



International Accounting Standards Board  
30 Cannon Street  
London  
EC4M 6XH

29 February 2012

Copies to: International Accounting Standards Board Members  
Henry Rees, Senior Project Manager, IASB

### Exposure Draft "Revenue from Contracts with Customers"

Dear Sir/Madam

During the last few years we have, in conjunction with other global telecommunications operators, been actively engaging in outreach discussions with the IASB and the IASB Staff in relation the proposed revenue accounting standard. We have highlighted the negative impacts that would be suffered by the telecommunications industry if the proposed new revenue accounting standard is adopted without revision, including why:

- despite any theoretical merit of the proposed methodology, we believe the resulting accounting will be seriously detrimental to the usefulness of our accounts;
- there are serious practical difficulties with implementation; and
- adoption is likely to be very costly for us.

To assist with the outreach process, Vodafone, France Telecom, Deutsche Telekom and Telefónica have recently undertaken an exercise to obtain feedback from telecommunications analysts on the desirability of the proposed changes for our sector:

- None of the respondents supported the changes.
- Over 90% of respondents actively disagreed with the changes.
- The following comment received captures the overall sentiment of the responses:

**[the proposals] "will leave us with accounts more open to human error and human distortion, less cross sector comparability and worse alignment between income statement earnings and cash flow generation."**

The feedback obtained further confirms our view that the proposed revenue standard, if adopted in its current form, would be hugely adverse for the telecommunications industry. A summary of the responses and comments received is attached.

We urge the Board to permit sufficient flexibility in the new revenue standard to accommodate an outcome for our industry that is both consistent with our business model and would be practical to implement; we believe that this is achievable without adversely impacting other sectors and would better meet the objectives of the IFRS Framework.

We appreciate that the Board's outreach activities are ongoing and will be happy to engage in further discussions with the Board with a view to achieving a suitable solution.

Yours faithfully

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## Appendix 2 – User briefing paper

# PROPOSED REVENUE RECOGNITION STANDARD – IMPACT ON TELECOMMUNICATIONS COMPANIES

## 1 Executive summary

This paper has been jointly prepared by Vodafone, France Telecom, Deutsche Telekom and Telefónica (the 'preparers').

A new revenue recognition standard has been proposed that would require telecommunications operators ('operators') to substantially change the basis of reported revenue and costs. In particular, there will be two key accounting changes:

- Increased equipment revenue would be recognised against discounted handsets sold with airtime agreements to customers through the operators' own retail outlets. In turn, service revenue for these agreements will be reduced.
- The incremental costs of obtaining a contract that an entity expects to recover will be capitalised and amortised as goods or services are transferred to the customer.

We, being preparers of financial information, believe that the proposed standard will have a significant negative impact on the usefulness and comparability of revenue and costs reported by telecommunications operators. We are seeking feedback directly from the investor and analyst community to ensure that the IASB receives appropriate feedback from the users of our financial statements.

This paper presents:

1. Executive summary
2. Background to the proposed revenue standard.
3. Effect of the proposed standard on revenue accounting.
4. Effect of the proposed standard on accounting for costs of acquiring a contract.
5. Timing of implementation
6. IASB / FASB rationale to support the new model
7. Request for feedback

## 2 Background

The International Accounting Standards Board ('IASB') and Financial Accounting Standards Board ('FASB') are undertaking a joint project to replace existing IFRS and US GAAP revenue accounting guidance with a single new joint standard. The project is a key part of the joint projects underway between the IASB and the FASB (jointly 'the boards') that may ultimately facilitate the adoption of IFRS in the US.

The new standard will replace extensive, and sometimes inconsistent, US GAAP guidance as well as IFRS guidance that is sometimes perceived as lacking sufficient scope and clarity.

Key project milestones are:

- Project commenced in 2002.
- Discussion paper issued for comment in December 2008.
- Exposure draft of the proposed standard issued in June 2010.
- Second exposure draft issued November 2011.
- Final standard due in the second half of 2012.
- Required adoption date – not before 1 January 2015.

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We have provided extensive feedback on the proposed model to the boards during the process to date, however we are not currently satisfied that the proposed model provides a practical or useful basis for reporting the results of telecommunications operators.

