

Milan, October 20, 2010

Sir David Tweedie Chairman International Accounting Standards Board 30 Cannon Street London EC4M 6XH United Kingdom

Ref.: Exposure Draft ED/2010/6 "Revenue from Contracts with Customers"

Dear Sir David,

we are writing in response to your invitation to comment the Exposure Draft Revenue from Contracts with Customers published by the IASB in June 2010 (the "ED").

During last year the main European telecommunication operators, including Telecom Italia, have been engaged in discussions with the IASB staff and IASB members regarding the possible impact on the telecommunications ("TLC") industry of the new model jointly developed by the IASB and the FASB (together "the Boards"). In those meetings and in our comment letters we have highlighted a number of concerns that could significantly impact our industry, that we regard as critical issues and not attributable to a simple resistance to change.

We support the Boards objective of a single revenue standard, however we acknowledge that, despite the recent discussion between IASB and our industry, we have not found any signal from the Boards to amend the proposed model (except for some minor changes that have been introduced in the ED).

Hence, we must reiterate the already expressed concerns on the implementation of the proposed model in its current shape. Our comments with a brief introduction of Telecom Italia Group and our industry background are set forth in the appendix herein enclosed.

We inform the IASB that some of the following comments have been shared with other telecommunications companies, while other comments reflect our specific views. Nevertheless, this letter is solely submitted in our capacity and does not engage other companies.

We thank you for the opportunity to submit our contribution on this matter.

Very truly yours,

Riccardo Taranto Chief Accounting Officer



APPENDIX

1. PROFILE OF TELECOM ITALIA GROUP AND INDUSTRY BACKGROUND

Telecom Italia S.p.A. and its subsidiaries operate mainly in Europe, the Mediterranean Basin and South America, with around 92 million of mobile-lines, more than 22 million fixed-line network connections, and around 10 millions of broadband accesses (as of June 30, 2010, including Telecom Argentina group). In 2009, the Group recorded revenues for approximately 27 billion euros.

The Telecom Italia Group is engaged principally in the communications sector and, particularly, the fixed and mobile national and international telecommunications sector, the television sector and the office products and Information Technology services sector.

The telecommunications industry is capital-intensive with operators investing heavily in licences and network infrastructures. Deregulation, increasing competition and continuing development of new technologies characterise our industry. Operators have responded mainly by offering bundled service packages to customers through different distribution channels, and by investing in the acquisition and retention of customers.

The business of telecommunications industry is mainly represented by services. Products are sold separately or in combination with services primarily in order to:

- enable clients to using TLC services (e.g. mobile phone, SIM card, modem, etc.);
- simplify the customer experience with TLC services, especially when the service fruition requires a combination of different technologies (e.g. in the ICT services: netbook, software, remote data-servers, etc.).

2. PRELIMINARY COMMENTS

2.1. The current accounting model

The accounting model used by the major telecommunications services operators within Europe and the United States is the relative fair value model, with a "contingent revenue cap" applied to up-front equipment provided as a contract incentive to the customer. Equipment revenue is typically the price paid up-front by the customer; service revenue is dependent upon the provision of services and on customer purchase decisions and is recognised as services are delivered. We believe that the current model:

- results in accounting that mirrors the underlying nature of the business as viewed by management, investors, analysts and other users of the accounts; infact, from this perspective, the customer acquisition costs in the form of handset discounts are intended as typical costs incurred up-front to secure future service revenue;
- results in reliable revenue information despite large customer numbers and near-infinite contract variability;
- provides good comparability between telecommunications companies;
- is not unduly sensitive to management estimation;
- avoids the accrual of material amounts of revenue which will only be received if future services are provided;
- results in recognised revenue that correlates closely to the cash flows generated from customers; and
- provides strong predictive information regarding the likely value of future cash flows.

The ED identifies in difficulty to apply IAS 18 Revenue and IAS 11 Construction Contracts to transactions beyond simple transactions, as one of the reasons to introduce a new standard on revenue recognition.



According to us, this alleged difficulty does not represent an issue in the telecommunications industry and we do not see reasonable grounds to change the current accounting model.

