



UK-Adopted International Accounting Standards

IFRIC Interpretation 6

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

Accounting Standards issued at 1 January 2024

UK-adopted international accounting standards contain copyright material of the IFRS® Foundation (Foundation) in respect of which all rights are reserved.

Reproduced and distributed by the UK Endorsement Board (“UKEB”), pursuant to the delegation by the Secretary of State in the International Accounting Standards (Delegation of Functions) (EU Exit) Regulations 2021 No. 609, with the permission of the Foundation within the United Kingdom only. No rights granted to third parties other than as permitted by the Terms of Use (see below) without the prior written permission of the UKEB, and the Foundation.

‘UK-adopted international accounting standards’ are issued by the UKEB in respect of their application in the United Kingdom and have not been prepared or endorsed by the International Accounting Standards Board.

Terms of Use for Users

1. The IFRS Foundation and the UK Endorsement Board (“UKEB”) (pursuant to the delegation by the Secretary of State in the International Accounting Standards (Delegation of Functions) (EU Exit) Regulations 2021 No. 609), grant users of the UK-adopted international accounting standards’ (Users) the permission to reproduce the ‘UK-adopted international accounting standards’ for
 - i. the User’s Professional Use, or
 - ii. private study and education

Professional Use: means use of ‘UK-adopted international accounting standards’ in the User’s professional capacity in connection with the business of providing accounting services for the purpose of application of IFRS as adopted by the UK for preparation of financial statements and/or financial statement analysis to the User’s clients or to the business in which the User is engaged as an accountant.

For the avoidance of doubt, the abovementioned usage does not include any kind of activities that make (commercial) use of the ‘UK-adopted international accounting standards’ other than direct or indirect application of the ‘UK-adopted international accounting standards’ such as but not limited to commercial seminars, conferences, commercial training or similar events.

2. For any application that falls outside Professional Use, Users shall be obliged to contact the UKEB and the IFRS Foundation for a separate individual licence under terms and conditions to be mutually agreed.
3. Except as otherwise expressly permitted in this notice, Users shall not, without prior written permission of the UKEB and the Foundation, have the right to license, sublicense, transmit, transfer, sell, rent, or otherwise distribute any portion of the ‘UK-adopted international accounting standards’ to third parties in any form or by



any means, whether electronic, mechanical or otherwise either currently known or yet to be invented.

4. Users are not permitted to modify or make alterations, additions or amendments to or create any derivative works from the 'UK-adopted international accounting standards' save as otherwise expressly permitted in this notice.

For further details about licensing the IFRS Foundation's intellectual property please contact permissions@ifrs.org.

IFRIC Interpretation 6

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

References

- IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*
- IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*

Background

- 1 Paragraph 17 of IAS 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 IAS 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 IAS 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 IAS 8. The IAS 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 IFRIC was asked to determine in the context of the decommissioning of WE&EE what constitutes the obligating event in accordance with paragraph 14(a) of IAS 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 IAS 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

- 10 An entity shall apply this Interpretation 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

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