### 3 Effect of the proposed standard on revenue accounting

#### 3.1 Revenue accounting impact

The following is an extract of the IASB and FASB’s own summary of the impact of the model on revenue recognition in the telecommunications industry:

*Companies in the telecommunications industry have a large number of contracts for the delivery of a handset and a network service. Many of those companies offer their customers “free” or heavily subsidized handsets at contract inception. In current practice, most network service providers recognize as revenue any consideration received for the handset at contract inception when the handset is delivered to the customer. If no consideration is received at contract inception, the entity would not recognize any revenue upon delivery of the handset. Revenue for the network service typically is recognized monthly as billed.*

*In contrast, in accordance with the proposed revenue model, an entity would allocate the total transaction price (i.e. the amount received for the handset plus the sum of the monthly service charges) across the handset and the network services on a relative standalone selling price basis.*

*Under current practice, the cost of the handset typically would be recognized as cost of sales upon delivery of the handset. Under the proposed model, the cost of the handset similarly would be recognized as cost of sales upon delivery of the handset.*

Below is an example which is based on an example produced by the boards, extended to show the differing impact for sales through operators’ own stores (‘direct channel’) and for sales through third party dealers (‘indirect channel sales’). The example is simplified; it ignores the time value of money and assumes that the customer must complete the contracted term whereas in practice early upgrade, downgrade or exit may be possible.

#### **Example**

An entity enters into a contract with a customer for a handset and twenty four months of network services. The customer pays CU100 at the time of delivery of the handset and CU20 per month for twenty four months. At the end of the contract term, the customer will continue to pay CU20 per month until the customer cancels the service or enters into a new contract.

The handset is sold on a standalone basis (i.e. without a customer’s commitment to purchase a network service) for CU250. The entity sells network services on a standalone basis for CU20 per month.

Current accounting practice results in the same service revenue for a given tariff regardless of sales channel:

*Direct channel – the handset and airtime are sold by the operator:*

	T <sub>0</sub>	T <sub>1-24</sub>	Total
Handset	100	-	100
Network service	-	<u>480</u>	<u>480</u>
Total revenue	100	480	580

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*Indirect channel –handset provided by the dealer:*

	T <sub>0</sub>	T <sub>1-24</sub>	Total
Handset	-	-	-
Network service	-	<u>480</u>	<u>480</u>
Total revenue	-	480	480

The proposed model will result in different service revenue for a given tariff, depending on sales channel:

*Direct channel - additional revenue is allocated to the handset:*

	T <sub>0</sub>	T <sub>1-24</sub>	Total
Handset	199 <sup>a</sup>	-	199
Network service	-	<u>381</u> <sup>b</sup>	<u>381</u>
Total revenue	199	381	580

*Indirect channel accounting remains unchanged since the dealer sells the handset<sup>c</sup>:*

	T <sub>0</sub>	T <sub>1-24</sub>	Total
Handset	-	-	-
Network service	-	<u>480</u>	<u>480</u>
Total revenue	-	480	480

<sup>a</sup> CU199 = CU250 selling price of handset / (CU250 + CU480 selling price of network services) \* CU580 transaction price

<sup>b</sup> CU381 = CU480 selling price of network services / (CU480 + CU250 selling price of handset) \* CU580 transaction price

<sup>c</sup> The dealer funds any handset discount that they may choose to provide from commission earned

Under the proposed accounting model the value of service revenue would depend on the sales channel used. In general, service revenue will be lower for direct channel sales than for indirect channel sales of the same tariff.

### 3.2 Preparers' concerns regarding the revenue impact of the proposed model

In our feedback to the boards, we have raised a number of concerns regarding the application of the proposed model. The boards' summary of our previous feedback is shown below (additional notes and comments added inside square brackets):

"(a) They [*the operators*] consider the handset [*discount*] to be a cost of acquiring or retaining a customer (and do not consider it to be a separate performance obligation)."

"(b) Allocating consideration to a handset on a standalone selling price basis does not provide useful information because it results in an entity recognizing revenue for the network service at an amount that is less than the amount of cash received for ongoing network services."

