

**From:** Tsutomu Mannari [mailto:chappy31@m5.kcn.ne.jp]  
**Sent:** 11 October 2010 03:56  
**To:** Commentletters  
**Subject:** comment letter to Exposure draft of Revenue from Contracts with Customers

Dear any member of the board.

I am a practitioner dealing with our outside auditors daily basis arguing about the timing and the gross/net of the revenue recognition for overseas transaction mainly as an intermediary. Sanyo Electric Co., Ltd is a worldwide manufacturer and distributor of the electronics goods and components. I do not officially represent Sanyo's position. However, I would like to submit my personal comments and also ask some specific questions as followings,

Q1. I Agree.

Q2. I do not agree. Only in the case where the entity conducts multiple lines of businesses or segments and have a contract that covers more than one line of business or segment, the entity should account for a performance obligation of each line of business or segment for separately. Where a contract only deals with a single line of business or segment of the entity, the entity should identify one particular main performance obligation that directly relates to the purpose of the contract and is paid for by its customer and account for as revenue. All other performance obligations are only attached to the main performance obligation of the contract and not for profit. Therefore they should not be accounted for as part of revenue but as either expenses or income depending upon their nature.

Q3. Yes.

Q4. I agree.

Q5. I agree. However, relating to this Q, the Example #20 is not clear to me. I understood that the revenue is CU90. Why the receivable is CU90 instead of CU100. After the transaction date, any impairment is not recognized as a reduction of revenue but an expense. Even within the same accounting period, is it applicable? Is bad debt reserve is the liability account to be credited? If so, CU100 should be debited as accounts receivable and CU10 of bad debts reserve account is credited

Q6. I agree.

Q7. I do not agree. Please refer to the above Q2.

Q8. Yes, I think so.

Q9. I agree.

Q10. Yes.

Q11. Yes.

Q12. Yes. It would be better to be harmonized with the segment information disclosure.

Q13. I agree.

Q14. Yes, I think so.

Q15. I do not agree. (a) It is not a separate performance obligation. Therefore, it should be accounted as a reduction in revenue. (b) It is a separate performance obligation that is attached to the main performance obligation of the contract and therefore it should be accounted for as an expense. Please refer to my opinion to the above Q2.

Q16. I agree as long as the selling or permitting the use of its own license is one of the entity's main line of business for profit. If not, it should not be recognized as revenue but as an income or reduction in expense.

Q17. I agree.

Best Regards,

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