



International Accounting Standards  
Board (IASB)  
30 Cannon Street  
London EC4M 6XH  
United Kingdom

19 October 2017

Dear Board Member,

**Re: Exposure Draft ED/2017/4: Property, Plant and Equipment-Proceeds before Intended Use**

BusinessEurope is pleased to have the opportunity to respond to the Invitation to Comment on the exposure draft: Plant and Equipment-Proceeds before Intended Use (the ED).

*Question for respondents:*

*The Board is proposing to amend IAS 16 to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity would recognize the proceeds from selling such items, and the costs of producing those items, in profit or loss.*

*Do you agree with the Board's proposal? Why or why not? If not, what alternative would you propose, and why?*

We agree with the Board's proposals, including the proposal for the transitional provisions. We note however that some energy and utility companies disagree with the proposals of the ED and have submitted their own letter under the cover of the IEAF.

We think that the requirement to recognise in profit or loss proceeds from the sale of items produced before the asset is available for use is sound and represents the simplest solution to the problem addressed.



This approach will remove the need for entities to make judgements which may potentially result in diverse practice and avoid what some see as the anomaly of reducing the cost of the asset for an amount which represents the sale of a product.

Although entities will still have to make judgements about the amount of cost to allocate against the sales proceeds, we think that the entities concerned will usually have a great deal of experience of making such judgements and should therefore have no difficulty in doing so.

If you require any further information on this response, please do not hesitate to contact us.

Yours sincerely,

Erik Berggren  
Senior Adviser  
Legal Affairs Department