The Hundred Group
of Finance Directors

Financial Reporting Committee

Hans Hoogervorst Esq
Chairman
International Accounting Standards Board
30 Cannon Street
London
EC4M 6XH

3 April 2012

Dear Hans

ED/2011/6 'Revenue from Contracts with Customers'

We welcome the opportunity to comment on the Board's revised proposals on revenue recognition and are pleased to submit our views.

<u>Who we are</u>

The Hundred Group is a non-political, not-for-profit organisation which represents the finance directors of the UK's largest companies, with membership drawn mainly, but not entirely, from the constituents of the UK FTSE100 Index. Our aim is to contribute positively to the development of UK and international policy and practice on matters that affect our businesses, including taxation, financial reporting, corporate governance and capital market regulation. Whilst this letter expresses the views of The Hundred Group of Finance Directors as a whole, they are not necessarily those of our individual Members or their respective employers.

<u>Summary of our views</u>

We support the Board in its efforts to develop a single principles-based standard on accounting for revenue and we consider that the Board's current proposals represent an improvement on the exposure draft that was published in June 2010.

Revenue is an important measure of business performance and in some industries is used as an indicator of the value of businesses. For this reason, any changes to the basis of recognising and measuring revenue should not be made lightly and we appreciate the effort that the Board has put into this project both in its own re-deliberations and in its considerable outreach activities.

We represent members in a number of different industries (including banking, insurance, IT, construction and telecommunications). Our response is therefore necessarily generic and does not attempt to address the particular issues faced in specific industries. Revenue recognition practice has developed over time in a particular way in certain industries to reflect their specific circumstances. While revenue recognition practice may not be comparable between industries, there has usually emerged broad comparability between competitors within a particular industry. We are aware that in some industries these proposals would result in a significant transition cost and would result in a pattern of revenue recognition that would not necessarily reflect the business model in those industries. We therefore believe that the Board still has some work to do to convince many of its constituents that the cost and effort involved in transition for preparers will be of appreciable benefit to users.

We suspect that, somewhat ironically, the proposals may actually reduce comparability between competitors because of their increased reliance on management estimates and judgements in areas such as standalone selling prices, variable consideration, the contract term, amortising contract costs and discount rates.

We set out our responses to the specific questions asked by the Board in Appendix A. In summary:

- Transfer of control

  We believe that the revised proposals go a long way to resolving the inconsistent treatment of certain contracts that in substance involve the same pattern of performance but different patterns of physical transfer, but we believe that the Board needs to explain more explicitly in the standard the rationale for the proposed conditions for identifying performance obligations satisfied over time.

- Credit risk

  We disagree with the proposal that the effects of a customer's credit risk should be presented as a separate line item adjacent to the revenue line item (we believe that the effect of bad and doubtful debts should continue to be presented as an operating expense).

- Variable consideration

  We welcome the Board's addition of the 'most likely amount' in measuring variable consideration but consider that the proposed basis of recognition of variable consideration is inconsistent with the Framework which requires that an asset should not be recognised unless it is probable that there will be an inflow of economic benefits.

- Onerous contracts

  We do not believe that it is appropriate to apply the onerous test at the level of separate performance obligations because this could lead to the anomalous result that a provision would be made for one or more of the separate performance obligations even though the contract is expected to be profitable overall.

- Disclosures

  We consider that the proposed disclosures would be excessive in the context of annual financial statements, let alone interim financial reports. We urge the Board to reconsider the balance of the costs and benefits of the significant changes that many companies would need to make to their accounting and reporting systems to capture information that they do not use in managing their businesses solely to satisfy the proposed disclosure requirements.

  We recommend that the Board considers any additional disclosure requirements in interim financial reports in the context of a comprehensive review of IAS 34 'Interim Financial Reporting'.

- Transfers of non-financial assets

  We agree that the principles contained in the finalised revenue recognition standard should be applied to transfers of non-financial assets.

Transitional arrangements

Practical expedients

We welcome the practical expedients that are set out in Appendix C.

While we welcome in particular the exemption from the restatement of comparative periods offered in Appendix C3(a), we are concerned that many of the companies that are most affected by the new standard will have contracts that transcend annual reporting periods and will therefore be unable to benefit from it. Moreover, it would be helpful if the Board could clarify that Appendix C3(a) applies to all contracts completed before the date of initial application that began and ended within the same comparative annual reporting period even if those contracts transcended quarterly or half yearly reporting periods within those annual reporting periods.

