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**Our ref:** RJ-EFRAG 589  
**Direct dial:** Tel.: (+31) 20 301 039  
**Date:** Amsterdam, 2nd of April 2019  
**Re:** Comment on draft comment letter on ED/2018/2 Onerous Contracts – Cost of fulfilling a Contract (Proposed amendments to IAS 37)

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Dear members of the EFRAG Technical Expert Group,

The Dutch Accounting Standards Board (DASB) appreciates the opportunity to respond on your draft comment letter to Exposure Draft ED/2018/2 Onerous Contracts – Cost of Fulfilling a Contract (Proposed amendments to IAS 37).

We concur with the comments and suggestions in your draft comment letter to the Exposure Draft ED/2018/2, with due regard to our comments below.

First, we appreciate the opportunity to respond on the question to constituents as included in your draft comment letter, about our perceived impact of the amendments that should be considered by the IASB when finalising the amendments. We consider the proposed amendments as relevant for the determination of onerous contracts with customers and we are in favour that the examples of directly attributable costs as part of the proposed amendments are restricted to onerous contracts with customers and will be issued as soon as possible.

Although we primarily agree with your suggestion that these examples need to be broadened to also reflect other types of contracts, in our view investigation by the IASB is needed first to avoid possible undesired consequences. We are of the opinion that the IASB should focus on the concept of economic benefits. Currently it is not clear how the economic benefits of onerous contracts need to be determined and whether variable consideration forms part of the economic benefits as meant within IAS 37. Therefore, we believe that clarifying the economic benefits within IAS 37 and how these economic benefits need to be determined is considered necessary when broadening the scope to reflect other types of onerous contract. If the concept of economic benefits is not clear, this can lead to undesired consequences and/or ambiguity in practice.

Furthermore, we would like to point out that the repealed paragraph IAS 11.36 prescribed the recognition of the ‘expected loss’ when a construction contract became onerous, whereas this is not explicitly addressed within the proposed amendments of the Exposure Draft (ED) or the

accompanying Basis for Conclusions of the ED. This can result in unintended or undesired consequences. We will address this point in our comment letter to the IASB as well.

Finally, we do not support the IASB's proposal to limit retrospective application of the proposed amendments. In our view it should be allowed to apply the proposed amendments retrospectively where possible without the use of hindsight. We agree with the proposed transition option to recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity) at the date of initial application, as being a transition option in addition to the full retrospective approach.

We will be pleased to give you any further information that you may require.

Yours sincerely,

prof. dr. Peter Sampers  
Chairman Dutch Accounting Standards Board