2.2. The main expected impacts of the proposed model

The implementation of the model in its current shape entails the following critical issues for our industry:

- difficulties to implement the proposed model the new model, with its complexity (see details below), combined with a context characterized by millions of customers and rapidly changing offerings, could not be applicable without significant simplifications; furthermore we believe that the adoption of the new model involves considerable costs and investments for the implementation of information systems and the review of the operating procedures that commit entities for several years (please see below the paragraph 2.3); in that situation the following scenario is likely for the TLC companies:
 - o TLC companies would seek significant simplifications in the application of the model that could give rise to divergences from the theory of the proposed model in contrast with the objective of achieving greater uniformity in revenue treatment;
 - o the new model could materially influence the commercial policies of TLC companies leading to effects other than those that normally a new standard pursues; we understand that the goal of a new accounting standard is to make the business phenomena more intelligible to users of financial statements and not to directly or indirectly affect the business model of entities;
- disorientation of investors the new model implies an intensive use of estimates, a mismatch between cash flows and revenues, as well as the need for a continuous adjustment of values during the contract period; this dynamic is difficult to understand by all users of financial reports including the most experienced ones. The requirement for an additional disclosure in the notes to the financial statements (an additional burden for the preparers) represents a clear evidence that the new model introduces complexity in accounting for revenues; according to us, such wide additional and complex information could undermine the understandability of the financial information and could give rise to a greater uncertainty in the process of evaluation of the companies performed by the investors, finally resulting in a detriment for TLC companies values.

2.3. Balance between complying costs and benefits for users of financial statements

In telecommunications industry the application of the proposed model could be complex or even not practicable due to the features of the telecommunications transactions. Telecommunications industry is characterised by a base of millions of customers, thousand products, services and offers, several tariffs (regulated and not), different country markets, and different terms of payment due from customers (e.g. pre-paid, post-paid).

This means a huge number of combinations in contracts with customers. Therefore the application of the new model on a contract-by-contract basis would result almost impossible to manage.

Due to the abovementioned complexity of the proposed model, the telecommunications companies would incur significant expenditures in order to upgrade their information technology systems, operational procedures, internal control and reporting systems. Based on the foregoing, we believe that the costs to comply with the new standard outweighs the benefits for users and therefore we invite the IASB to perform a further deep analysis before issuing the final version of the standard.



Question 1

Paragraphs 12-19 propose a principle (price interdependence) to help an entity determine whether:

- (a) to combine two or more contracts and account for them as a single contract;
- (b) to segment a single contract and account for it as two or more contracts; and
- (c) to account for a contract modification as a separate contract or as part of the original contract.

Do you agree with that principle? If not, what principle would you recommend, and why, for determining whether (a) to combine or segment contracts and (b) to account for a contract modification as a separate contract?

We do not agree with the proposed principle of price interdependence because we believe it is misleading, difficult to apply, and open in practice to different interpretations.

In our industry, especially in the "business" and "top clients" market segments, the customer relationship is characterized by several contracts containing combinations of different products and services. Therefore it would be difficult to perform the analysis of combining or segmenting the various and several contracts with customers.

Furthermore, the TLC industry is characterized, in particular with respect to the products, by a certain volatility of the market prices (e.g. price differences come out from different sales channels, promotional campaigns, short-life cycle of certain products, etc.). Such market features provide a baseline so unstable that it is not suitable for the analysis required by the model for the price interdependence assessment.

We also underline that the indicators stated in the ED to determine whether the prices are interdependent or not, are vague and could lead to results not consistent with the nature of the underlying transaction. For example, some offerings combine products, services and complex technologies with the main purpose to offer simplified and ready-to-use solutions to the customer. Such bundles are normally entered into at the same time and are negotiated as a package, nevertheless they are not intended to balance prices from a deliverable to another one even if they could include certain discounted components.

The "price interdependence" analysis is required not only at the inception of the contract but also with regard to "contract modification" (ED, par. 19). That statement appears to us not clear with reference to what has been prescribed in paragraphs 12 - 16: in par. 19 and par. B39, the "price interdependence" analysis has to be performed between the prices before and after the contract modification of the same contract, whereas in paragraphs 12 – 16 the analysis has to be performed between prices included in two or more <u>current</u> contracts (combining), or in a single <u>current</u> contract (segmenting).

It is not clear to us how to consider the indicators of interdependent prices in par. 13 (entering time, negotiation as package, performing time) in contract modification.

