



## INVITATION TO COMMENT ON EFRAG'S ASSESSMENTS ON Property, Plant and Equipment – Proceeds before Intended Use, Amendments to IAS 16

Once filled in, this form should be submitted by 7 September 2020 using the 'Comment publication link' available at the bottom of the respective news item. All open consultations can be found on EFRAG's web site: [Open consultations: express your views.](#)

EFRAG has been asked by the European Commission to provide it with advice and supporting material on *Property, Plant and Equipment – Proceeds before Intended Use, Amendments to IAS 16* ('the Amendments'). In order to do so, EFRAG has been carrying out an assessment of the Amendments against the technical criteria for endorsement set out in Regulation (EC) No 1606/2002 and has also been assessing the costs and benefits that would arise from their implementation in the European Union (the EU) and European Economic Area.

A summary of the Amendments is set out in Appendix 1 of the accompanying *Draft Letter to the European Commission* regarding endorsement of the Amendments.

Before finalising its assessment, EFRAG would welcome your views on the issues set out below. Please note that all responses received will be placed on the public record, unless the respondent requests confidentiality. In the interests of transparency, EFRAG will wish to discuss the responses it receives in a public meeting, so it is preferable that all responses can be published.

**EFRAG's initial assessments, summarised in this questionnaire, will be updated for comments received from constituents when EFRAG is in the process of finalising its *Letter to the European Commission* regarding endorsement of the Amendments.**

### Your details

1 Please provide the following details:

- (a) Your name or, if you are responding on behalf of an organisation or company, its name:

Institute of Chartered Accountants of England and Wales (ICAEW)

- (b) Are you a:

Preparer  User  Other (please specify)

Professional body

- (c) Please provide a short description of your activity:

ICAEW is a world-leading professional body established under a Royal Charter to serve the public interest. In pursuit of its vision of a world of strong economies, ICAEW works with governments, regulators and businesses and it leads, connects, supports and regulates more than 150,000 chartered accountant members in over 160 countries. ICAEW members work in all types of private and public organisations,

*Amendment to IAS 16 Property, Plant and Equipment  
Invitation to Comment on EFRAG's Initial Assessments*

including public practice firms, and are trained to provide clarity and rigour and apply the highest professional, technical and ethical standards.

- (d) Country where you are located:

United Kingdom

- (e) Contact details, including e-mail address:

Chartered Accountants' Hall, Moorgate Place, London, EC2R 6EA UK,  
T +44 (0)20 7920 8100  
sarah.dunn@icaew.com

**EFRAG's initial assessment with respect to the technical criteria for endorsement**

- 2 EFRAG's initial assessment of the Amendments is that they meet the technical criteria for endorsement. In other words, the Amendments are not contrary to the principle of true and fair view and meet the criteria of understandability, relevance, reliability, comparability and lead to prudent accounting. EFRAG's reasoning is set out in Appendix 2 of the accompanying *Draft Letter to the European Commission* regarding endorsement of the Amendments.

- (a) Do you agree with this assessment? **Yes**

If you do not agree, please provide your arguments and what you believe the implications of this could be for EFRAG's endorsement advice.

- (b) Are there any issues that are not mentioned in Appendix 2 of the accompanying *Draft Letter to the European Commission* regarding endorsement of the Amendments that you believe EFRAG should take into account in its technical evaluation of the Amendment? If there are, what are those issues and why do you believe they are relevant to the evaluation?

**No**

**The European public good**

- 3 In its assessment of the impact of the Amendments on the European public good, EFRAG has considered a number of issues that are addressed in Appendix 3 of the accompanying *Draft Letter to the European Commission* regarding endorsement of the Amendments.

*Improvement in financial reporting*

- 4 EFRAG has identified that in assessing whether the endorsement of the Amendments is conducive to the European public good it should consider whether the Amendments are an improvement over current requirements across the areas which have been subject to changes (see paragraphs 3 to 4 of Appendix 3 of the accompanying *Draft Letter to the European Commission*). To summarise, EFRAG's initial assessment is that the Amendments are likely to improve the quality of financial reporting.

Do you agree with the assessment? **Yes**

*Amendment to IAS 16 Property, Plant and Equipment  
Invitation to Comment on EFRAG's Initial Assessments*

If you do not agree, please provide your arguments and indicate how this could affect EFRAG's endorsement advice.

*Costs and benefits*

- 5 EFRAG is also assessing the costs that are likely to arise for preparers and for users on implementation of the Amendments in the EU, both in year one and in subsequent years. Some initial work has been carried out, and the responses to this invitation to comment will be used to complete the assessment.

The results of the initial assessment of costs are set out in paragraphs 5 to 10 of Appendix 3 of the accompanying *Draft Letter to the European Commission* regarding endorsement of the Amendments. To summarise, EFRAG's initial assessment is that the overall benefits of enhanced consistency of application and increased comparability are likely to outweigh costs associated with complying with the Amendments. as reported in Appendix 3.

Do you agree with this assessment? **Yes**

If you do not, please explain why you do not and (if possible) explain broadly what you believe the costs involved will be?

- 6 In addition, EFRAG is assessing the benefits that are likely to be derived from the Amendments. The results of the initial assessment of benefits are set out in paragraph 11 to 12 of Appendix 3 of the accompanying *Draft Letter to the European Commission* regarding endorsement of the Amendments. To summarise, EFRAG's initial assessment is that users are likely to benefit from the Amendments, as the information resulting from it will remove inconsistency and increase comparability between entities and therefore will enhance their analysis. It will also enable users of financial statements to identify proceeds before intended use, and to understand how those proceeds and related cost affect an entity's performance as reported in Appendix 3.

Do you agree with this assessment? **Yes**

If you do not agree with this assessment, please provide your arguments and indicate how this could affect EFRAG's endorsement advice.

- 7 EFRAG's initial assessment is that the benefits to be derived from implementing the Amendments in the EU, as described in paragraph 6 above, are likely to outweigh the costs involved, as described in paragraph 5 above.

Do you agree with this assessment? **Yes**

If you do not agree with this assessment, please provide your arguments and indicate how this could affect EFRAG's endorsement advice.

*Amendment to IAS 16 Property, Plant and Equipment  
Invitation to Comment on EFRAG's Initial Assessments*

*Overall assessment with respect to the European public good*

- 8 EFRAG has initially concluded that endorsement of the Amendments would be conducive to the European public good (see paragraphs 14 to 17 of Appendix 3 of the accompanying *Draft Letter to the European Commission*).

Do you agree with this conclusion? **Yes**

If you do not agree, please explain your reasons.

--