

International Financial Reporting Standards

Rate-regulated Activities Consultative Group meeting
4 March 2015
Agenda paper 6

Rate-regulated Activities: IFRIC 12 Service Concession Arrangements

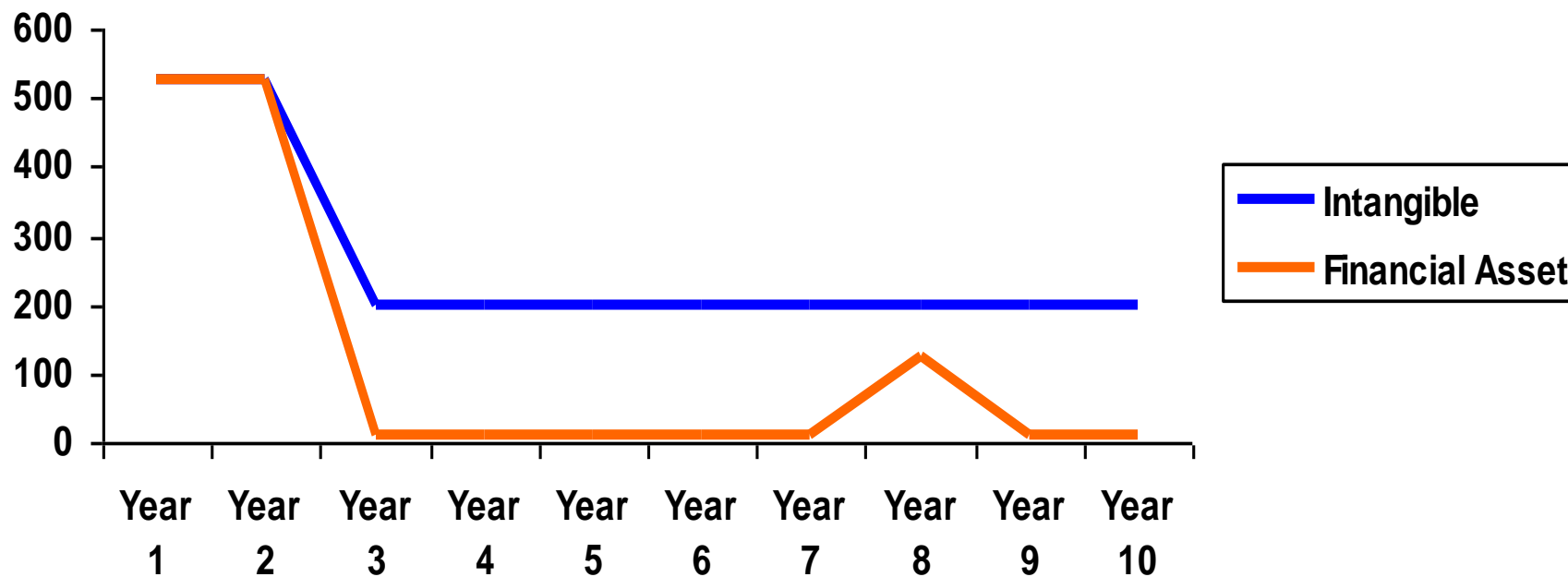
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- Accounting by **operators** for public-to-private service concession arrangements in which:
 - the grantor (often a government) regulates
 - **what services** the operator provides with the infrastructure (both constructed by the operator or pre-existing),
 - **to whom** services must be provided, and
 - **the price** to be charged for the services
 - the grantor controls any **significant residual interest** in the infrastructure at the end of the contract.

IFRIC 12 accounting models

- **Construction or upgrade services** accounted for in accordance with IFRS 15 *Revenue from Contracts with Customers*. The consideration received may be rights to:
 - A **financial asset**
 - If there is a contractual right to receive cash
 - Accounted for using IFRS 9 *Financial Instruments*
 - An **intangible asset**
 - If there is an opportunity to earn cash
 - Accounted for using IAS 38 *Intangible Assets*
- **Operation services** accounted for in accordance with IFRS 15

Comparison of revenue



Comparison of net profit

