

The Board will meet next week. There is one paper to which we draw your attention.

**Agenda Paper 12A—Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)—Transition, Effective Date and Due Process**

In June 2019, the Board decided to proceed with finalising its Exposure Draft of narrow-scope amendments to IAS 16 *Property, Plant and Equipment*, with some modifications.

The amendments prohibit a company from deducting from the cost of property, plant and equipment any proceeds that it receives from selling items produced by using or testing that property, plant and equipment while it is being prepared for its intended purpose. Instead, the company recognise those sales proceeds in profit or loss.

Agenda paper 12A:

- a) recommends that re-exposure is not necessary—the changes the Board have made to the proposals in the Exposure Draft do not constitute fundamental changes on which respondents have not had the opportunity to comment;
- b) proposes an effective date of January 2022, with early application permitted;
- c) sets out the steps in the *Due Process Handbook* that the Board has taken in developing the amendments; and asks the Board to confirm that it is satisfied that it has complied with the applicable due process requirements;
- d) seeks the Board's permission to begin the balloting process for the amendments; and
- e) asks whether any Board member intends to dissent from issuing the amendments.

The Board plans to issue the amendments in Q1 2020.

Agenda paper 12A is attached for your information.