

9 April 2013

International Accounting Standards Board  
1<sup>st</sup> Floor 30 Cannon Street  
London EC4M 6XH  
United Kingdom

Dear Sirs,

## **RESPONSE TO EXPOSURE DRAFT – CLARIFICATION OF ACCEPTABLE METHODS OF DEPRECIATION AND AMORTISATION**

The Institute of Certified Public Accountants of Singapore (ICPAS) appreciates the opportunity to comment on the above exposure draft (ED) issued by the International Accounting Standards Board (IASB) in December 2012.

Our comments on the proposed amendments in the ED are as follows:

### **Question 1:**

**The IASB proposes to amend IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* to prohibit a depreciation or amortisation method that uses revenue generated from an activity that includes the use of an asset. This is because it reflects a pattern of future economic benefits being generated from the asset, rather than reflecting the expected pattern of consumption of the future economic benefits embodied in the asset. Do you agree? Why or why not?**

We agree with the proposed amendments to prohibit a depreciation or amortisation method that uses revenue generated from an activity that includes the use of an asset. We believe that the proposed amendments are consistent with paragraph 62 of IAS 16 *Property, Plant and Equipment* and paragraph 98 of IAS 38 *Intangible Assets* which require an entity to select the depreciation method that most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset, rather than a method that reflects a pattern of future economic benefits being generated from the asset.

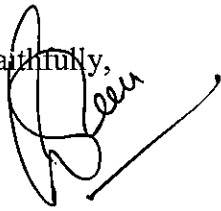
**Question 2:**

**Do you have any other comments on the proposals?**

We have no other comments on the proposals.

Should you require any further clarification, please feel free to contact Mr Benjamin Oh, Manager, Technical Standards Development and Advisory, from ICPAS via email at [benjamin.oh@icpas.org.sg](mailto:benjamin.oh@icpas.org.sg).

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Lim Ai Leen', written over the text 'Yours faithfully,'.

Ms Lim Ai Leen  
Executive Director  
Technical Knowledge Centre and Quality Assurance