



Project **Agenda decision**

Topic **IAS 16 *Property, Plant and Equipment*—Disclosure of idle assets and construction in progress**

Introduction

1. In March 2009, the IFRIC published a tentative agenda decision not to add to its agenda an issue to provide guidance on the extent of required disclosures relating to property, plant and equipment temporarily idle or assets under construction when additional construction has been postponed.
2. One comment letter was received that agrees with the agenda decision. The constituent would nonetheless favour a wording that emphasises that paragraph 112(c) of IAS 1 requires the entity to provide information on idle PP&E whenever the carrying amount becomes significant.

Recommendation and question - wording of the final agenda decision

The staff recommends that the IFRIC finalise its tentative agenda decision not to add the issue to its agenda. The proposed wording for the agenda decision is set out in Appendix A (marked up from the tentative decision published in the March *IFRIC Update*). Does the IFRIC agree with the recommendation? Does the IFRIC have any suggestions for changes to the proposed wording?

This paper has been prepared by the technical staff of the IASCF for discussion at a public meeting of the IFRIC.

The views expressed in this paper are those of the staff preparing the paper. They do not purport to represent the views of any individual members of the IFRIC or the IASB. Comments made in relation to the application of an IFRS do not purport to be acceptable or unacceptable application of that IFRS—only the IFRIC or the IASB can make such a determination.

Decisions made by the IFRIC are reported in *IFRIC Update*.

Interpretations are published only after the IFRIC and the Board have each completed their full due process, including appropriate public consultation and formal voting procedures. The approval of an Interpretation by the Board is reported in *IASB Update*.

Appendix A

A1. The staff proposes the following wording for the final agenda decision (marked up from the tentative decision published in the March *IFRIC Update*).

IAS 16 *Property, Plant and Equipment*—Disclosure of idle assets and construction in progress

The IFRIC received a request for more guidance on the extent of required disclosures relating to property, plant and equipment temporarily idle or assets under construction when additional construction has been postponed. In accordance with paragraph 74(b) of IAS 16, an entity is required to disclose the amount of expenditures recognised in the carrying amount of an item of property, plant and equipment in the course of its construction. Paragraph 79(a) encourages an entity to disclose the amount of property, plant and equipment that is temporarily idle.

The IFRIC also noted that paragraph 112(c) of IAS 1 requires an entity to provide in the notes information that is not presented elsewhere in the financial statements that is relevant to their understanding. The IFRIC noted that disclosure regarding idle assets might be particularly relevant in the current economic environment. Consequently, the IFRIC expected that entities would provide information in addition to that specifically required by IAS 16 whenever idle assets or postponed construction projects ~~were~~ become significant.

Given the requirements of IAS 16 and IAS 1, the IFRIC did not expect significant diversity in practice and decided not to add this issue to its agenda. However, the IFRIC recommended that the Board undertake a review of all disclosures encouraged (but not required) by IFRSs with the objective of either confirming that they are required or eliminating them.