"(c) Estimating standalone selling prices of the handset and network service would be complex and would require significant management judgment, which could lead to reduced comparability of financial reporting between companies." [*Standalone selling prices may be subject to management estimation if handset prices rapidly reduce or if comparable SIM only tariffs are not offered. The model also requires additional judgements, for example regarding the likely level of early terminations. Such judgements may materially impact the allocation of revenue between service and equipment and, therefore, the timing of revenue.*]

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- “(d) Key metrics currently monitored by users (e.g. average revenue per user) would be less predictive of future earnings. Hence, if the proposed model is implemented, users would request that companies provide the same financial information as under current practice.” *[In the direct channel, the accrual of up-front equipment revenue will result in a significant disconnect between cash flow and revenue. We also believe that it will be very difficult to satisfactorily identify and explain service revenue trends under the proposed model since these will be impacted by sales channel, various management estimates and handset discounts.]*
- “(e) Entities in a similar economic position would have different patterns of revenue recognition for the network service depending on the choice of distribution channel for their handsets ~~(as illustrated in Appendix A).~~”
- “(f) Applying the proposed model would be complex and costly because of the high volume of contracts and the various potential configurations of handsets and service plans. An entity would need to significantly modify its systems and processes.” *[Current systems and processes are not designed to capture the data required to comply with the proposed model. Where data is captured, it is not necessarily in a form that enables the data to be linked to particular contracts or tariffs.]*
- “(g) Recognizing revenue for delivering a handset in an amount that exceeds the amount of consideration paid for the handset is not appropriate because the entity is entitled to the excess only when it provides the network service.” *[Material handset revenue will be recognised up-front which the operator has no right to invoice to the customer. Furthermore, where customers breach a contract and thus incur a termination penalty, it is often not economic to pursue the customer for non-payment.]*

Currently we believe that reported revenue is highly comparable between operators and, to date, has not been prone to significant error.

A consequence of the issues noted above is that we consider the comparability of reported revenue between operators will be significantly impaired and that it will be very difficult to concisely explain revenue trends to investors. Furthermore, the factors discussed above will inevitably increase the risk of error in reported revenue.

The boards have also contacted the user community and seem to have received broadly similar feedback from users as had previously been received from preparers. Feedback collected by the FASB is provided in appendix A.

## 4 Effect of the proposed standard on accounting for costs of acquiring a contract

### 4.1 Impact on accounting for costs of acquiring a contract

Although not proposed in the original exposure draft, the boards have now proposed that the incremental costs of obtaining a contract should be capitalised and amortised consistent with the pattern of transfer of the goods or services that are delivered. Such accounting would be optional, however, for contracts with an expected duration of one year or less.

The incremental costs of obtaining a contract are those costs that an entity would not have incurred if the contract had not been obtained. Consequently it is likely that such accounting would mainly impact the indirect channel where commission values are frequently significant.

The capitalisation of commission in the indirect channel appears to help reduce the inconsistency of profit recognition between the direct and indirect channels that otherwise arises from the up-front accrual of handset revenue in the direct channel (see example below).

**Appendix 2 – User briefing paper****Example**

The examples in section 3.1, above, have been extended. The following additional assumptions are used for illustrative purposes: the cost price of the handset is CU230; indirect channel commission of CU150 is all incremental; and there is no incremental commission payable in the direct channel but £20 of other non-incremental direct costs such as rent and salaries are incurred.

Current accounting practice results in the up-front recognition of cost in relation to handset discounts in the direct channel and commission costs in the indirect channel, often resulting in an up-front loss:

*Direct channel – handset discounts currently expensed up-front:*

	T <sub>0</sub>	T <sub>1-2</sub>	Total
Handset	100	-	100
Network service	<u>-</u>	<u>480</u>	<u>480</u>
Total revenue	100	480	580
Handset cost	(230)	-	(230)
Other direct costs	<u>(20)</u>	<u>-</u>	<u>(20)</u>
EBITDA	(150)	480	330

*Indirect channel – commission payable currently expensed up-front:*

	T <sub>0</sub>	T <sub>1-24</sub>	Total
Handset	-	-	-
Network service	<u>-</u>	<u>480</u>	<u>480</u>
Total revenue	-	480	480
Handset cost	-	-	-
Incremental commission	<u>(150)</u>	<u>-</u>	<u>(150)</u>
EBITDA	(150)	480	330

Under the proposed accounting the up-front accounting charge for handset discounts will be reduced; other incremental customer acquisition costs will be capitalised. Thus up-front losses will be reduced or eliminated for both direct and indirect channel sales.