Effective date

Adoption of the new standard will involve significant and costly amendments to accounting systems and processes for many companies. While transition projects can be planned in outline, it is not practicable to address the details until the final standard has been published. Based on the Board's most recent timetable, we do not expect the standard to be published until late 2012.

Given the large number of transactions typically involved, many companies may need to run their old and new accounting systems and processes in parallel during the period of transition. While it is true that some industries may hardly be affected by the proposals, in others there will be a considerable transitional burden. In the telecommunications industry, for example, it would be necessary to reconfigure systems and processes dealing with literally hundreds of millions of individual contracts.

We understand that, while the Board intended that the new standard would become effective in 2015, it may now defer the effective date until 2016. Even if it is assumed that the effective date will be 2016, companies that are required by applicable regulations to present two comparative periods in their financial statements would need to capture their revenue in accordance with the new standard from the beginning of 2014. Such companies would have very little time between the publication of the new standard and implementing their new accounting systems and processes.

While we support a single principles-based standard on revenue recognition that can be applied across all industries, we urge the Board to recognise that the effective date of the new standard must reasonably accommodate those industries that will suffer the greatest transitional burden. We are aware that, for this reason, some respondents in the telecommunications industry have requested deferral of the effective date of the new standard until 2019.

Modified retrospective application

In some jurisdictions, entities are required to present summary historical financial information (for example, companies registered with the SEC are required to present five-year 'Selected Financial Data' in their annual reports).

At present, the Board proposes that the new revenue recognition standard shall be applied retrospectively. Consequently, companies that are unable to utilise the practical expedient set out in Appendix C3(a) would have to restate their revenue for four comparative annual reporting periods, i.e. assuming the new standard becomes effective at the beginning of 2016, they would need to restate their revenue from the beginning of 2012.

While SEC registrants could avoid this requirement on grounds of unreasonable effort or expense, this would be a matter of debate with auditors and regulators. For the avoidance of any doubt, we therefore urge the Board to reconsider the transitional arrangements with a view to requiring that the new standard shall be adopted from the beginning of the earliest comparative period presented in the financial statements for the year of adoption, e.g. an SEC registrant adopting the new standard in 2016 would not need to restate its revenue prior to the beginning of 2014.

Effect in the year of adoption

We draw the Board’s attention to the implications of paragraph 28(f) of IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’, which requires that when an entity initially applies an IFRS it shall disclose to the extent practicable, inter alia, the effect of the adjustment to each financial line item presented for the year of adoption.

In order to capture the effect of the new standard on the current period, it would be necessary for many companies to continue to run their old and new systems and processes in parallel during the year of adoption. We believe that this would add to the costs of transition and would be of little or no benefit to users.

While this requirement could be avoided on the grounds of impracticality, for the avoidance of any doubt, we urge the Board to include an exemption from the requirement to state the effect of the new standard in the current period as a further practical expedient in Appendix C. We recommend that in due course the Board removes this requirement from IAS 8.

Please feel free to contact me if you wish to discuss our comments.

Yours sincerely

Chris Lucas

Chris Lucas
Chairman
Hundred Group – Financial Reporting Committee

APPENDIX A

Responses to specific questions

Question 1

Paragraphs 35 and 36 specify when an entity transfers control of a good or service over time and, hence, when an entity satisfies a performance obligation and recognises revenue over time. Do you agree with that proposal? If not what alternative do you recommend for determining when a good or service is transferred over time and why?

In the proposed model, an entity shall recognise revenue only when (or as) it satisfies a performance obligation by transferring a good or service to a customer. A good or service is considered to be transferred when (or as) the customer obtains control of it. Control in this context refers to the ability to direct the use of and obtain substantially all of the remaining benefits of the good or service. It is therefore crucial that there is clear and robust guidance to enable preparers to determine when control passes over time as opposed to at a point in time.

We believe that the guidance in the revised proposals goes a long way to resolving the inconsistent treatment of certain contracts that in substance involve the same pattern of performance but different patterns of physical transfer (this was a particular concern in relation to construction-type contracts).

