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**International
Accounting Standards
Board**

*This document is provided as a convenience to observers at IASB meetings, to assist them in following the Board's discussion. It does not represent an official position of the IASB. Board positions are set out in Standards.
These notes are based on the staff papers prepared for the IASB. Paragraph numbers correspond to paragraph numbers used in the IASB papers. However, because these notes are less detailed, some paragraph numbers are not used.*

INFORMATION FOR OBSERVERS

Board Meeting: 19 October 2006, London

Project: IFRIC Project - Service Concession Arrangements

Subject: IFRIC X *Service Concession Arrangements* – Cover Paper
(Agenda Paper 12)

Introduction and papers for this meeting

1. At the September 2006 IFRIC meeting, the staff was directed to present the revised draft text of IFRIC X *Service Concession Arrangements* to the Board with a request that it be issued as an Interpretation. The draft text reflects the decisions taken by the IFRIC during its post-exposure deliberations.
2. The proposals (D12-14) were issued in three separate draft Interpretations, D12 *Service Concession Arrangements—Determining the Accounting Model*, D13 *Service Concession Arrangements—The Financial Asset Model* and D14 *Service Concession Arrangements—The Intangible Asset Model*. In finalising IFRIC X, the IFRIC combined the three draft Interpretations.
3. Agenda Paper 12A contains the revised draft text of IFRIC X for consideration by the Board. Paragraphs 4-7 of this paper set out the objective of this meeting and paragraph 8 outlines the next steps of the project.

Objective of this meeting

4. The objective of this meeting is to reach agreement on the revised draft text contained in Agenda Paper 12A. IFRIC X *Service Concession Arrangements* is set out in paragraphs 1-30 and Appendices A and B. IFRIC X is accompanied by two Information Notes, three Illustrative Examples and a Basis for Conclusions. The IFRIC recommends not re-exposing the Interpretation because the changes made reflect issues discussed in D12-14. A summary of the main changes from D12-14 is set out in BC77 of IFRIC X.

5. The Board is asked whether (subject to drafting comments) it agrees with the requirements and rationale contained in IFRIC X *Service Concession Arrangements* and approves the document for issue as an Interpretation.

6. At its September meeting; the IFRIC decided that, given the significance of the Interpretation, it was more appropriate that the Board determine its effective date. In making this decision the IFRIC noted the IASB's press release of 24 July 2006, which set out the Board's policy for the lead time to apply to new IFRSs and major changes to existing IFRSs (see Appendix 1).

7. The Board is asked whether it agrees with an effective date of 1 January 2008 for IFRIC X.

Next steps

8. The staff notes that as a service to preparers and other users of IFRSs the IASB makes available near-final drafts of forthcoming standards to give early notice of impending changes before the IASB has finally approved the documents for issue. Near-final drafts may be viewed on the secure online services area of the Website by subscribers to the IASB's Comprehensive Subscription Service. If the Board approves the IFRIC X *Service Concession Arrangements* in principle at this meeting, the staff intends to make IFRIC X available in this way. The near-final draft would remain on the Website until the final Interpretation is issued. [Sentence omitted from observer note].

IASB Press Release

IASB takes steps to assist adoption of IFRSs and reinforce consultation -
No new IFRSs effective until 2009

24th Jul 2006

The International Accounting Standards Board (IASB) today announced a number of steps taken as a result of its ongoing review of its work programme and of market practices. When the IASB considered its technical plan at its meeting in June, the IASB affirmed its commitment to the joint work programme described in the Memorandum of Understanding with the US Financial Accounting Standards Board (FASB) published in February 2006.

At the same time, the IASB concluded that by addressing issues related to the timing of effective dates and consultation, it would continue both to encourage consistent and rigorous application of IFRSs and to facilitate broad input into the IASB’s work programme.

Following consultation with the Trustees of the IASC Foundation, the Standards Advisory Council, and a wide range of interested parties, the IASB has agreed to the following:

- **Increased lead time to prepare for new standards:** The IASB recognises that many countries require time for translations and implementation of new standards into practice and, where IFRSs are legally binding, into law. To accommodate the time required, the IASB intends to allow a minimum of one year between the date of the publication of wholly new IFRSs or major amendments to existing IFRSs and the date when implementation is required.
- **Increased opportunity for input on conceptual issues:** The IASB and the FASB have agreed to publish discussion papers, rather than moving directly to exposure drafts, on the individual sections of their Conceptual Framework project.

The IASB announced at its meeting in June that it will also publish a discussion paper as the next step of its Fair Value Measurement project, which is aimed at providing consistency in the application of existing fair value requirements. The decision to use discussion papers as part of these projects means that there will be at least two opportunities for public comment.

- **Public round-tables on key topics:** The IASB will hold public round-table discussions in the near future on two key topics on which constituents have expressed particular interest. The first is the proposed amendments to the recognition and measurement principles in IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. These round-tables will be held in November and December of this year.

The second is the measurement phase of the Conceptual Framework project. Discussions will focus on the range of possible measurement attributes, including cost and fair value, that could be used both at initial recognition and subsequently. The round-tables will be held in the first quarter of 2007.

No new major standards to be effective before 2009

Consistently with the steps described above, **the IASB will not require the application of new IFRSs under development or major amendments to existing standards before 1 January 2009.** The establishment of 2009 as the first date of required implementation of new standards will also provide **countries yet to adopt IFRSs with a clear target date for adoption.**

By refraining from requiring new standards to be applied before 2009, the IASB will also be providing **four years of stability** in the IFRS platform of standards for those companies that adopted IFRSs in 2005. The establishment of this approach does not preclude the publication of new standards before that date, and companies would be permitted to adopt a new standard on a voluntary basis before its effective date. Interpretations and minor amendments to deal with potential issues identified during implementation would not be subject to this approach.

The IASB believes that providing additional clarity about its plans for effective dates for ongoing projects will benefit the marketplace, without affecting the IASB's ability to pursue the objectives described in the FASB-IASB Memorandum of Understanding of February 2006. This approach to effective dates will apply to all major IASB projects, including those described in the Memorandum of Understanding.

In developing the Memorandum of Understanding the FASB and the IASB anticipated that, whilst some of their joint projects would be completed by the end of 2007, it would be impractical, when factoring in the need for research, deliberation, consultation and due process, to complete many of their joint projects by 2008. The adoption of the approach regarding effective dates does not change these projections. These joint efforts of the FASB and the IASB in addressing priority issues would contribute to the elimination of the need for the reconciliation requirement for non-US companies that use IFRSs and are registered in the United States , as outlined in the roadmap.

In announcing these steps, Sir David Tweedie, Chairman of the IASB, said:

For those involved with International Financial Reporting Standards, the past few years have been a time of great activity. The steps announced today are designed to assist those involved with implementation of IFRSs throughout the world, while enabling us to make progress on our contribution toward the elimination of the need for reconciliation requirements by 2009. The IASB has listened to the needs of many interested parties and recognises the benefits that will derive from stability until 2009. At the same time, we welcome the desire of many of those who follow the standard-setting process to make a fuller contribution to our work programme.

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