Since contract acquisition costs will be amortised, EBITDA will be higher for indirect channel sales:

*Direct channel – assumes no incremental commission costs:*

	T <sub>0</sub>	T <sub>1-2</sub>	Total
Handset	199	-	199
Network service	<u>-</u>	<u>381</u>	<u>381</u>
Total revenue	199	381	580
Handset cost	(230)	-	(230)
Other direct costs	<u>(20)</u>	<u>-</u>	<u>(20)</u>
EBITDA	(51)	381	330

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*Indirect channel accounting assumes incremental commission costs are amortised during the contract term:*

	T <sub>0</sub>	T <sub>1-24</sub>	Total
Handset	-	-	-
Network service	-	480	480
Total revenue	-	480	480
Handset cost	-	-	-
EBITDA	-	480	480
Commission amortisation	-	(150)	(150)
Net income	-	330	330

**4.2 Preparers' concerns regarding the cost impact of the proposed model**

When increased revenue is allocated to the handset under the revenue proposals then the capitalisation of commission costs makes the profitability of equivalent handset and service bundles more comparable between direct and indirect channel sales.

However, we believe that the amount of the balance sheet asset and timing of associated amortisation could be materially impacted by:

- (a) Commission structures. For example:
  - i. The remuneration of direct channel sales staff could be weighted to more commission-based structures to increase the value of costs that are capitalised.
  - ii. In the indirect channel, substantial amounts of commission may be linked to performance measures relating to the overall mix of sales and service quality in a period rather than to individual contract sales. Agreements may be revised to increase the proportion of commission linked to individual sales. The interaction with other bonuses and rebates may make determination of 'incremental costs' extremely subjective.
- (b) Amortisation rates may be impacted by management estimates about the period of time during which goods and services are transferred. For example:
  - i. If customers are allowed to renew contracts after 21 months of a 24 month contract, but average customer life is 26 months, management may take varying views regarding whether amortisation should be over 21, 24 or 26 months or some other period, possibly including the extended term of renewed contracts.
  - ii. For direct channel sales, management may amortise costs on the basis of the value of revenue recorded, however management might alternatively judge that such costs should be allocated solely to service revenue if, say, equipment margins are very low.
- (c) Organisation structures. Costs in the direct channel that are not incremental to obtaining a contract, such as rent, salaries, utilities, etc cannot be capitalised. Operators may be incentivised to outsource sales operations, reimbursing such costs through commissions that can be capitalised.

Overall, we believe that the capitalisation of incremental contract acquisition costs will make the income statement dependent on complex calculations with cost recognition materially sensitive to management judgements, sales structures and potentially subtle changes to commercial agreements. In turn this will further reduce the comparability of operators' financial statements.

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### 5 Timing of implementation

1/1/15	The IASB is currently suggesting an adoption date that is potentially as early as financial periods commencing 1 January 2015.
↓	
1/1/13	For entities with two comparative years in the financial statements, this implies an opening balance sheet as at 1 January 2013.
↓	
1/1/11	Since information on open contracts will be required to create the opening balance sheet and contract terms might typically be considered to be 24 months, this implies enhanced information would be required in respect of contracts from 1 January 2011.

Overall, we believe that the potential timing of implementation is unrealistic, given the substantive impact of the accounting requirements on systems and processes and may further increase the risk of error.

### 6 Rationale for boards' support for the proposed model

During the summer the boards considered the impact of the proposed revenue model on the telecommunications sector and have tentatively decided not to revise the model. Views articulated by board members opposing a change included the following:

- The model better reflects the economics and substance of offerings:
  - There is no true loss on the sale of a discounted handset since it is recovered through service charges.
  - The existence of SIM only airtime tariffs in certain markets demonstrates that the customer actively chooses to pay extra for a handset.
  - Early termination penalties are payable by defaulting customers in order to recover any up-front handset subsidies.
  - Different accounting for direct and indirect channel sales reflects the different structure of the underlying transactions.
- Existing accounting practice in the industry is effectively cash accounting and cash accounting is a matter for the cash flow statement, not for the income statement.
- A belief that, contrary to feedback from preparers, operators already have the systems and processes required to capture and process the data needed in order to implement the proposed model.
- Exceptions to the proposed model should not be made for any individual industry.
- The risk that amendments to the model may have unintended consequences for other industries. [*Note – we have proposed to the staff criteria by which such consequences may be avoided.*]
- Scepticism about the views of preparers and users who are considered to be resistant to change.

