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German Accounting Standards Board
Charlottenstrasse 59
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Dear Sirs

Draft AIC 1: Waste Electrical and Electronic Equipment

The ASB's Urgent Issues Task Force (UITF) has discussed Draft-AIC 1 and warmly welcomes the AIC's initiative in bringing this issue into the public domain at this time and for sharing it with us. We also applaud the AIC's intention, once it has considered the responses to its consultation, to share its work with IFRIC and to ask IFRIC to consider issuing an Interpretation of IFRS.


The UITF broadly agrees with AIC's analysis of each of the issues. The UITF questions, however, whether the liability for a producer or importer of new waste products arises when the new product is put on the market (as indicated in paragraph 9 of the draft interpretation) or whether the liability might arise earlier when the product is manufactured or imported into the EU. This might depend on whether the producer can realistically avoid the obligation to pay for the product's disposal once it has been manufactured or purchased as inventory, ie before it is actually put on the market. In addition, if a liability is not recognised before the product is put on the market, producers and importers will need to take the disposal costs into account when they consider the net realisable value of their inventory.

The UITF wonders whether, in the context of an international interpretation, the issues to be addressed may need to be more generalised so that the accounting guidance could apply more broadly to equivalent environmental regulations that may be enacted outside the EU. Indeed, similar issues may arise from other regulations at the European level, such as the obligations placed on motor vehicle manufactures as a result of the End Of Life Vehicles Directive. The UITF recognises, however, that more broadly based guidance will need to be tested to ensure that it

will be applied appropriately by preparers that are subject to specific waste management regulations such as the WEEE Directive.

The UITF has also considered the issues raised in AIC 1 in the context of accounting standards in the UK and Ireland and whether it should propose to issue a UK interpretation that is consistent with any international interpretation that emerges from your project. The UITF understands that there may be differences in how the Directive is implemented into the national laws of individual Member States that could give rise to different accounting treatments (for example, the UK Government is presently consulting on the implementation of the Directive) and so it is difficult to judge at the moment what action it might take. The UITF would wish to understand more about the detail of the legislation, and its commercial effect, before deciding whether to issue equivalent proposals and any additional UK-specific guidance that it might wish to include.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Mary Keegan', written over a horizontal line. The signature is stylized and cursive.

Mary Keegan
Chairman