

3 November 2006

D20 Comment Letters
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

(By email: CommentLetters@iasb.org)

Dear Sir,

IFRIC DRAFT INTERPRETATION D20 CUSTOMER LOYALTY PROGRAMMES

1. We are writing to provide our comment on the IFRIC Draft Interpretation D20 *Customer Loyalty Programmes*.
2. The Council on Corporate Disclosure and Governance (CCDG) appreciates the efforts of IFRIC in clarifying the accounting by entities that operate or otherwise participate in customer loyalty programmes for their customers.
3. Conceptually, we agree with the proposals in IFRIC D20. However, we believe customer loyalty programmes are not used to only attract customers but to retain them. Hence, it may not be meaningful to have a single method of accounting for customer loyalty programmes. Accounting for customer loyalty programmes should be determined by reference to the characteristics of the programme, in particular the nature of the obligation that the operator of the programme undertakes. These obligations may be in the revenue-generating activities to be undertaken in the future or expenses to be incurred in the future. The entity should disclose the accounting policy adopted in the financial statements.
4. It may also be worthwhile to weigh the potential benefits against the potential costs of implementing the proposals in IFRIC 20. Potential costs may include relevant changes to revenue accounting systems.



COUNCIL ON CORPORATE
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5. Should you require any further clarification, please contact Mr Ramchand Jagtiani, Deputy Director, at the Institute of Certified Public Accountants of Singapore via email at jagtiani@icpas.org.sg. Thank you.

Yours faithfully,

Shirlynn Loo
Secretary, CCDG