Following the examples in ED, par. B3, the "price interdependence" assessment is focused on whether the new prices are discounted or not with respect to the stand alone selling price. That appears not coherent with the ED, par. 14 that states that the price is not interdependent with the price of another contract solely because the customer receives a discount as a result of an existing customer relationship.

In conclusion, we believe that the analysis required by the ED is not clearly explained and it is highly sensitive to discretionary judgements, resulting in a detriment of financial information comparability. As an alternative, we propose that in combining or segmenting contracts for accounting purposes, the entity should consider the substance of the arrangement and its overall economic effect with reference to the qualitative principles set forth in the Framework for the Preparation and Presentation of Financial Statements.



Ouestion 2

The boards propose that an entity should identify the performance obligations to be accounted for separately on the basis of whether the promised good or service is distinct. Paragraph 23 proposes a principle for determining when a good or service is distinct.

Do you agree with that principle? If not, what principle would you specify for identifying separate performance obligations and why?

We agree with that principle.

However we see a contradiction between i) the statement in par. 20 where the entity shall evaluate the terms of the contract and its <u>customary</u> business practice to identify all promised goods or services, and ii) the statement in par. 23.(a) where the entity shall consider also if <u>another entity</u> sells an identical or similar good or service separately.

In order to simplify that principle, we suggest to limit the condition stated in par. 23.(a) to the ordinary course of business of the entity dropping the wording "or another entity". As a second alternative, we think that the analysis whether "another entity sells an identical or similar good or service separately" should be performed only with reference to the entity's industry.

Ouestion 3

Do you think that the proposed guidance in paragraphs 25-31 and related application guidance are sufficient for determining when control of a promised good or service has been transferred to a customer?

If not, why? What additional guidance would you propose and why?

The proposed definition of control seems more relevant to products than services.

In particular, the indicators provided by the ED are not clearly referable to services and therefore we believe that the assessment of transferring of control in case of services would need additional guidance.

Currently the concept of control is addressed by various IFRSs (IFRIC 12, IFRIC 15, SIC 12, IAS 39, ED 10); in order to assure consistency across the standards, the concept of control should be defined at the conceptual framework level.

We report, in view of the revision of the standard on Leases, the difficulties that arise in distinguishing "purchase" or "sale" from "lease".

While the ED has moved from the concept of "risks and rewards" to the new concept of "control" in determining the transfer of goods or service, the Exposure Draft on leases continues to include the criterion of "risks and rewards" in conjunction with the criterion of "control" in distinguishing a lease from a purchase or sale.

In other words, the definition of "control" ("the ability to direct the use of, and receive the benefits from the good or service") is coincident in the two Exposure Drafts, however:

- in the Exposure Draft on Revenues from Contracts with Customers, a retention of risks by an entity as a result of a sale does not preclude but rather result in performance obligations, reduction in revenues or provisions, according to the nature of the risks, while
- in the Exposure Draft on Leases, in determining whether it is a sale, it is required that the entity had transferred the control of the asset and most of the risks associated.

Another inconsistency emerges from the principal vs agent considerations of the ED where the position of principal is assessed with respect to whether the entity obtains the control of goods or services before it transfers those goods or services to the customer, while the position of agent is verified considering indicators based on "risks and rewards".



Question 4

The boards propose that if the amount of consideration is variable, an entity should recognise revenue from satisfying a performance obligation only if the transaction price can be reasonably estimated. Paragraph 38 proposes criteria that an entity should meet to be able to reasonably estimate the transaction price.

Do you agree that an entity should recognise revenue on the basis of an estimated transaction price? If so, do you agree with the proposed criteria in paragraph 38? If not, what approach do you suggest for recognising revenue when the transaction price is variable and why?

We disagree with the Board's proposal of recognising revenue on the basis of an estimated transaction price.

According to us, this accounting requirement would result in:

- difficulties to estimate the transaction price on a reasonable basis: as we said above, we believe that due to the huge number of possible combinations of services and products with different prices that characterize our industry, the new accounting model would result extremely complex for the purposes of determining the estimated transaction price; furthermore, due to the rapid and continuing change in the offerings and the short-time life cycle of the products, the entity's experience for similar types of contracts could result not being useful for making reasonable estimates;
- recognition of contingent or variable revenues: the proposed model entails a recognition of
 revenues that are not yet fixed or determined, and that should be reversed if the
 counterpart's behaviour would be not in line with the entity's expectations. Such accounting
 would result in an overestimate of revenues and would increase their uncertainty; in this
 instance, we fail to understand how the entity's investors would be provided with useful and
 reliable information through the application of the proposed model.