We are not sure, however, that we fully understand the rationale behind the criteria for recognising revenue over time set out in paragraph 35. We have no difficulties with paragraph 35 (a) which states that performance occurs over time if the customer controls the good or service as it is created or enhanced (and refers to the requirements on control in paragraphs 31-33 and paragraph 37). Having established this principle, however, we struggle though to understand why there is any need for paragraph 35(b). We suspect that we are missing something but believe that our uncertainty indicates that there is a need for the Board to explain more explicitly in the standard the rationale for the criteria set out in paragraph 35 (b).

Moreover, we consider that the guidance set out in paragraphs 31 to 37 is rather theoretical and we expect that it will be difficult for many users to understand. While we recognise that, in theory, a service is an asset (even if only momentarily), we believe that the guidance would be more easily understood if it was to address the transfer of goods separately from the transfer of services.

Question 2

Paragraphs 68 and 69 state that an entity would apply IFRS 9 (or IAS 39, if the entity has not yet adopted IFRS9) or ASC Topic 30 to account for the amounts of promised consideration that the entity assess to be uncollectible because of a customer's credit risk. The corresponding amounts in profit or loss would be presented as a separate line item adjacent to the revenue line item. Do you agree with those proposals? If not, what alternative do you recommend to account for the effects of a customer's credit risk and why?

We agree with the Board that revenue should be measured as the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to the customer (its performance) and that it should therefore not reflect the effects of the customer's credit risk.

We disagree with the Board's proposal that the effects of the customer's credit risk (the bad and doubtful debt expense) should be presented as a separate line item adjacent to the revenue line item.

It is long-established practice that the bad and doubtful debt expense is presented as an operating expense. We are not aware of widespread abuse of this convention in order to artificially inflate revenue. We therefore see no compelling reason to mandate disclosure on the face of the income statement of an expense that is not material for most companies. We consider that the effect of credit risk is presented adequately in the notes to the financial statements by way of the reconciliation of changes in the allowance for credit losses that is required by IFRS 7 'Financial Instruments: Disclosures'.

We await the outcome of the Board's re-deliberations on the impairment of financial instruments in the context of IFRS 9 'Financial Instruments'. It seems likely that the Board will move away from its current 'incurred loss model' to an 'expected loss model' and that this will apply to all financial instruments. We do not consider that the impending change in the basis of measuring the bad and doubtful debt expense warrants any change in its presentation in financial statements.

We should mention that we believe that the allowance for expected settlement discounts should also be included within operating expenses. Settlement discounts could be considered to be the opposite of the effects of credit risk and similarly are more akin to a financing expense than an amount that an entity receives in relation to the satisfaction of a performance obligation.

Question 3
Paragraph 81 states that if the amount of consideration to which an entity will be entitled is variable, the cumulative amount of revenue the entity recognises to date should not exceed the amount to which the entity is reasonably assured to be entitled. An entity is reasonably assured to be entitled to the amount allocated to satisfied performance obligations only if the entity has experience with similar performance obligations and that experience is predictive of the amount of consideration to which the entity will be entitled. Paragraph 82 lists indicators of when an entity's experience may not be predictive of the amount of consideration to which the entity will be entitled in exchange for satisfying those performance obligations. Do you agree with the proposed constraint on the amount of revenue that an entity would recognise for satisfied performance obligations? If not, what alternative constraint do you recommend and why?

We welcome the Board's addition of the 'most likely amount' as an additional method of measuring variable consideration. 'Expected value' often does not give an appropriate answer, particularly for small populations.

We are concerned, however, that the proposals with regard to the recognition and measurement of variable consideration are rather confusing and appear to be inconsistent with the Framework and existing accounting standards.

We believe that the basis of recognition of variable consideration should be consistent with the recognition of an asset in paragraph 4.44 of the Framework, i.e. it should be "recognised in the balance sheet when it is probable that future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably". We remind the Board that this principle is applied consistently in both IAS 18 'Revenue' and IAS 11 'Construction Contracts'.

We note that the Board includes contingencies within the examples of the causes of variable consideration given in paragraph 53. We believe that consideration that is contingent on future events that are beyond the entity's control represents a contingent asset that would not be recognised under IAS37 'Provisions, Contingent Liabilities and Contingent Assets'.

We therefore consider it unnecessary for the Board to prescribe a constraint on the cumulative amount of revenue recognised if it applies consistently the principles that underlie accounting standards.

