

PRESS RELEASE

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**IASB publishes amendments to IAS 16 *Property, Plant and Equipment*
and IAS 38 *Intangible Assets***

Clarification of acceptable methods of depreciation and amortisation

The International Accounting Standards Board (IASB) today published amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*.

IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.

The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

The issue originated from a submission to the IFRS Interpretations Committee. As a result, the Interpretations Committee recommended that the IASB should amend IAS 16 and IAS 38.

Further information on the amendments can be found [here](#).

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About the IASB

The IASB was established in 2001 and is the standard-setting body of the IFRS Foundation, an independent, private sector, not-for-profit organisation. The IASB is committed to developing, in the public interest, a single set of high quality, global accounting Standards that provide high quality, transparent and comparable information in general purpose financial statements. In pursuit of this objective the IASB conducts extensive public consultations and seeks the co-operation of international and national bodies around the world. The IASB has 16 full-time members drawn from 11 countries and a variety of professional backgrounds. Board members are appointed by, and accountable to, the Trustees of the IFRS Foundation, who are required to select the best available combination of technical expertise and diversity of international business and market experience. In their work the Trustees are accountable to a Monitoring Board of public authorities.