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ROUNDTABLE FOR THE CONSISTENT APPLICATION OF IFRS**ISSUES PAPER****WASTE OF ELECTRICAL AND ELECTRONIC EQUIPMENT (WEEE)****1. Introduction**

In 2005 IFRIC issued Interpretation IFRIC 6 - Liabilities arising from Participating in a Specific Market – Waste of Electrical and Electronic Equipment. The Interpretation addresses the question when a liability for decommissioning of WEEE should be recognized. The EU Directive 2002/96/EC that regulates the decommissioning of WEEE distinguishes four categories of waste. Waste from private households is distinguished from waste from other sources and historical waste is distinguished from new waste (products sold after August 13, 2005). The Directive states that the cost of WEEE for historical household equipment shall be borne by producers of that equipment who are in the market in a certain period. Such a model can also be enacted for future waste but the Directive leaves it to Member States to determine the funding model(s) that is to be applied to future waste. The consensus of IFRIC 6 is that a liability for historical household waste is linked to participation in the market during the measurement period. This consensus is clear and no inconsistency in application is to be expected.

2. New waste

IFRIC did not specifically address the responsibility for new (future) waste or the responsibility for waste originating from other sources than private households. According to IFRIC the liability for such waste is adequately covered in IAS 37. In some Member States national accounting standard setters have issued or drafted guidance that addresses new waste. In Germany Accounting Interpretation 2 was issued by the AIC and in the Netherlands a draft Guideline has been issued for public comment by the DASB.

The legal structures that are implemented vary from country to country. In many Member States the management of producer responsibilities is organized through national recycling schemes initiated by industry associations. In some cases pan-European structures have been established like the European Recycling Platform (ERP) to promote cost-efficient and innovative recycling strategies and opportunities for pan-European recycling. In accordance with the directive most Member States have introduced the possibility to recover the cost of this waste through a visible fee that is added to the price of the product.



3. Does accounting for new waste lead to interpretation issues?

As yet it is difficult to conclude whether the lack of local guidance in some countries, or possible differences between local guidance in certain countries, will result in inconsistent application. The risk of inconsistencies appears to be remote for Member States that have enacted a funding model for new waste that is identical to the model for historical waste (IFRIC 6 can be applied in accordance with paragraph 7 of the Interpretation). When other funding models are introduced the companies involved will have to use the guidance in IAS 37 to determine the appropriate accounting treatment for their WEEE responsibilities.

Discussions with important market participants indicate that the responsibility for dealing with WEEE, including the related accounting, is delegated to the operating companies in the Member States. To date there are no indications that unresolved accounting issues arose in this area, which would indicate that the companies involved are able to determine the appropriate accounting on the basis of IAS 37 or IFRIC 6, and that there is no need for additional guidance from IFRIC. The attention that is paid to WEEE in the accounting policies or notes to the financial statements of the companies involved is still limited, which makes it difficult to come to a positive assessment that no inconsistencies exist. However, at this moment in time there are no issues that require the attention of the IFRIC.

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