



New Zealand Equivalent to IFRIC Interpretation 6

Liabilities arising from Participating in a Specific Market—Waste Electrical and Electronic Equipment(NZ IFRIC 6)

Issued October 2005 and incorporates amendments to 30 November 2012

This Interpretation was issued by the New Zealand Accounting Standards Board of the External Reporting Board pursuant to section 24(1)(a) of the Financial Reporting Act 1993.

This Interpretation is a Regulation for the purposes of the Regulations (Disallowance) Act 1989.

COPYRIGHT

© External Reporting Board (XRB) 2011

This XRB standard contains International Financial Reporting Standards (IFRS®) Foundation copyright material. Reproduction within New Zealand in unaltered form (retaining this notice) is permitted for personal and non-commercial use subject to the inclusion of an acknowledgement of the source.

Requests and enquiries concerning reproduction and rights for commercial purposes within New Zealand should be addressed to the Chief Executive, External Reporting Board at the following email address: enquiries@xrb.govt.nz and the IFRS Foundation at the following email address: permissions@ifrs.org.

All existing rights (including copyrights) in this material outside of New Zealand are reserved by the IFRS Foundation. Further information and requests for authorisation to reproduce for commercial purposes outside New Zealand should be addressed to the IFRS Foundation.

ISBN 1-877430-56-0

Copyright

IFRS Standards are issued by the
International Accounting Standards Board
Columbus Building, 7 Westferry Circus, Canary Wharf, London, E14 4HD, United Kingdom.
Tel: +44 (0)20 7246 6410
Email: info@ifrs.org Web: www.ifrs.org

Copyright © International Financial Reporting Standards Foundation All rights reserved.

Reproduced and distributed by the External Reporting Board with the permission of the IFRS Foundation.

This English language version of the IFRS Standards is the copyright of the IFRS Foundation.

1. The IFRS Foundation grants users of the English language version of IFRS Standards (Users) the permission to reproduce the IFRS Standards for
 - (i) the User's Professional Use, or
 - (ii) private study and education

Professional Use: means use of the English language version of the IFRS Standards in the User's professional capacity in connection with the business of providing accounting services for the purpose of application of IFRS Standards 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 IFRS Standards other than direct or indirect application of IFRS 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 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 Foundation have the right to license, sublicense, transmit, transfer, sell, rent, or otherwise distribute any portion of the IFRS 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, save as otherwise expressly permitted in this notice.
5. Commercial reproduction and use rights are strictly prohibited. For further information please contact the IFRS Foundation at permissions@ifrs.org.

NZ IFRIC 6

The authoritative text of IFRS Standards is that issued by the International Accounting Standards Board in the English language. Copies may be obtained from the IFRS Foundation's Publications Department.

Please address publication and copyright matters in English to:

IFRS Foundation Publications Department

Columbus Building, 7 Westferry Circus, Canary Wharf, London, E14 4HD, United Kingdom.

Tel: +44 (0)20 7332 2730 Fax: +44 (0)20 7332 2749

Email: publications@ifrs.org Web: www.ifrs.org

Trade Marks



The IFRS Foundation logo, the IASB logo, the IFRS for SMEs logo, the "Hexagon Device", "IFRS Foundation", "eIFRS", "IAS", "IASB", "IFRS for SMEs", "IASs", "IFRS", "IFRSs", "International Accounting Standards" and "International Financial Reporting Standards", "IFRIC" and "SIC" are **Trade Marks** of the IFRS Foundation.

Disclaimer

The authoritative text of the IFRS Standards is reproduced and distributed by the External Reporting Board in respect of their application in New Zealand. The International Accounting Standards Board, the Foundation, the authors and the publishers do not accept responsibility for loss caused to any person who acts or refrains from acting in reliance on the material in this publication, whether such loss is caused by negligence or otherwise.

