Question 6

For the transfer of a non-financial asset that is not an output of an entity' s ordinary activities (for example, property, plant and equipment within the scope of IAS 16 or IAS 40, or ASC Topic 360), the boards propose amending other standards to require that an entity apply (a) the proposed requirements on control to determine when to derecognise the asset, and (b) the proposed measurement requirements to determine the amount of gain or loss to recognise upon derecognition of the asset.* Do you agree that an entity should apply the proposed control and measurement requirements to account for the transfer of non-financial assets that are not an output of an entity' s ordinary activities? If not, what alternative do you recommend and why?

Our views

We disagree with this proposal. We believe that IAS 16 and IAS 40 already contain measurement methods appropriate for income recognition of such other than ordinary activities of an entity and these measurement methods are in substance broadly similar to that in the proposed revenue recognition model. Additionally, where the disposal of property, plant and equipment that are not part of an entity's ordinary scope of activities, the measurement to be applied should wholly aligned with revenue recognition for ordinary activities of the entity.