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29 January 2025

Mr Bruce Mackenzie
Chairman, IFRS Interpretations Committee
International Accounting Standards Board
Columbus Building
7 Westferry Circus
Canary Wharf
London E14 4HD

By e-mail only - commentletters@ifrs.org

Re: Tentative Agenda Decision and comment letters: Recognition of Intangible Assets Resulting from Climate-related Expenditure (IAS 38)

Dear Mr Mackenzie,

On behalf of RSM International Limited, a worldwide network of independent audit, tax and consulting firms, we are pleased to comment on the IFRIC's tentative agenda decision in respect of the Recognition of Intangible Assets Resulting from Climate-related Expenditure.

We welcome the proposed agenda decision and agree with the conclusion reached that the existing requirements of IAS 38 are sufficient to determine whether investments in carbon credits and expenditures for certain research and development activities should be recognised as intangible assets. We do not believe that any isolated standard setting activity targeted to this specific issue would be appropriate.

We note that the Committee's decision focussed primarily on the accounting for expenditure on research activities and development activities. In our view, paragraphs 54 to 64 of IAS 38 already provide sufficient guidance on the recognition criteria in the standard for the research phase and the development phase.

Given the nature of the research and development expenditure, we believe it would be challenging to set out any specific criteria and guidance that would adequately cover all industries and jurisdictions, given the current degree of variation in regulation. There is currently no specific guidance in IAS 38 on research and development expenses for any industry or activity in particular, and we believe there is no reason to develop specific guidance pertaining to climate-related expenditure, which should follow the established principles that apply to the recognition of all intangible assets. Any necessary amendment or implementation examples would best be considered as part of the IASB's ongoing intangibles project.

We therefore concur with the conclusion reached by the Interpretations Committee.

We would be pleased to respond to any questions the Board or its staff may have about any of our response. If you have any questions or comments, please do not hesitate to contact Monique Cole (+1 6172411461) or me (+44 (0)207 601 1842).

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Yours faithfully,

A handwritten signature in black ink that reads "Marion Hannon".

Marion Hannon
Global Leader, Quality & Risk
RSM International