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RÉPUBLIQUE FRANÇAISE



AUTORITÉ DES NORMES COMPTABLES

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Chairman

PDC N97

Paris, the 20th November 2017

Mrs Lloyd

IFRS Interpretations Committee

30 Cannon Street

LONDON EC4M 6XH

United Kingdom

September 2017- IFRS-IC tentative agenda decision – IFRS 15 Revenue from Contracts with Customers – Revenue recognition in a real estate contract

Dear Mrs Lloyd,

I am writing on behalf of the Autorité des Normes Comptables (ANC) to express our views on the above-mentioned IFRS-IC tentative decision published in September 2017 IFRIC Update regarding IFRS 15 Revenue from Contracts with Customers – Revenue recognition in a real estate contract. This letter sets out one of the most critical comments raised by interested stakeholders involved in ANC's due process.

ANC agrees that if “the customer has a legal right to cancel the contract” there is no enforceable right to payment for performance completed to date. However, ANC considers that the Agenda Decision's conclusion should be better articulated with the fact pattern in order to evidence the specificities of this case. In this regard, emphasis should be put on the underlying reasoning linking the fact that “although the contract is irrevocable under local law, the courts have accepted requests to cancel contracts in specific circumstances...” with the Committee's conclusion stating “the customer has a legal right to cancel the contract”.

ANC considers that being more precise would provide high benefits as it would circumvent the risk, for some stakeholders, of analogizing the conclusion reached (which is based on “specific circumstances”) to more widespread circumstances with some unintended consequences.

Please do not hesitate to contact us should you want to discuss any aspect of our letter.

Yours sincerely,

A handwritten signature in black ink that reads "Patrick de Cambourg," with a small mark at the end of the line.

Patrick de Cambourg