

Member Lords
International Accounting Standards Board
-I IASB,
Lima-Peru, October 19, 2019

Dear IASB Members:

I am a Public Accountant, Cost Consultant and Cost Professor and IFRS of the FACULTY OF ACCOUNTING SCIENCES UNIVERSIDAD NACIONAL MAYOR DE SAN MARCOS in Peru, with 40 years of experience in the area of costs.

I have reviewed with great interest the PROPOSED CHANGE in the exchange treatment in paragraph 17 of IAS 16 regarding costs attributable to PLANT AND EQUIPMENT ASSETS.

In my last experiences in plants such as food, paper, paltas, textile, and metal mechanic, I have appreciated the great responsibility of the management in getting their products reach the market with a better level of manifest, which leads them to take decisions regarding the TESTS NEEDED TO VERIFY THE EFFICIENT FUNCTIONING OF THE MACHINERY.

I have always recommended to distinguish:

1. The operational tests OF THE MACHINERY OR PRODUCTION LINES, of
2. Evidence of the qualities of the product,

And in the first case I have no hesitation in recommending that these are part of the COST OF THE MACHINERY PLANT AND EQUIPMENT, based on:

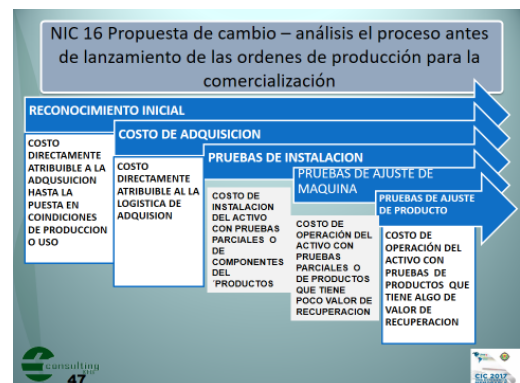
Measurement at the time of recognition
Cost Components

17 Examples of directly attributable costs are:

(e) the costs of checking that the asset functions properly, after deducting the net proceeds from the sale of any items produced during the installation process and asset tuning (such as samples produced while testing equipment);

So I agree in part with the support of Mr. Zhang however it is good to review the TEST PROCESS and we will find at least 4 situations:

1. They do tests and are not salable.
2. Test and sell below cost.
3. Test and sell at cost.
4. Test and sell above cost. These have no depreciation cost



On the other hand, cost investigators such as Horngren and others in the production cost theories of an ACTIVE consider it important to recognize cost recoveries as a component of the cost of the asset.

My proposal is to maintain the paragraph and create an Interpretation of International Accounting Standards (SIC), INCLUDING THE FOLLOWING


Testing is part of the cost if:

1. They do tests and are not salable.
2. Test and sell below cost.
3. Test and sell at cost.

SITUACIONES QUE SE PRESENTAN EN LA EMPRESA :

- Hacen pruebas y no son vendibles.
- Hacen pruebas y se venden por debajo del costo.
- Hacen pruebas y se venden al costo.
- Hacen pruebas y se venden por encima del costo.

Estas no tienen costo de depreciación.



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The tests are recognized the result of the exercise if:

4. Test and sell above cost. These have no depreciation cost

SITUACIONES QUE SE PRESENTAN EN LA EMPRESA Cometarios:

Tren eléctrico, pruebas de funcionamiento de vías.

- Pruebas de funcionamiento con funcionamiento con pasajeros.



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Failure to recognize cost recoveries as a component of the asset would force us to revise the provisions of IAS 2, IFRS 15 Incremental costs for obtaining a contract and others.

I appreciate taking into account my opinion

Greetings from San Marcos



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