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**International Accounting
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The IASB's Exposure Draft Clarification of Acceptable Methods of Depreciation and Amortisation

The European Securities and Markets Authority (ESMA) thanks you for this opportunity to contribute to the IASB's due process. We are pleased to provide you with the following comments aimed at improving the decision-usefulness of financial statements and the transparency and enforceability of IFRSs.

ESMA has considered the IASB's Exposure Draft (ED) *Clarification of Acceptable methods of Depreciation and Amortisation*. ESMA agrees with the IASB that, in principle, it is inappropriate to use revenue-based methods to calculate the depreciation or amortisation.

However, we believe that the IASB should clarify more explicitly that an entity is allowed to rebut this principle. Indeed, we are aware of situations in which the revenue-based method to calculate the depreciation or amortisation is appropriate, for example if there is a direct link between the revenue recognised and the useful life of the asset.

Therefore, ESMA does not agree with the IASB's conclusion reflected in paragraph BC 3 of the ED where it states: "*the IASB noted that the limited circumstance when revenue could be used is when the use of a revenue-based method gives the same result as the use of a unit of production method.*" We would suggest considering cases where the revenue-based method to calculate the depreciation or amortisation

will not result in the same depreciation or amortisation pattern as the use of a unit of production method would. This is particularly the case if the price or fee charged depends on the particular features of each unit of production or service rendered. In such a situation a revenue-based method to calculate the depreciation or amortisation seems to be the most adequate to reflect the pattern of consumption.

Please do not hesitate to contact us should you wish to discuss any of the issues we have raised.

Yours sincerely,



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European Securities and Markets Authority



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