



International Accounting Standards Committee®

Press Release

For immediate release

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IASC'S STANDING INTERPRETATIONS COMMITTEE (SIC) ISSUES A DRAFT INTERPRETATION

The Standing Interpretations Committee (SIC) today published a Draft Interpretation to clarify accounting issues under International Accounting Standards. The Draft Interpretation is available both in hard copy format and also on IASC's Web Site <http://www.iasc.org.uk>. Comments should be submitted in writing by **30 November 2000**. The Draft Interpretation is SIC – D26: Property, Plant and Equipment – Results of Incidental Operations.

Commenting on the new Draft Interpretation, Paul Cherry, Chairman of the Standing Interpretations Committee, said: "Before an asset, such as a building, is ready for its intended use, it is common for enterprises to earn income and incur expenses from operations that are incidental to its construction or development. The Draft Interpretation clarifies that the results of such incidental operations should be recognised in the net profit or loss for the period. Of course, an enterprise will still be required to consider whether the revenue recognition criteria under IAS 18 have been met, before it applies this guidance in determining the accounting treatment".

ENDS.

Printed copies of Draft Interpretation SIC-D26 will be mailed to subscribers to IASC's "SIC Interpretations Subscription Package" and to subscribers to the IASC "Comprehensive Package" services this week. The SIC publications include a loose-leaf binder containing Draft and Final SIC Interpretations, the SIC Operating Procedures, a member list and other additional information. Detailed information on subscription services and on ordering other IASC publications can be obtained from IASC's publication department, 166 Fleet Street, London EC4A 2DY, United Kingdom. Telephone: +44 (020) 7427-5927. Fax: +44 (020) 7353-0562. E-mail: publications@iasc.org.uk Internet: <http://www.iasc.org.uk>

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NOTE TO EDITORS:**SIC – D26: Property, Plant and Equipment – Results of Incidental Operations**

This Draft Interpretation addresses the treatment of results from operations, when the income recognition criteria have been met, that are incidental to the construction or development of property, plant and equipment. For example, income may be earned from a building site that is used as a parking lot until construction commences. The SIC agreed that the results of incidental operations should be recognised in the net profit or loss for the period.