

IFRS 12 Disclosure of Interest in other Entities (July 2009)

The IFRIC received requests for guidance on the application of IFRIC 12. One request related to the requirement that the grantor control or regulate the price the operator can charge to users of the service provided by the infrastructure. The other requested guidance on the accounting for aspects of the arrangement other than the infrastructure. The IFRIC noted that guidance in paragraphs AG2 and AG3 of IFRIC 12 on the requirement that the grantor controls or regulates the price of the service states that the grantor does not need to have complete control of the price. Rather, the IFRIC noted that any reviews or approvals by the grantor required by the agreement would generally be sufficient to meet this requirement, and it would be inappropriate to assume that they are perfunctory or 'rubber stamps' that can be disregarded.

The IFRIC also noted that in redeliberating the Interpretation it had decided to focus on the guidance on accounting for the infrastructure but had provided references to other IFRSs that apply to arrangements not within its scope. IFRIC 12 also refers to other IFRSs for accounting for aspects of the arrangement other than the infrastructure, such as repair and maintenance obligations and revenue recognition. Given the guidance in IFRSs, the IFRIC concluded that any guidance it could provide would be in the nature of implementation guidance rather than an interpretation. The IFRIC therefore decided not to add the issues to its agenda.