CONTENTS

**NEW ZEALAND EQUIVALENT TO IFRIC INTERPRETATION 6
LIABILITIES ARISING FROM PARTICIPATING IN A SPECIFIC MARKET—WASTE
ELECTRICAL AND ELECTRONIC EQUIPMENT (NZ IFRIC 6)**

from paragraph

REFERENCES	
BACKGROUND	1
SCOPE	NZ 5.1
ISSUE	8
CONSENSUS	9
EFFECTIVE DATE	10
TRANSITION	11
APPENDIX	
AMENDMENTS TO OTHER STANDARDS	
HISTORY OF AMENDMENTS	

The following is available within New Zealand on the XRB website as additional material

BASIS FOR CONCLUSIONS

NZ IFRIC 6

New Zealand Equivalent to IFRIC Interpretation 6 *Liabilities arising from Participating in a Specific Market—Waste Electrical and Electronic Equipment* (NZ IFRIC 6) is set out in paragraphs 1–11.

NZ IFRIC 6 is based on IFRIC 6 *Liabilities arising from Participating in a Specific Market—Waste Electrical and Electronic Equipment* (IFRIC 6). NZ IFRIC 6 should be read in the context of the IFRIC’s Basis for Conclusions on IFRIC 6.

Any New Zealand additional material is shown with either “NZ” or “RDR” preceding the paragraph number.

Reduced Disclosure Regime

Tier 2 for-profit entities must comply with all the provisions in NZ IFRIC 6.

New Zealand Equivalent to IFRIC Interpretation 6

Liabilities arising from Participating in a Specific Market—Waste Electrical and Electronic Equipment (NZ IFRIC 6)

References

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

Background

- 1 Paragraph 17 of NZ 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 NZ 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

- NZ 5.1 This Interpretation applies to Tier 1 and Tier 2 for-profit entities.
- 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 NZ 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 NZ IAS 8. The NZ 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 NZ 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 NZ 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 January 2007. For entities which elect to comply with NZ IFRS 1 *First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards* for an annual accounting period beginning on or after 1 January 2005 and before 1 January 2007, this Interpretation becomes operative for annual accounting 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.
- NZ 10.1 *Framework: Tier 1 and Tier 2 For-profit Entities*, issued in November 2012, amended extant NZ IFRSs by deleting any public benefit entity paragraphs, deleting any differential reporting concessions, adding scope paragraphs for Tier 1 and Tier 2 for-profit entities and adding disclosure concessions for Tier 2 entities. It made no changes to the requirements for Tier 1 entities. A Tier 2 entity may elect to apply the disclosure concessions for annual periods beginning on or after 1 December 2012. Early application is permitted.

Transition

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

IFRIC Basis for Conclusions

BC1–BC10 [Paragraphs BC1–BC10 do not form part of NZ IFRIC 6.]

Appendix

Amendments to other Standards

The amendments in this appendix shall be applied for annual accounting periods beginning on or after 1 January 2007. In respect of entities which elect to comply with NZ IFRS 1 First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards for an annual accounting period beginning on or after 1 January 2005 or before 1 January 2007, the amendments shall be applied for annual accounting periods beginning on or after 1 December 2005. If an entity applies the Interpretation for an earlier period, these amendments shall be applied for that earlier period.

HISTORY OF AMENDMENTS

Table of Pronouncements – NZ IFRIC 6 *Liabilities Arising from Participating in a Specific Market—Waste Electrical and Electronic Equipment*

This table lists the pronouncements establishing and substantially amending NZ IFRIC 6. The table is based on amendments approved as at 30 November 2012.

Pronouncements	Date approved	Early operative date	Effective date (annual reporting periods... on or after ...)
NZ IFRIC 6 <i>Liabilities Arising from Participating in a Specific Market—Waste Electrical and Electronic Equipment</i>	Oct 2005	1 Jan 2006	1 Jan 2007
<i>Framework: Tier 1 and Tier 2 For-profit Entities¹</i>	Nov 2012	Early application permitted	1 Dec 2012

Table of Amended Paragraphs in NZ IFRIC 1

Paragraph affected	How affected	By ... [date]
Paragraph NZ 10.1	Added	<i>Framework: Tier 1 and Tier 2 For-profit Entities</i> [Nov 2012]

¹ This pronouncement amended extant NZ IFRSs by (i) deleting any public benefit entity paragraphs, (ii) deleting any differential reporting paragraphs, (iii) adding scope paragraphs for Tier 1 and Tier 2 for-profit entities, and (iv) adding RDR disclosure concessions.