



ACCOUNTING
STANDARDS
BOARD

URGENT ISSUES TASK FORCE

INFORMATION SHEET NO 83

13 February 2007

Abstract 45 'Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment'

The ASB today issued UITF Abstract 45 which gives guidance on accounting for liabilities for waste management costs under the EU Directive on waste electrical and electronic equipment (the WEEE Directive). The UK Regulations implementing the WEEE Directive (S.I. 2006 No.3289 'The Waste Electrical and Electronic Equipment Regulations 2006') were laid before Parliament in December 2006 and entered into force on 2 January 2007.

This Abstract has the effect of implementing the International Accounting Standards Board's (IASB's) International Financial Reporting Interpretations Committee (IFRIC) Interpretation 6 'Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment' in the UK and the Republic of Ireland for entities preparing their financial statements in accordance with UK accounting standards. The reference standards FRS 12 'Provisions, Contingent Liabilities and Contingent Assets' and IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' are converged.

The Abstract addresses a model of attributing waste management costs where an individual producer's obligation arises from its participation in the market during each measurement period. The consensus is that the obligating event giving rise to a liability for waste management costs is participation in the market during a measurement period, i.e. a period in which market shares are determined for the purposes of allocating those costs. This model is applied in the UK Regulations in respect of waste from private households.

The UITF reminds entities to consider disclosure – for example, in the business review part of the directors' report or in an Operating and Financial Review – of information about the effect of future obligations for waste management costs that is relevant to assessing the entity's future performance and financial position.