March 11, 2012

Sir Hans Hoogervorst Chairman of the IASB

> A Certified Public Accountant (Japan) Hideo Niwa

Dear Sir Hans

I appreciate this opportunity to comment on the IASB exposure draft "Revenue from Contracts with Customers" (hereinafter referred as ED).

I am a member of a committee which is organized by Japan's Ministry of Land, Infrastructure, Transport and Tourism (MLIT) for researching policy for Japanese construction industry; therefore, I would like to have precise understanding of the ED and submit my comments as the following:

Re: Q.1

In paragraph 31 of the ED, revenue is recognized when an entity satisfies its performance obligation through the transfer of a promised good or service to a customer. Also, paragraphs 35 and 36 discuss criteria for performance obligations satisfied over time and stipulate the recognition of revenue by an entity over time in such cases.

My main concern is progress payment system applied by worldwide construction projects, except for Japanese construction market. Payment itself might be an unrelated factor at the recognition of revenue; whereas the customer's acceptance made for monthly payment request should be inevitable in consideration of the transfer of control. Examining the ED, I could not understand that Japanese general contractors were allowed to apply the percentage-of-completion methods as contractors worldwide or not.

Adding a certain view on customer's acceptance for the ongoing construction projects might be helpful to understand Japanese general contractor's position clearly.