

14 February 2020

Sue Lloyd  
Chair  
IFRS Interpretations Committee  
Columbus Building  
7 Westferry Circus  
Canary Wharf  
London  
United Kingdom  
E14 4HD

Dear Ms Lloyd

## **Tentative agenda decision – Presentation of Player Transfer Payments (IAS 38 Intangible Assets)**

Deloitte Touche Tohmatsu Limited is pleased to respond to the IFRS Interpretations Committee's publication in the November 2019 IFRIC Update of the tentative decision not to take onto the Committee's agenda the request for clarification on the presentation of the transfer payment received by an entity in exchange for releasing a player from an employment contract, when the costs to obtain the registration rights had been recognised as an intangible asset.

We agree with the IFRS Interpretations Committee's decision not to add this item onto its agenda for the reasons set out in the tentative agenda decision.

However, we are concerned that the discussion under the header "Is there a circumstance in which the entity would recognise the transfer payment received as revenue applying IFRS 15" may introduce diversity in practice in the presentation of player registration rights as intangible assets vs inventory where it does not currently exist. We understand that the outreach performed by the IFRIC staff, as reported in Agenda Paper 6, has not identified instances of entities accounting for the costs incurred to obtain players as inventories. The tentative agenda decision raises the possibility that in certain circumstances the presentation as inventories may be appropriate without specifying in what circumstances this may be the case. The discussion under this header appears the result of a lack of clarity in the fact pattern presented potentially raising questions on the classification of the player registration rights.

We believe that it would be useful to clarify the fact pattern presented consistently with the description provided in the submission by amending item b. as follows.

"the entity had recognised costs incurred to obtain the registration right as an intangible asset applying IAS 38. The entity uses the player for matches, develops the player alongside other players, and then potentially transfers the player to another club (if the player consents to the transfer and subject to regulations governing the transfer of players). The entity views the ~~development and~~ transfer of players as part of its ordinary activities, along with match operations, merchandising, advertising and TV market."

We believe that this description would more faithfully describe the fact pattern in the submission where the transfer of players (and the derecognition of player registration rights) is one of the activities undertaken by the entity as opposed to the principal reason why the registration rights were obtained in the first place.

Having clarified the fact pattern, it appears that most of the discussion under the header "Is there a circumstance in which the entity would recognise the transfer payment received as revenue applying IFRS

15" becomes unnecessary and could either be eliminated or limited to a reminder that because the player registration rights are classified as an intangible asset under IAS 38 in the fact pattern presented, it is IAS 38 that applies to the proceeds related to the derecognition of the asset.

As an additional editorial point, we suggest adding the following words (underlined) in the second sentence under the header "Does the transfer payment represent disposal proceeds" to more faithfully describe the fact pattern

"The entity is therefore required to undertake some action for the right to be extinguished prior to maturity of the player contract; the right does not expire or dissipate."

If you have any questions concerning our comments, please contact Veronica Poole in London at +44 (0) 20 7007 0884.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'V. Poole', with a stylized, flowing script.

**Veronica Poole**  
Global IFRS Leader