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Contacts:

Sylvia Barrett +1-212-286-9563
sylviabarrett@ifac.org

IPSASB SEEKS VIEWS ON ACCOUNTING FOR SERVICE CONCESSION ARRANGEMENTS BY GRANTORS

(New York/February 19, 2010) - The International Public Sector Accounting Standards Board (IPSASB) is seeking comments on an exposure draft (ED) that addresses accounting for service concession arrangements by the grantor. Service concession arrangements, often called Private Public Partnerships or PPPs, involve an operator providing services to the public on behalf of a grantor—usually the government or another public sector entity. For many countries, such arrangements are a means to ensure large-scale, infrastructure projects, such as the building of roads and airports, can be developed and provided to the public for use. However, in some cases, they are not recognized in the financial statements, effectively concealing the financial position of the grantor.

Entitled [Service Concession Arrangements: Grantor](#), the ED presents requirements and guidance on how grantors recognize, account for, and disclose assets in service concession arrangements. Currently, there is no international standard to address the accounting for such arrangements from the grantor's perspective as IFRIC 12, *Service Concession Arrangements*, issued by the International Financial Reporting Interpretations Committee (IFRIC), applies only to the operators of these arrangements.

The IPSASB's proposals seek to assist the public sector in ensuring the assets used to provide the public service in the service concession arrangements are recognized appropriately in public sector financial statements and provide relevant disclosures about the arrangement. To ensure consistency in accounting by both parties to the service concession arrangement, the criteria for recognizing the assets are based on principles set out in IFRIC 12.

"The use of service concession arrangements as a means for the public sector to build and improve public services has increased dramatically in recent years. This increase in volume coupled with the lack of an international standard for grantors in such arrangements made action in this area of critical importance for the financial stability of governments," said IPSASB Chair Andreas Bergmann, adding, "This ED aligns with the IPSASB's long-held goal of promoting and enhancing the transparency, accountability, and decision making of the public sector."

How to Comment

To access the exposure draft or submit a comment, visit the IFAC website at www.ifac.org/Guidance/EXD-Outstanding.php. Comments on the exposure draft are requested by **June 30, 2010**.

The IPSASB encourages IFAC members, associates, and regional accountancy bodies to promote the availability of this exposure draft to their members and employees.

About IFAC

IFAC (www.ifac.org) is the global organization for the accountancy profession dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies. IFAC is comprised of 159 members and associates in 124 countries, representing more than 2.5 million accountants in public practice, education, government service, industry, and commerce. In addition to setting international public sector financial reporting standards through the IPSASB, IFAC sets ethics, auditing and assurance, and education standards. It also issues guidance to encourage high-quality performance by professional accountants in business.

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