

7 June 2005

D14 Comment Letters
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

(By email: CommentLetters@iasb.org)

Dear Sirs,

IFRIC DRAFT INTERPRETATION D14
SERVICE CONCESSION ARRANGEMENTS – THE INTANGIBLE ASSET
MODEL

1. We are writing to provide our response to the IFRIC Draft Interpretation D14 *Service Concession Arrangements – The Intangible 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

In the intangible asset model on which this draft Interpretation is based, the service concession operator is regarded as receiving an intangible asset from the grantor in exchange for the construction or other services it provides to the grantor. Paragraph 7 of the draft Interpretation proposes that the operator should recognise revenue and profit or loss on that exchange. The rationale for this proposal and for an alternative view – i.e. that no revenue or profit should be recognised on the exchange - is set out in paragraphs BC7-BC14 of the Basis for Conclusions. Do you agree with the proposal? If not, how would you reconcile non-recognition of revenue and profit to the requirements of existing IFRSs?

We agree with the proposal.

Question 2

As explained in paragraph BC6 of the Basis for Conclusions, the draft Interpretation does not specify the timing of recognition of the intangible asset. The IFRIC identified three possible approaches. Do you agree that the proposed Interpretation should remain silent on this matter? If not, which of the three approaches do you think should be specified and in what circumstances?

We are of the view that the proposed interpretation should not be silent on the issue of timing of recognition of the intangible asset. The three possible approaches should be stated and the circumstances for when each should be used should be prescribed.

Question 3

As explained in paragraph BC16 of the Basis for Conclusions, the proposed requirements for maintenance and repair obligations in this draft Interpretation are different from those in D13 *Service Concession Arrangements – The Financial Asset Model*. Do you agree that the IFRIC has interpreted existing IFRSs correctly in respect of these proposals?

We agree with the IFRIC’s interpretation.

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. Thank you.

Yours sincerely,

Derek How
Secretary, CCDG