



IFRS AT A GLANCE
SIC-29 *Service Concession Arrangements:*
Disclosure



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ISSUE

- ▶ A service concession arrangement generally involves the grantor conveying for the period of the concession to the operator:
 - ▶ The right to provide services that give the public access to major economic and social facilities
 - ▶ In some cases, the right to use specified tangible assets, intangible assets or financial assets.
- ▶ In exchange, the operator:
 - ▶ Commits to provide the services according to certain terms and conditions during the concession period
 - ▶ When applicable, commits to return at the end of the concession period the rights received at the beginning of the concession period and/or acquired during the concession period.
- ▶ The common characteristic of all service concession arrangements is that the operator both receives a right and incurs an obligation to provide public services
- ▶ The issue is what information should be disclosed in the notes of an operator and a grantor.

CONSENSUS












- ▶ An operator and a grantor disclose the following in each period:
 - ▶ A description of the arrangement
 - ▶ Significant terms of the arrangement that may affect the amount, timing and certainty of future cash flows
 - ▶ The nature and extent (e.g., quantity, time period or amount as appropriate) of:
 - ▶ Rights to use specified assets
 - ▶ Obligations to provide or rights to expect provision of services
 - ▶ Obligations to acquire or build items of property, plant and equipment
 - ▶ Obligations to deliver or rights to receive specified assets at the end of the concession period
 - ▶ Renewal and termination options
 - ▶ Other rights and obligations.
 - ▶ Changes in the arrangement occurring during the period
 - ▶ How the service arrangement has been classified.
- ▶ The above disclosures are required separately for each individual service concession arrangement
- ▶ An operator discloses the amount of revenue and profits or losses recognised in a reporting period on exchanging construction services for a financial asset or an intangible asset.

Contact

For further information about how BDO can assist you and your organisation, please get in touch with one of our key contacts listed below.

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