The boards have not discussed with us, as an industry, their view that the incremental costs of acquiring a contract should be capitalised. However, the overall principle is that the additional costs of acquiring a contract should be recognised in the income statement as the related benefits of the contract are also recorded.

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### 7 Request for feedback

In order that we can ensure that further feedback we provide to the boards is consistent with the views of investors and analysts, please complete the short survey form and return it to [insert].

In respect of telecommunications companies, please indicate your views of the impact of the proposed accounting model:

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
<b>General questions</b>					
It will better reflect the economics of sales transactions					
Existing accounting is effectively cash accounting and should be reflected in the cash flow statement					
The usefulness of the financial statements will improve for the purposes of making investment decisions					
The usefulness of the financial statements for assessing the performance of the business will improve					
The comparability of reporting between telecommunications preparers will improve					
<b>Forecasting</b>					
Although revenue will not be indicative of cash inflows, forecasting free cash flow from operations will not be difficult					
<b>Comparability</b>					
Differences in the estimation of selling prices between periods, business units and operators will not impair comparability					
Differences in service revenue generated by direct and indirect channel sales will not impair comparability					
Management judgements in relation to the capitalisation and amortisation of contract acquisition costs will not impair comparability					
Sensitivity of cost recognition to changes in sales agreements and structures will not impair comparability					
Determining and comparing acquisition and retention costs incurred by operators will be easier					
Determining and comparing revenue trends will be easier					
Determining and comparing profit trends will be easier					
<b>Conclusion</b>					
Do you support the proposed revenue and cost accounting changes in the form envisioned by the boards for operators?					

Please provide any additional comments you may have:

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Please provide details of your organisation and your role. Your name (and organisation name) will be kept confidential by the preparers of this letter.

Name of organisation: \_\_\_\_\_

Telecommunications analyst – please indicate [\[Yes/No\]](#)

If 'no', please indicate role: \_\_\_\_\_

Your name: \_\_\_\_\_

## Appendix 2 – User briefing paper

### Appendix A: Summary of telecom user outreach conducted by the FASB

#### *Summary of outreach conducted*

- 7 calls with 14 users; 4 buy side, 10 sell side
- 1 email with views from 6 buy side analysts
- The companies they follow include technology (all), telecom (wireless and wire line), cable, satellite, and retail

#### *Feedback on the proposed model*

- Users believe there will be inconsistency between companies in estimating the standalone selling prices for both phones and services
  - Currently, there are not active markets for buying handsets and services separately
  - The pricing and packages are variable over time and by customer
  - The proposal will make it difficult to determine the amount that customers are paying the carrier for handsets and services
- Users believe current accounting is reflective of the economics of the Telecom business
  - Phone subsidies/discounts that are provided to the customer are viewed as acquisition costs and users try to analyze the service business on a standalone basis
  - Handset subsidies and how they change over time are transparent in the current model
  - A few users indicated that the proposal makes sense from a theoretical perspective, but in practice management judgment will create issues with comparability
- Some users highlighted that it will be more difficult to calculate free cash flow from operations because actual revenue is not reflective of current cash inflows
- Users stated that the proposal is trying to fix the wrong problem
  - Current accounting and disclosure does not provide visibility into the expense structures of Telecom companies
- Users are concerned that key metrics will be altered, including: ARPU (average revenue per user), service margins, monthly recurring expenses and one-time cost per gross add
- User suggested the following improvements to existing presentation and disclosures:
  - The cost of equipment should be presented separately from cost of services in the income statement
  - Subsidies for new versus existing customers
  - Investors would like additional disclosures and consistency around total equipment cost, equipment expense, costs to acquire customers and further breakdowns of expense allocated for new vs. existing customers
- One user supported the proposed model and thought it would provide better information about the economics of the business, particularly when companies offer different subsidies for the same phone

