
**SINGAPORE FINANCIAL REPORTING STANDARDS
(INTERNATIONAL)**

**SFRS(I) INT 6
Liabilities arising from Participating in a Specific Market—
Waste Electrical and Electronic Equipment**

This Interpretation is applicable for annual reporting period beginning on
1 January 2020.

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from paragraph

SFRS(I) INTERPRETATION 6

LIABILITIES ARISING FROM PARTICIPATING IN A SPECIFIC MARKET— WASTE ELECTRICAL AND ELECTRONIC EQUIPMENT

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SFRS(I) INT 6

SFRS(I) Interpretation 6 *Liabilities arising from Participating in a Specific Market—Waste Electrical and Electronic Equipment* (SFRS(I) INT 6) is set out in paragraphs 1–11. SFRS(I) INT 6 should be read in the context of the Basis for Conclusions on International Financial Reporting Standards. The scope and authority of Interpretations are set out in the *Preface to Singapore Financial Reporting Standards (International)*.

Preface

Singapore Financial Reporting Standards (International) (SFRS(I)s) are available for entities to apply for annual reporting periods beginning on or after 1 January 2018.

The first volume of SFRS(I)s contains the equivalent of the consolidated text of International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) at 31 December 2017 that are applicable for annual reporting period beginning on 1 January 2018.

In this Interpretation, paragraphs with a prefix 'IFRS' refer to effective date, transition provisions and/or other text that are extracted from IFRSs. An entity that is not a first-time adopter shall apply those requirements, if applicable¹. Paragraphs that are specific to SFRS(I)s are indicated with a prefix 'SG'.

Notwithstanding the effective date and transition provisions in this Interpretation, an entity that is a first-time adopter of SFRS(I)s² shall:

- (A) Initially apply this Interpretation in the first annual period in which it adopts SFRS(I)s; and
- (B) Apply SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* in its first SFRS(I) financial statements. The entity shall also apply SFRS(I) 1 in each interim financial report that it presents in accordance with SFRS(I) 1-34 *Interim Financial Reporting* for any part of the period covered by its first SFRS(I) financial statements.

SFRS(I) INT 6 *Liabilities arising from Participating in a Specific Market—Waste Electrical and Electronic Equipment* is equivalent to IFRIC 6 *Liabilities arising from Participating in a Specific Market—Waste Electrical and Electronic Equipment*. An entity that complies with SFRS(I) INT 6 can simultaneously comply with IFRIC 6.

1 For example, SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* specifies that the transitional provisions in SFRS(I)s apply to a transitioning entity's transition to SFRS(I)s. SFRS(I) 1 defines a 'transitioning entity' as an entity that presents its first SFRS(I) financial statements, and that presented its annual financial statements in the most recent previous year that contained an explicit and unreserved statement of compliance with IFRSs.

2 SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* defines a 'first-time adopter' as an entity that presents its first SFRS(I) financial statements. A first-time adopter excludes a transitioning entity.

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Liabilities arising from Participating in a Specific Market— Waste Electrical and Electronic Equipment

References

- SFRS(I) 1-8 *Accounting Policies, Changes in Accounting Estimates and Errors*
- SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*

Background

- 1 Paragraph 17 of SFRS(I) 1-37 specifies that an obligating event is a past event that leads to a present obligation that an entity has no realistic alternative to settling.
- 2 Paragraph 19 of SFRS(I) 1-37 states that provisions are recognised only for ‘obligations arising from past events existing independently of an entity’s future actions’.
- 3 The European Union’s Directive on Waste Electrical and Electronic Equipment (WE&EE), which regulates the collection, treatment, recovery and environmentally sound disposal of waste equipment, has given rise to questions about when the liability for the decommissioning of WE&EE should be recognised. The Directive distinguishes between ‘new’ and ‘historical’ waste and between waste from private households and waste from sources other than private households. New waste relates to products sold after 13 August 2005. All household equipment sold before that date is deemed to give rise to historical waste for the purposes of the Directive.
- 4 The Directive states that the cost of waste management for historical household equipment should be borne by producers of that type of equipment that are in the market during a period to be specified in the applicable legislation of each Member State (the measurement period). The Directive states that each Member State shall establish a mechanism to have producers contribute to costs proportionately ‘e.g. in proportion to their respective share of the market by type of equipment.’
- 5 Several terms used in the Interpretation such as ‘market share’ and ‘measurement period’ may be defined very differently in the applicable legislation of individual Member States. For example, the length of the measurement period might be a year or only one month. Similarly, the measurement of market share and the formulae for computing the obligation may differ in the various national legislations. However, all of these examples affect only the measurement of the liability, which is not within the scope of the Interpretation.

Scope

- 6 This Interpretation provides guidance on the recognition, in the financial statements of producers, of liabilities for waste management under the EU Directive on WE&EE in respect of sales of historical household equipment.
- 7 The Interpretation addresses neither new waste nor historical waste from sources other than private households. The liability for such waste management is adequately covered in SFRS(I) 1-37. However, if, in national legislation, new waste from private households is treated in a similar manner to historical waste from private households, the principles of the Interpretation apply by reference to the hierarchy in paragraphs 10–12 of SFRS(I) 1-8. The SFRS(I) 1-8 hierarchy is also relevant for other regulations that impose obligations in a way that is similar to the cost attribution model specified in the EU Directive.

Issue

- 8 The Interpretation determines in the context of the decommissioning of WE&EE what constitutes the obligating event in accordance with paragraph 14(a) of SFRS(I) 1-37 for the recognition of a provision for waste management costs:
- the manufacture or sale of the historical household equipment?
 - participation in the market during the measurement period?
 - the incurrence of costs in the performance of waste management activities?

Consensus

- 9 Participation in the market during the measurement period is the obligating event in accordance with paragraph 14(a) of SFRS(I) 1-37. As a consequence, a liability for waste management costs for historical household equipment does not arise as the products are manufactured or sold. Because the obligation for historical household equipment is linked to participation in the market during the measurement period, rather than to production or sale of the items to be disposed of, there is no obligation unless and until a market share exists during the measurement period. The timing of the obligating event may also be independent of the particular period in which the activities to perform the waste management are undertaken and the related costs incurred.

Effective date

- IFRS. An entity shall apply [IFRIC 6 *Liabilities arising from Participating in a Specific Market—Waste*
10 *Electrical and Electronic Equipment* (issued by IASB in September 2005)] for annual periods beginning on or after 1 December 2005. Earlier application is encouraged. If an entity applies the Interpretation for a period beginning before 1 December 2005, it shall disclose that fact.

Transition

- IFRS. Changes in accounting policies shall be accounted for in accordance with IAS 8.
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