Therefore, our concerns are that this accounting requirement would not be well understood by investors, and that the measurement of the contingent revenue element would be highly subjective (even considering the guidelines stated in ED, paragraphs 38-39). The new accounting requirements seem to be in contrast with the Boards' stated objective for the new standard: "improve comparability of revenue recognition practices across entities, industries, jurisdiction, and capital market" (ED, par. IN2.(c)).

As an alternative, we propose not to reflect contingent or variable revenue in the transaction price until the moment that the contingent or variable revenue becomes fixed or determinable.

Such approach would be more reliable and objective than the measurement based on the probability weighted method, because we believe that it better serves the financial statement users and reduces operational complexity for preparers.

Question 5

Paragraph 43 proposes that the transaction price should reflect the customer's credit risk if its effects on the transaction price can be reasonably estimated. Do you agree that the customer's credit risk should affect how much revenue an entity recognises when it satisfies a performance obligation rather than whether the entity recognises revenue? If not, why?

We do not agree that the customer's credit risk should affect how much revenue an entity recognises.

It seems to us that the item (a) "collectibility" is not homogeneous and coherent with the other items stated in par. 42: the event of a customer that does not pay represents a circumstance that is



outside the contract and cannot be resolved examining the contract. In other words it represents a subsequent event that normally is not related to the contract inception.

Moreover, commonly the credit risk is as greater as longer is the expected time before cash inflow. In other terms the credit risk is closely related to receivables rather than revenues.

The inclusion of credit risk in determining the transaction price seems to be inconsistent with the allocation method where revenue and cash flows are mismatched and where a portion of revenue could be recognised up-front without regards to the fact that the related cash flows are contingent to performing subsequent obligations.

For those reasons, we believe that collectibility should not be included in the transaction price.

Question 6

Paragraphs 44 and 45 propose that an entity should adjust the amount of promised consideration to reflect the time value of money if the contract includes a material financing component (whether explicit or implicit). Do you agree? If not, why?

We agree that an entity should adjust the amount of promised consideration to reflect the time value of money if the contract includes a material financing within the contract.

However, we note that the ED requires a different treatment of the credit risk depending on the existence or not of a material financing component within the contract:

- if there is a material financing component, the entity should consider the specific rate that would be used in a separate financing transaction between the entity and the customer; in such a case, since that rate already includes the customer credit risk, the entity should not adjust the transaction price for the collectibility risk;
- if there is not a material financing component, the entity should adjust the transaction price.

We believe that this accounting bifurcation required by the ED represents an undue complication and could lead to a financial information not easily understandable by users

Moreover, due to the large number of customers, evaluating the specific credit risk rate to be applied would be extremely burdensome for us.

In order to simplify the measurement of the time value of money and avoid accounting bifurcation, we strongly invite the Boards to consider the use of a rate that includes only the time value (i.e. a risk-free rate) as discount or interest rate instead of the specific credit risk between the parties.

Question 7

Paragraph 50 proposes that an entity should allocate the transaction price to all separate performance obligations in a contract in proportion to the stand-alone selling price (estimated if necessary) of the good or service underlying each of those performance obligations. Do you agree? If not, when and why would that approach not be appropriate, and how should the transaction price be allocated in such cases?

We do not agree with the proposed allocation method.

We believe that this method does not reflect the substance of the TLC business where huge investments in networks infrastructure and licences are recovered by rendering services rather than through sales of equipment to customers.

We stress again that, in TLC industry, the equipment represents just a device enabling the customer to access a network and receive services. Since wireline or wireless operators are commonly not



equipment manufacturers, such products are just intermediated at cost or with a little margin from manufacturers to the TLC operator's customers.

Nevertheless, under the proposed model, in bundle-offerings including equipment and services, the stand-alone selling price method emphasizes the portion of revenue to be allocated to the equipment in respect of the portion of revenue to be allocated to the undelivered services.

The allocation method of the transaction price in proportion to the stand-alone selling price generates a mismatch between revenue and cash flow patterns whenever the contract-stated prices are not in proportion with the stand-alone selling price. For example, in case of a bundle including a discounted handset and a subscription for airtime at a monthly flat rate, such approach could result in an initial recognition of revenue for the delivery of the handset with an amount greater than the amount related to the cash to be received from customer.