# Revenue - Revised ED

## Telecom users feedback

Deutsche Telekom, Orange, Telefonica, Vodafone

February 2012

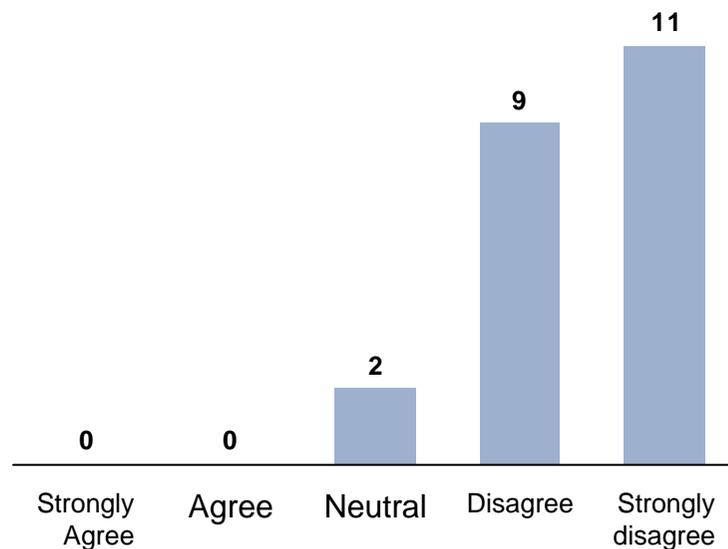


# SUMMARY

- Telefonica, Vodafone, Orange, and Deutsche Telekom, obtained feedback from 22 telco investors and analysts on the proposed revenue standard
- Over 90% of the sampled users disagree with the proposed revenue accounting changes
- No respondents supported the proposed accounting changes.
- Respondent comment:  
[the proposals] “***will leave us with accounts more open to human error and human distortion, less cross sector comparability and worse alignment between income statement earnings and cash flow generation.***”
- It is therefore critical that IASB adapt the revised ED to the needs expressed by users

# Users do not support the revised ED

Do you support the proposed revenue and cost accounting changes in the form envisioned by the boards for operators?



source : enquiry among 22 telecom analysts

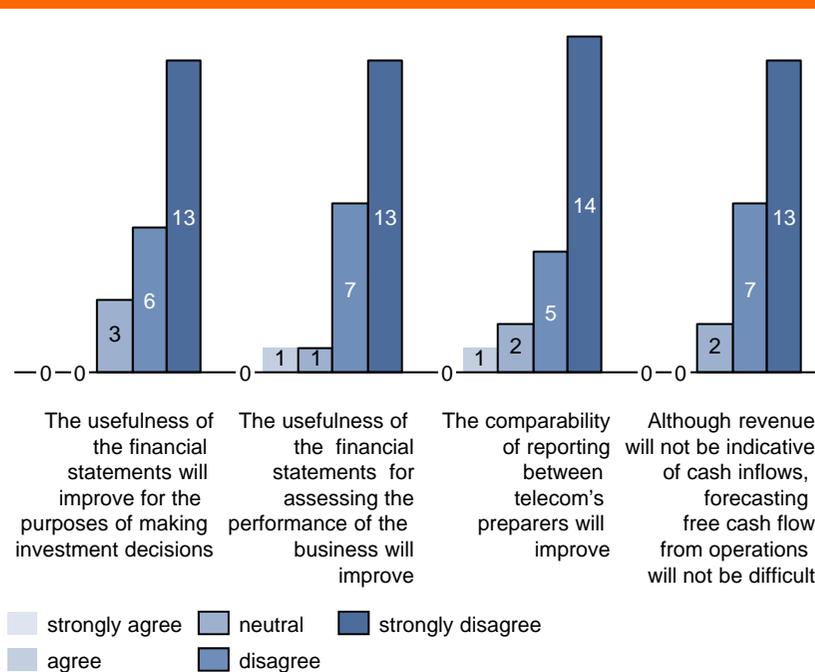
- Vodafone, Orange, Telefonica, and Deutsche Telekom, approached 34 users of telecom financial statements (major European banks) to get their feedback on the revised ED.
- 22 analysts answered 14 questions asked (see appendix), and provided comments.
- 90% of the sampled users disagree with the revised ED, and the others are neutral. No one was in favour of the revised ED.

