BDO NZ SIC 29: SERVICE CONCESSION ARRANGEMENTS -**DISCLOSURE**

Version 1: 2020

date

Effective Periods Beginning 1 January 2007

Also refer: NZ IFRIC 12: Service Concession Arrangements

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; and
- In some cases, the right to use specified tangible assets, intangible assets, and/or financial assets.
- · In exchange, the operator:
- Commits to provide the services according to certain terms and conditions during the concession period; and
- 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; and
- Other rights and obligations;
- · Changes in the arrangement occurring during the period; and
- · How the service arrangement has been classified.
- An operator discloses the amount of revenue and profits or losses recognised in the period on exchanging construction services for a financial asset or an intangible asset.

The above disclosures are required separately for each individual service concession arrangement or in aggregate for each class of service concession arrangements.

TIER 2 NZ IFRS RDR REPORTERS

NZ IFRS RDR Reporters have disclosure exemptions in NZ SIC 29.

effort is made to provide accurate and timely information, there can be no guarantee that such information is accurate as of the dat that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice h examination of the particular facts and circumstances of the situation.

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