That excess of value would be collected providing the customer with the subsequent services, or, in other words, a portion of the already recognised revenue is contingent to the satisfaction of the future obligations. We believe that this approach is non consistent with "neutrality" and "prudence" principles set forth in the Framework for the Preparation and Presentation of the Financial Statements under IFRS.

Furthermore, in our industry, the determination of the stand-alone selling price would be a challenging task. For example, at the same measurement date, the price of a handset significantly varies depending on the sale channel (mass market chain, local retailer, direct channel, Internet shop, country, etc.) and the obsolescence grade of the product (the price of a handset can collapse within few months). The same issue can be raised with respect to services, e.g. for mobile services, the price of a minute of airtime can vary depending on the several usage profiles (length of the plan, flat monthly fees or pay as you talk, free calls to other subscribers, with or without connection fee, length of the call, etc.).

This instable market basis would imply a high volatility and uncertainty in determining stand-alone selling prices. Once again, the proposed model could impair the financial information comparability.

We think that the proposed approach should be balanced by the introduction of the contingent revenue cap, that limits the recognition of revenue to the amount that is not contingent to the delivery of additional items (goods or services).

Question 8

Paragraph 57 proposes that if costs incurred in fulfilling a contract do not give rise to an asset eligible for recognition in accordance with other standards (for example, IAS 2 or ASC Topic 330; IAS 16 or ASC Topic 360; and IAS 38 Intangible Assets or ASC Topic 985 on software), an entity should recognise an asset only if those costs meet specified criteria.

Do you think that the proposed requirements on accounting for the costs of fulfilling a contract are operational and sufficient? If not, why?

We think that the treatment of the costs is consistent with the proposed model; however, we do not fully agree with the choice of the Boards with regard to the cost of obtaining contract, that represents a discontinuity with respect to our current approach.

In the ED the subscriber acquisition costs should be expensed when incurred and therefore their capitalisation is bluntly excluded.

We believe that the reasons for such exclusion are not sufficiently explained in the ED. We believe that this choice is not consistent with current IAS 38 *Intangible Assets*: indeed, in the ED, subscriber acquisition costs would be expensed even if they met the criteria of IAS 38.

Therefore we kindly invite the Boards to revise their proposed treatment in order to include also the cost of obtaining a contract under the criteria set out in par. 57 for their possible recognition as an asset if certain conditions are met.



Question 9

Paragraph 58 proposes the costs that relate directly to a contract for the purposes of (a) recognising an asset for resources that the entity would use to satisfy performance obligations in a contract and (b) any additional liability recognised for an onerous performance obligation.

Do you agree with the costs specified? If not, what costs would you include or exclude and why?

As we said above, we believe that the costs of obtaining a contract should be recognised as an asset if they meet the criteria of par. 57 for the purpose of letter (a). and in any case for the purpose of letter (b).

As regards to paragraph 58 (b) we do not agree with the requirement of identifying an onerous position at the level of each performance obligation within the contract. In case of an overall profitable contract the proposal of the ED to account for onerous performance obligations within the contract, results in a misrepresentation of the position of the entity with respect to the related contract with a customer.

We believe that the test whether the costs exceed the transaction price should be conducted on a contract level only.

Ouestion 10

The objective of the boards' proposed disclosure requirements is to help users of financial statements understand the amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Do you think the proposed disclosure requirements will meet that objective? If not, why?

We support the IASB objective to help users of financial statements to understand the amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

However, we believe that the need of an additional disclosure is mainly a consequence of the complexity of the proposed model. The introduction of the "contract asset" and "contract liability" concepts entails the required reconciliation of the contract balances (paragraphs 75 and 76) and further information about performance obligations (paragraphs 77 and 78).

We do not see these requirements as a help for financial statement users. We are concerned that the kind of disclosure, on the side of an entity would be onerous to prepare, and on the side of financial statement users, would not be easily understandable.

We believe that many of the proposed disclosures would be avoided if the model was simplified. In particular, we refer to the retention of the contingent revenue cap, the reduction of estimates and subjective judgements for the determination of the stand-alone selling prices and of the transaction price.



Ouestion 11

The boards propose that an entity should disclose the amount of its remaining performance obligations and the expected timing of their satisfaction for contracts with an original duration expected to exceed one year.