***“These accounting changes will likely cause confusion & mistakes:***

- ***the current system reflects the business model and flows of cash;***
- ***the scope for management discretion increases the likelihood of error (whether by accident or by optimism);***
- ***the current system has lead to analyst estimates being reasonably accurate...”***

# Usefulness of financial statements will be significantly impaired (1/2)

## The revised ED does not bring any improvement



source : enquiry among 22 telecom analysts

- Respondents overwhelmingly agree that the proposals will impair decision making, cash-flow forecasting and assessment of business performance and that comparability of reporting will reduce.
- Users state they do not see any benefits from changing the accounting method and disagree with the divergence of Telco P&L's from cash inflows.

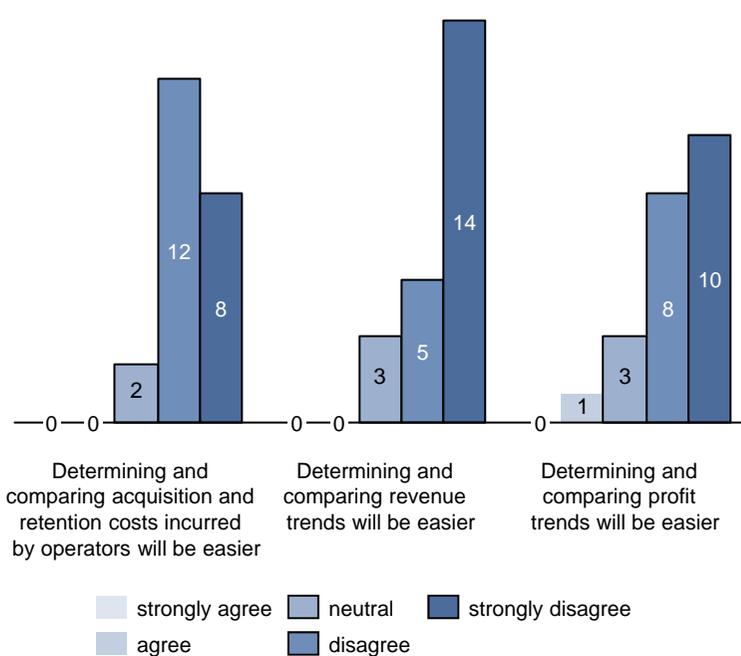
**“I cannot see any benefit from changing the accounting method. This would make cash analysis even more complex.”**

- Some users welcome increased disclosure, favouring a focus on disclosure without changing the accounting:

**“While I disagree that the accounting outcome will improve comparability and forecasting (hence impair decision making), I do welcome the improved disclosures.”**

# Usefulness of financial statements will be significantly impaired(2/2)

The transparency of financial statements will reduce



source : enquiry among 22 telecom analysts

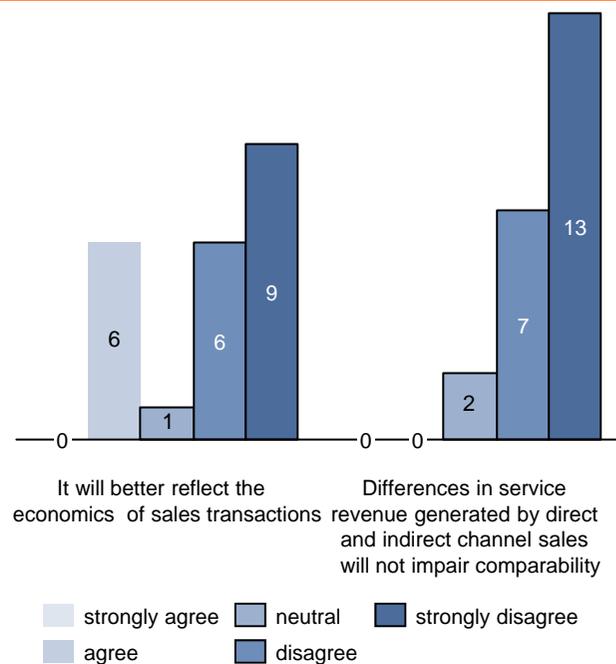
- Users believe the determination of key indicators such as revenue and profit trends, and of acquisition and retention costs will be more difficult.
- Existing usable KPI's will disappear and increased divergence between the P&L and cash flow is undesirable.

