

7 June 2005

D13 Comment Letters  
International Accounting Standards Board  
30 Cannon Street  
London EC4M 6XH  
United Kingdom

(By email: [CommentLetters@iasb.org](mailto:CommentLetters@iasb.org))

Dear Sirs,

**IFRIC DRAFT INTERPRETATION D13**  
***SERVICE CONCESSION ARRANGEMENTS – THE FINANCIAL ASSET***  
***MODEL***

1. We are writing to provide our response to the IFRIC Draft Interpretation D13 *Service Concession Arrangements – The Financial Asset Model*.
2. The CCDG appreciates the efforts of the IFRIC in clarifying how concession operators should apply existing IFRSs to account for the obligations they undertake and rights they receive in service concession arrangements.
3. The CCDG is in overall agreement with the proposals in the draft interpretation. Our comments below address the specific questions set out in the “Invitation to Comment” section.

**Question 1**

As discussed in paragraphs BC3-BC5, the proposals in the draft Interpretation are based on a conclusion by the IFRIC that the discharge of each contractual obligation (including obligations to repair and maintain the infrastructure) gives rise to revenue for the operator. Do you agree with this conclusion? (Question 3 in the Invitation to Comment on draft Interpretation D14 *Service Concession Arrangements—the Intangible Asset Model* poses a similar question in relation to the intangible asset model.)

**We agree with the conclusion.**

**Question 2**



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As explained in paragraphs BC6 and BC7, the IFRIC has concluded that, applying IAS 11 *Construction Contracts*, operators might recognise different profit margins on different activities undertaken within a single service concession contract. Do you agree with this conclusion?

**While we agree that different profit margins should be recognised on different activities within a single service concession contract, the reason for doing so in BC6 (i.e. that the stage of completion may be recognised in a different number of ways as allowed in IAS 11) may probably not be the only reason as measurement of contract revenue is affected by a variety of uncertainties that depend on the outcome of future events.**

4. Should you require any further clarification, please contact Mr Ramchand Jagtiani, Deputy Director, at the Institute of Certified Public Accountants of Singapore via email at [jagtiani@icpas.org.sg](mailto:jagtiani@icpas.org.sg). Thank you.

Yours sincerely,

Derek How  
Secretary, CCDG