

## STAFF PAPER

July 2018

## Accounting Standards Advisory Forum

Project	Property, Plant and Equipment: Proceeds before Intended Use		
Paper topic	Accounting Standards Advisory Forum feedback		
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## Introduction

1. In June 2017, the International Accounting Standards Board (Board) published the Exposure Draft *Property, Plant and Equipment—Proceeds before Intended Use* ([ED](#)). This ED contains the Board's proposal to prohibit deducting from the cost of an item of property, plant and equipment (PPE) any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating the manner intended by management. Instead, an entity would recognise those sales proceeds in profit or loss.
2. The comment period ended in October 2017. We provided the Board with a summary of the feedback in December 2017. We advised the Board that we would undertake follow-up research and that we would provide an analysis of the feedback to the IFRS Interpretations Committee (Committee) at a subsequent meeting in order to obtain the Committee's advice on the project.
3. The Committee will provide advice on how to proceed on this project at its June 2018 meeting. The Board will further discuss the next steps on the project at a future meeting.

## Papers for this meeting

4. We have included two Agenda Papers to support our discussion with members of the Accounting Standards Advisory Forum (ASAF):
  - (a) Agenda Paper 4A reproduces Agenda Paper 7 (without appendices) that will be discussed at the June 2018 Committee meeting; and
  - (b) Agenda Paper 4B reproduces Agenda Paper 12D prepared for the December 2017 Board meeting.

## Purpose of this meeting

5. We already sought the preliminary views of ASAF members on this ED at the July 2017 ASAF meeting. Appendix B to Agenda Paper 4B includes the feedback received at this meeting.
6. Agenda Papers 4B and 4A provide ASAF members with a summary and analysis of the feedback on the ED, considering both comment letters and information obtained from our follow-up research.
7. In the light of this feedback and analysis, we seek the advice of ASAF members on the possible ways to move forward with this project.

### Question for ASAF members

What advice do ASAF members have for the Board on how to proceed with this project? In particular, would you suggest proceeding with any of the approaches outlined in Agenda Paper 4A, or would you suggest an alternative approach? Please explain your views.