Question 4
For a performance obligation that an entity satisfies over time and expect at contract inception to satisfy over a period of time greater than one year, paragraph 86 states that the entity should recognise a liability and a corresponding expense if the performance obligation is onerous. Do you agree with the proposed scope of the onerous test? If not, what alternative scope do you recommend and why?

We do not believe that it is appropriate to apply the onerous test at the level of separate performance obligations. Where high margin and low margin goods and services are bundled together in a contract that is priced at a discount to the aggregate selling prices of the separate components, this may lead to the anomalous result that a provision would be made for one or more of the separate performance obligations even though the contract is expected to be profitable overall.

We recognise the Board's belief that performing the onerous test at a contract level would add complexity but we can assure the Board that greater complexity would in fact be added if it were necessary to estimate the expected costs for separate performance obligations within profitable contracts.

We believe that paragraphs 66-69 of IAS 37 provide appropriate guidance on accounting for onerous contracts and consider that this guidance should be referenced from the revenue recognition standard. We therefore urge the Board to revisit its intention to scope revenue contracts out of IAS 37.

We appreciate that the Board's intentions in introducing the 'practical expedient' that would enable entities not to recognise a liability for an onerous performance obligation that it expected to satisfy within one year on inception of the contract. However, we believe that this is an arbitrary distinction and that provision should be made for all materially onerous contracts.

Question 5
The boards propose to amend IAS34 and ASC Topic 270 to specify the disclosures about revenue and contracts with customers that an entity should include in its interim financial reports. The disclosures that would be required (if material) are:

- **The disaggregation of revenue (paragraphs 114 and 115)**
- **A tabular reconciliation of the movements in the aggregate balance of contract assets and contract liabilities for the current reporting period (paragraph 117)**
- **An analysis of the entity's remaining performance obligations (paragraphs 119-121)**
- **Information on onerous performance obligations and a tabular reconciliation of the movements in the corresponding onerous liability for the current reporting period (paragraphs 122 and 123)**
- **A tabular reconciliation of the assets recognised from the costs to obtain or fulfil a contract with a customer (paragraph 128)**

Do you agree that an entity should be required to provide each of those disclosures in its interim financial reports? In your response, please comment on whether those proposed disclosures achieve an appropriate balance between the benefits to users of having that information and the costs to entities to prepare and audit that information. If you think that the proposed disclosures do not appropriately balance those benefits and costs, please identify the disclosures that an entity should be required to include in its interim financial reports.

We consider that the proposed disclosures would be excessive in the context of interim financial reports. We recommend that the Board considers any additional disclosure requirements in interim financial reports in the context of a comprehensive review of IAS 34 'Interim Financial Reporting'.

Moreover, we do not even consider that the disclosures are appropriate to be included in annual financial statements.

We have observed a steady increase over recent years in the disclosure requirements imposed by accounting standards. In our comments on the Board's future agenda, we encouraged the Board to develop a presentation and disclosure framework aimed towards succinct, relevant disclosure about material matters.

We note that there is some duplication and potential conflict with the disclosures required to be presented by a listed company by other accounting standards: in particular, on the disaggregation of revenue (IFRS 8) and the reconciliation of movements on the provision for onerous performance obligations (IAS 37). We consider that the requirements with regard to the description of aspects of an entity's accounting policy and significant judgments with regard to revenue should be characterised as guidance on the application of the relevant paragraphs of IAS 1.

We have a particular issue with the proposed requirement to present a reconciliation of contract balances. Companies do not generally capture this information because they do not use it in the management of their businesses. We therefore expect that many companies would need to make significant changes to their accounting and reporting systems in order to capture this information (this would be akin to the difficulties that would be encountered in applying the direct method to measure operating cash flows). We therefore recommend that the Board conducts further outreach with a number of user groups to determine whether there is a real need for this reconciliation.

We set out in Appendix B our comments on each of the proposed disclosures identifying those that we believe are likely to necessitate significant changes to accounting and reporting systems.

