarifies in particular:

- whether a customer contribution should be recognised as an asset and, if so, whether it should be initially recognised at cost or fair value;
- whether an agreement to provide ongoing services using a contributed asset contains a lease;
- how to account for the credit that arises from the recognition of a customer contribution at fair value;
- how to account for a cash contribution.

IFRIC D24 proposes the following accounting for the receipt of customer contributions:

- All access providers will be required to recognise contributed assets and revenue from providing access to a supply of goods or services over the period access is provided.
- Those access providers that have previously not recognised contributed assets will now recognise increased property, plant and equipment and revenue.
- Those access providers that have previously recognised revenue immediately on the receipt of a contributed asset may now be required to recognise it over a longer period.

IFRIC D24 would be applied prospectively.



Hong Kong Institute of  
**Certified Public Accountants**  
香港會計師公會

In accordance with the Institute's Convergence Due Process, comments are invited from any interested party and the FRSC would like to hear from both those who do agree and those who do not agree with the proposals contained in the Draft Interpretation.

Comments should be supported by specific reasoning and should be submitted in written form.

To allow your comments on the IFRIC Draft Interpretation to be considered, they are requested to be received by the Institute on or before **31 March 2008**.

Comments may be sent by mail, fax or e-mail to

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Comments will be acknowledged and may be made available for public review unless otherwise requested by the contributor.