Do you agree with that proposed disclosure requirement? If not, what, if any, information do you think an entity should disclose about its remaining performance obligations?

We believe that the proposed disclosure could be useful and necessary for certain industries, but not for services like the ones provided by TLC companies; infact, the TLC industry commitment with respect to its customers is represented by the maintenance and improvement of its network capacity in order to satisfy customers' evolving needs through the provision of services.

Ouestion 12

Do you agree that an entity should disaggregate revenue into the categories that best depict how the amount, timing and uncertainty of revenue and cash flows are affected by economic factors? If not, why?

We generally agree with the proposal.

Question 13

Do you agree that an entity should apply the proposed requirements retrospectively (i.e. as if the entity had always applied the proposed requirements to all contracts in existence during any reporting periods presented)? If not, why? Is there an alternative transition method that would preserve trend information about revenue but at a lower cost? If so, please explain the alternative and why you think it is better.

We think that the retrospective application of the proposed model as presented in the ED is not feasible for telecommunications companies. The retrospective application would require the assessment of millions of contracts over at least three years (five years considering the selected information provided for the US market). Most of the data required by the proposed model are currently not recorded (e.g. stand-alone selling prices, contract assets / liabilities, customer credit risk, etc.) and the implementation of the appropriate procedures is expected to take a significant time that would be greater then the common period foreseen between the publication of the final standard and the effective date.

We believe that the retrospective application is necessary to assure comparability, however, in order to make the retrospective application feasible, the proposed model should be simplified especially with regards to the concerns we have set out in the previous answers.



Ouestion 14

The proposed application guidance is intended to assist an entity in applying the principles in the proposed requirements. Do you think that the application guidance is sufficient to make the proposals operational? If not, what additional guidance do you suggest?

The extensive application guidance is a clear indicator of the complexity of the proposed model. We suggest to the Boards to concentrate their efforts on clarifying and improving the standard rather then providing a detailed application guidance.

Question 15

The boards propose that an entity should distinguish between the following types of product warranties:

- (a) a warranty that provides a customer with coverage for latent defects in the product. This does not give rise to a performance obligation but requires an evaluation of whether the entity has satisfied its performance obligation to transfer the product specified in the contract.
- (b) a warranty that provides a customer with coverage for faults that arise after the product is transferred to the customer. This gives rise to a performance obligation in addition to the performance obligation to transfer the product specified in the contract.

Do you agree with the proposed distinction between the types of product warranties? Do you agree with the proposed accounting for each type of product warranty? If not, how do you think an entity should account for product warranties and why?

We agree with the proposal.

Question 16

The boards propose the following if a licence is not considered to be a sale of intellectual property:

- (a) if an entity grants a customer an exclusive licence to use its intellectual property, it has a performance obligation to permit the use of its intellectual property and it satisfies that obligation over the term of the licence; and
- (b) if an entity grants a customer a non-exclusive licence to use its intellectual property, it has a performance obligation to transfer the licence and it satisfies that obligation when the customer is able to use and benefit from the licence.

Do you agree that the pattern of revenue recognition should depend on whether the licence is exclusive? Do you agree with the patterns of revenue recognition proposed by the boards? Why or why not?

We do not agree with the proposal that the pattern of revenue recognition should depend on whether the licence is exclusive or not. We believe that whether a performance obligation has been satisfied or not shall be assessed with regard to the continuing involvement of the entity.

Furthermore, we believe that a conceptual link between the ED and the recent Exposure Draft "Leases" is essential. We acknowledge that the leases on intangible assets are out of scope of the Exposure Draft "Leases", but, following the introduction of the "right of use" model, it is difficult to understand why the accounting for a promised asset should differ depending on whether the asset is tangible or intangible. Moreover it becomes even more difficult to distinguish a service from a lease.



In conclusion, we believe that the proposal should be better clarified taking into account the conceptual basis of the ED proposed model and making it consistent with the proposed model on leases.

Question 17

The boards propose that in accounting for the gain or loss on the sale of some non-financial assets (for example, intangible assets and property, plant and equipment), an entity should apply the recognition and measurement principles of the proposed revenue model. Do you agree? If not, why?

We agree with the proposal.

Question 18

[FASB only]: Should any of the proposed requirements be different for non-public entities (private companies and not-for-profit organisations)? If so, which requirement(s) and why?

Not commented.