***“Comparability between operators on both wireline and wireless revenue trends is already imperfect, but one of the few accounting metrics that has credibility with analysts and investors is service revenues. Jeopardising the comparability of this trend would devalue the use of accounts even further when using them as a basis of presentation. Although EBITDA will never match perfectly with cashflow, the further these two metrics diverge the less value investors will gain from the accounts”.***

***“ [Regarding companies which have already adopted such accounting principles] It is very difficult to model their revenues and the absence of usable KPIs (eg ARPUs) makes it difficult to understand or interpret operating trends”.***

# The financial statements will not reflect the business model

## Poor reflection of the business model



source : enquiry among 22 telecom analysts

- A minority of users recognised theoretical merit in allocating more income to handset, however this does not result into a useful accounting outcome:

***“I do see merit in the arguments presented in the exposure draft. However it is not clear whether this is the BEST reflection of economic reality. Indeed, the accounting outcome appears to be awkward, and inconsistent with the rather predictable monthly cash flows generated....”***

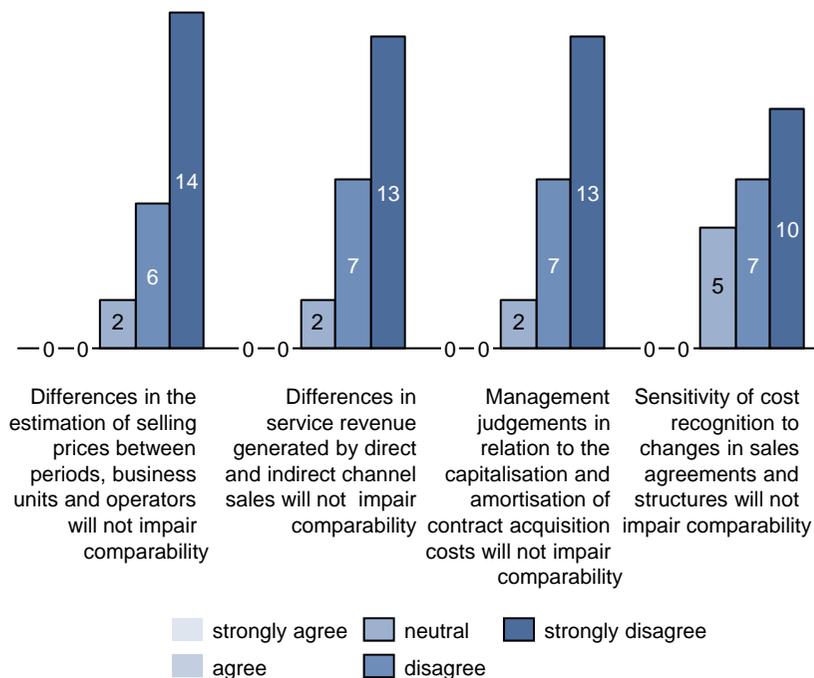
- Users noted the inconsistent accounting outcome for similar transactions in the direct and indirect channels.

***“The difference between direct and indirect channel sales treatments has perhaps not been as carefully explained as in this report before. This undermines the whole purpose of the proposed revenue recognition standard, as improved matching (in some senses) of revenues and costs then creates undesirable lack of comparability due to differing sales arrangements.”***

***“The difference of accounting treatment between direct and indirect sales is not helpful as it may create difficulties in comparison between operators and incentivise operators to increase their focus on indirect distribution despite no value benefit (EBITDA remains the most common financial indicator followed by telecoms investors)”***

# Reliability and comparability over time and between businesses are impaired

## Impaired comparability for revenue and cost reporting



source : enquiry among 22 telecom analysts

- Comparability will be significantly impaired due both to the inconsistent accounting for different sales changes and the sensitivity of revenue and cost recognition to management estimates.

***“The main issue with the proposed accounting model is that it will leave management with too much freedom in their reporting. This will make it more difficult to compare companies and assess FCF generation.”***

- Rather than changing the accounting treatments the revised ED would have been better to focus on disclosures:

***“IASB/FASB’s time might be better spent forcing mandatory, consistent disclosure of: service revenue, handset costs/commissions, gross adds/churn by operator, in our view.”***

# Appendix

# Survey sent



Analyst briefing