



Project **Agenda decisions**

Topic **Scope of IFRIC 12**

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## Background

1. In March and April 2009 the IFRIC received requests for guidance on the application of IFRIC 12 *Service Concession Arrangements*. At the May meeting the IFRIC tentatively decided not to add the issues to its agenda and published the decision for comment in *IFRIC Update*.
2. One comment letter was received supporting the tentative decision and its reasons.

### Recommendation and question for the IFRIC

The staff recommends that the IFRIC finalise the agenda decision as published. Wording is included in the Appendix.

Does the IFRIC agree?

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This paper has been prepared by the technical staff of the IASCF for discussion at a public meeting of the IFRIC.

The views expressed in this paper are those of the staff preparing the paper. They do not purport to represent the views of any individual members of the IFRIC or the IASB. Comments made in relation to the application of an IFRS do not purport to be acceptable or unacceptable application of that IFRS—only the IFRIC or the IASB can make such a determination.

Decisions made by the IFRIC are reported in *IFRIC Update*.

Interpretations are published only after the IFRIC and the Board have each completed their full due process, including appropriate public consultation and formal voting procedures. The approval of an Interpretation by the Board is reported in *IASB Update*.

## Appendix A – proposed wording for the agenda decision

- A1. The staff proposes the following wording as published in *IFRIC Update* for the final agenda decision:

The IFRIC received requests for guidance on the application of IFRIC 12 *Service Concession Arrangements*. 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 AG 2 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 it 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.