

IPSASB ED 43, Service Concession Arrangements: Grantor

# **response to exposure draft**

14 June 2010

CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in public finance. Our 14,000 members work throughout the public services, in national audit agencies, in major accountancy firms, and in other bodies where public money needs to be effectively and efficiently managed.

As the world's only professional accountancy body to specialise in public services, CIPFA's portfolio of qualifications are the foundation for a career in public finance. They include the benchmark professional qualification for public sector accountants as well as a postgraduate diploma for people already working in leadership positions. They are taught by our in-house CIPFA Education and Training Centre as well as other places of learning around the world.

We also champion high performance in public services, translating our experience and insight into clear advice and practical services. They include information and guidance, courses and conferences, property and asset management solutions, consultancy and interim people for a range of public sector clients.

Globally, CIPFA shows the way in public finance by standing up for sound public financial management and good governance. We work with donors, partner governments, accountancy bodies and the public sector around the world to advance public finance and support better public services.

Our ref: Responses/100614 SC0136

Stephenie Fox  
Technical Director  
International Public Sector Accounting Standards Board  
International Federation of Accountants  
277 Wellington Street, 4th Floor  
Toronto  
Ontario M5V 3H2  
CANADA  
submitted electronically to [www.ifac.org](http://www.ifac.org)  
14 June 2010

Dear Stephenie Fox

### **IPSASB ED 43, Service Concession Arrangements: Grantor**

CIPFA is pleased to present its comments on the proposals in this Exposure Draft, which have been reviewed by CIPFA's Accounting and Auditing Standards Panel.

As we explained in the CIPFA response to the Board's 2008 Consultation Paper on Accounting and Financial Reporting for Service Concession Arrangements, we very much welcome the development of guidance on this issue by the International Public Sector Accounting Standards Board. Service Concession Arrangements are a truly international issue and are significant in many jurisdictions. The consultation on IFRIC Drafts D12-D14 attracted more than 70 responses from Europe, Asia, Australasia, Africa and North and South America.

CIPFA and other public sector stakeholders were very concerned about the exclusive focus on private sector financial reporting in the IFRIC drafts, and the guidance provided in IFRIC 12 does not address financial reporting by public sector grantors. The IPSASB guidance will fill a very pressing need.

In our view, ED 43 covers the issues that grantors need to address when accounting for service concession arrangements, in particular

- Scope of accounting for Service Concession Arrangements
- Asset recognition and measurement
- Liability recognition and measurement
- Recognition and measurement of related expenses and revenues
- Presentation and Disclosure

### **Specific Matter for Comment**

This Exposure Draft addresses service concession arrangements from the grantor's perspective. It mirrors the principles set out in IFRIC 12 for accounting by the operator. Do you agree with this approach?

CIPFA strongly supports IPSASB's project to develop and maintain converged IPSASs on matters where IASB guidance is relevant, closely reflecting IFRS and related SICs and

IFRICs where possible, and providing interpretation or additional guidance where this is necessary. We therefore agree with the approach in the Exposure Draft.

I hope this is a helpful contribution to the finalisation of the Board's guidance in this important area. If you have any questions about this response, please contact Steven Cain (e: [steven.cain@cipfa.org.uk](mailto:steven.cain@cipfa.org.uk), t: +44(0)20 7543 5794).

Yours sincerely

Una Foy  
Assistant Director  
Professional Standards and Central Government  
CIPFA  
3 Robert Street  
London  
WC2N 6RL  
t: 020 7543 5647  
e: [una.foy@cipfa.org.uk](mailto:una.foy@cipfa.org.uk)  
[www.cipfa.org.uk](http://www.cipfa.org.uk)