

Dr. Alexander Schaub  
Director General

European Commission  
Directorate General for the Internal Market

1049 Brussels

10 October 2005

Dear Dr. Schaub,

**Adoption of IFRIC 6 - Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment**

Based on the requirements of the Regulation (EC) No 1606/2002 of the European Parliament and of the Council on the application of international accounting standards we are pleased to provide our opinion on the adoption of *IFRIC 6 Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment* as published by the IFRIC on 1 September 2005.

The EU Directive on Waste Electrical and Electronic Equipment has given rise to questions about when a liability for decommissioning of waste electrical and electronic equipment (historical waste) should be recognised by certain electrical goods manufacturers according to IAS 37. The objective of IFRIC 6 is to clarify this. The interpretation concludes that participation in the market during the measurement period of the cost of waste is the obligating event.

The interpretation is effective for financial periods beginning on or after 1 December 2005, with earlier application encouraged.

In our comments on IFRIC D10, our only suggestion to IFRIC was to reconsider the wording of the last sentence of paragraph 7 of the draft interpretation in order to avoid any confusion about the meaning of 'may or may not arise at the same time as waste management costs incur'.

We believe that EFRAG's concern has been addressed in the final interpretation.

**EFRAG conclusion**

EFRAG has evaluated IFRIC 6, including its Basis for Conclusions. Our evaluation is based on input from standard setters and market participants in accordance with EFRAG's due process.

EFRAG supports the interpretation and has concluded that it meets the requirements of the Regulation (EC) No 1606/2002 of the European Parliament and of the Council on the application of international accounting standards that:

- i. They are not contrary to the 'true and fair principle' set out in Article 16(3) of Council Directive 83/349/EEC and Article 2(3) of Council Directive 78/660/EEC; and
- ii. they meet the criteria of understandability, relevance, reliability and comparability required of the financial information needed for making economic decisions and assessing the stewardship of management.

For the reasons given above, EFRAG believes that it is in the European interest to adopt the IFRIC and, accordingly, EFRAG recommends its adoption.

On behalf of the members of EFRAG, I should be happy to discuss our advice with you, other officials of the EU Commission or the Accounting Regulatory Committee as you may wish.

Yours sincerely,

Stig Enevoldsen  
**EFRAG, Chairman**