Question 6
For the transfer of a non-financial asset that is not an output of an entity's ordinary activities (for example, property, plant and equipment within the scope of IAS16 or IAS 40, or ASC Topic 360), the Board propose amending other standards to require that an entity apply (a) the proposed requirements on control to determine when to derecognise the asset, and (b) the proposed measurement requirements to determine the amount of gain or loss to recognise upon derecognition of the asset. Do you agree that an entity should apply the proposed control and measurement requirements to account for the transfer of non-financial assets that are not an output of an entity's ordinary activities? If not, what alternative do you recommend and why?

We note that revenue is defined as "income arising in the course of an entity's ordinary activities". We would point out to the Board that IFRSs contain no definition of an entity's 'ordinary activities'.

We agree that the proposed control and measurement requirements should be applied to transfers of non-financial assets.

APPENDIX B

COMMENTS ON DISCLOSURE REQUIREMENTS

Para	Proposed disclosure	Comments
Contracts with customers		
113	An entity shall disclose information about its contracts with customers including all of the following:	
a)	disaggregation of revenue for the period (paragraphs 114-116);	
b)	a reconciliation from the opening to the closing aggregate balance of contract assets and contract liabilities (paragraph 117); and	
c)	information about the entity's performance obligations (paragraphs 118-121), including information about any onerous performance obligations (paragraphs 122 and 123)	
Disaggregation of revenue		
114	An entity shall disaggregate revenue from contracts with customers (excluding amounts presented for customers' credit risk) into the primary categories to depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. To meet the disclosure objective in paragraph 109, an entity may need to use more than one type of category to disaggregate revenue.	We consider that these disclosures duplicate or may conflict with the disaggregation of revenue is required by IFRS 8 'Operating Segments' on the basis of information provided to the Chief Operating Decision Maker (and on a geographical basis if different).
115	Examples of categories that might be appropriate include, but are not limited to the following:	
a)	type of good or service (for example, major product lines);	
b)	geography (for example, country or region);	
c)	market or type of customer (for example, government or non-government customer);	
d)	type of contract (for example, fixed-price and time-and-materials contracts);	
e)	contract duration (for example, short-term and long-term contracts);	
f)	timing of transfer of goods and services (for example revenue from goods or services transferred to customers at point in time and revenue from goods or services transferred over time); and	
g)	sales channels (for example, goods sold directly to customers and goods sold through intermediaries)	
116	*[This paragraph is the FASB exposure draft is not used in the IASB exposure draft]*	

Para	Proposed disclosure	Comments
Reconciliation of contract balances		
117	An entity shall disclose in tabular format a reconciliation from the opening to the closing aggregate balance of contract assets and contract liabilities. The reconciliation shall disclose each of the following, if applicable:	Most companies do not use this information to manage their businesses and would need to significantly reconfigure their accounting and reporting systems in order to capture this information (it would be akin to requiring the direct method of determining operating cash flows). We suggest that the Board conducts further outreach with a number of user groups to determine whether there is a real need for this reconciliation.
a)	the amount(s) recognised in the statement of comprehensive income arising from either of the following:	
	(i) revenue from performance obligations satisfied during the reporting period; and	
	(ii) revenue from allocating changes in the transaction price to performance obligations satisfied in previous reporting periods;	
b)	cash received;	
c)	amounts transferred to receivables;	
d)	non-cash consideration received;	
e)	effects of business combinations; and	
f)	any additional line items that may be needed to understand the change in contract assets and contract liabilities	
Performance obligations		
118	An entity shall disclose information about its performance obligations in contracts with customers, including a description of all of the following:	We would remind the Board that this discussion may be extensive for groups offering many different goods and services in many different countries and may not therefore have typical contractual arrangements. We are not convinced that this level of detail is appropriate in the financial statements where the explanation of accounting policy and the financial results should speak for themselves.
a)	when the entity typically satisfies its performance obligations (for example, upon shipment, upon delivery, as services are rendered or upon completion of a service);	
b	the significant payment terms (for example, when payment is typically due, whether the consideration amount is variable and whether the contract has a significant financing component);	

Para	Proposed disclosure	Comments
c)	the nature of the goods or services that the entity has promised to transfer, highlighting any performance obligations to arrange for another party to transfer goods or services (ie if the entity is acting as an agent);	
d)	obligations for return, refunds or other similar obligations; and	
e)	types of warranties and related obligations	
119	For contracts with an original expected duration of more than one year, an entity shall disclose the following information as of the end of the current reporting period:	We are not sure what the Board is trying to achieve with this disclosure that appears to encompass only the unrecognised elements of contracts with a duration of more than one year (which is not information typically gathered by companies). We suggest that users would find this disclosure more informative if it were to encompass the entity's entire order book, i.e. orders commenced but not yet completed and committed orders placed but not yet commenced.
a)	the aggregate amount of the transaction price allocated to remaining performance obligations; and	
b)	an explanation of when the entity expects to recognise that amount as revenue	
120	An entity may disclose the information in paragraph 119 either on a quantitative basis using the time bands that would be most appropriate for the duration of the remaining performance obligations or by using qualitative information	
121	As a practical expedient, an entity need not disclose the information in paragraph 119 for a performance obligation if the entity recognises revenue in accordance with paragraph 42	
Onerous performance obligations		
122	An entity shall disclose the amount for the liability recognised for onerous performance obligations along with a description of all of the following:	We believe that it is unnecessary to prescribe disclosures on onerous performance obligations in the revenue recognition standard because they are already specified by paragraphs 84 and 85 of IAS 37.
a)	the nature and amount of remaining performance obligation(s) in the contract that are onerous for which the liability has been recognised;	
b)	why those performance obligations are onerous;	
c)	when the entity expects to satisfy those performance obligations;	

Para	Proposed disclosure	Comments
123	An entity shall disclose in tabular format a reconciliation from the opening to the closing balance of the liability for onerous performance obligations. The reconciliation shall include the amounts attributable to each of the following if applicable:	
a)	increases in the liability from performance obligations that became onerous in the period;	
b)	reductions of the liability from performance obligations satisfied during the period;	
c)	changes in the measurement of the liability that occurred during the reporting period; and	
d)	the additional line items that may be needed to understand the change in the liability recognised.	
Significant judgements in the application of the [draft] IFRS		
124	An entity shall disclose the judgements, and changes in judgements, made in applying this [draft] IFRS that significantly affect the determination of the amount and timing of revenue from contracts with customers. At a minimum, an entity shall explain the judgements, and changes in the judgements, used in determining both of the following:	We suggest that these requirements should be characterised as guidance in the application of paragraph 122 of IAS 1.
a)	the satisfaction of performance obligations (paragraphs 125 and 126); and	
b)	the transaction price and the amounts allocated to performance obligations	
Determining the timing of satisfaction of performance obligations		
125	For performance obligations that an entity satisfies over time, an entity shall disclose both of the following:	We suggest that these requirements should be characterised as guidance in the application of paragraph 117 of IAS 1.
a)	the methods used to recognise revenue (for example, a description of the output method or input method); and	
b)	an explanation of why such methods are a faithful depiction of the transfer of goods and services.	
126	For performance obligations satisfied at a point in time, an entity shall disclose the significant judgements made in evaluating when the customer obtains control of promised goods or services.	

Para	Proposed disclosure	Comments
Determining the transaction price and the amounts allocated to performance obligations		
127	An entity shall disclose information about the methods, inputs and assumptions used to:	We suggest that these requirements should be characterised as guidance in the application of paragraph 117 of IAS1.
a)	determine the transaction price;	
b)	estimate stand-alone selling prices of promised goods or services;	
c)	measure obligations for returns, refunds and other similar obligations; and	
d)	measure the amount of the liability recognised for onerous performance obligations	
Assets recognised from the costs to obtain or fulfil a contract with a customer		
128	An entity shall disclose a reconciliation of the opening and closing balances of assets recognised from the costs incurred to obtain or fulfil a contract with a customer (in accordance with paragraphs 91 and 94), by main category of asset (for example, costs to obtain contracts with customers, precontract costs and set-up costs) the reconciliation shall include amounts related to each of the following, if applicable:	We consider that reconciliation of contract costs by category of asset will increase the accounting burden on preparers but be of little or no benefit to users. We suggest that the Board conducts further outreach with a number of user groups to determine whether there is a real need for this analysis.
a)	additions;	
b)	amortisation;	
c)	impairment losses;	
d)	reversals of impairment losses; and	
e)	any additional line items that may be needed to understand the change in the reporting period.	
129	An entity shall describe the method it uses to determine the amortisation for each reporting period.	
130	*[This paragraph in the FASB exposure draft is not used in the IASB exposure draft]*	