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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels,
C (2008)

Draft

COMMISSION REGULATION (EC) No .../..

of [...]

amending Regulation (EC) No .../2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Interpretations Committee's (IFRIC) Interpretation 12

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amending Regulation (EC) No .../2008¹ adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Interpretations Committee's (IFRIC) Interpretation 12

(Text with EEA relevance)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards², and in particular Article 3(1) thereof,

Whereas:

- (1) By Commission Regulation (EC) No .../2008³ certain international standards and interpretations that were extant at 31 December 2007 were adopted.
- (2) On 30 November 2006, the International Financial Reporting Interpretations Committee (IFRIC) published IFRIC Interpretation 12 Service Concessions Arrangements, hereinafter "IFRIC 12". IFRIC 12 is an interpretation that provides clarification on how to apply provisions of International Reporting Financial Standards (IFRS) already endorsed by the Commission to service concession arrangements. IFRIC 12 clarifies how to recognise in the accounts of the concession's operator the infrastructure subject to the service concession arrangement. It also clarifies distinction between different phases of a service concession arrangement (construction/operation phases) and how revenues and expenses should be recognised in each case. It distinguishes two ways to recognise the infrastructure as well as related revenues and expenses (the financial asset and intangible asset "models") depending on the exposure of the concession's operator to uncertainty in its future revenues.

¹ *NOTE to OPOCE: Please insert throughout the text the Number of the Commission Regulation titled "adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council", and the OJ reference to the same Regulation in footnote 3.*

² OJ L 243, 11.9.2002, p. 1.

³ OJ L ...

- (3) The consultation with the Technical Expert Group (TEG) of the European Financial Reporting Advisory Group (EFRAG) confirms that IFRIC 12 meets the technical criteria for adoption set out in Article 3(2) of Regulation (EC) No 1606/2002. In accordance with Commission Decision No 2006/505/EC of 14 July 2006 setting up a Standards Advice Review Group to advise the Commission on the objectivity and neutrality of the European Financial Reporting Advisory Group's (EFRAG's) opinions⁴, the Standards Advice Review Group considered EFRAG's opinion on endorsement and advised the Commission that it is well-balanced and objective.
- (4) The adoption of IFRIC 12 implies, by way of consequence, amendments to International Reporting Financial Standard (IFRS) 1, IFRIC 4 and Standing Interpretation Committee's Interpretation (SIC) 29 in order to ensure consistency between international accounting standards.
- (5) Regulation (EC) No .../2008 should therefore be amended accordingly.
- (6) The measures provided for in this Regulation are in accordance with the opinion of the Accounting Regulatory Committee,

HAS ADOPTED THIS REGULATION:

Article 1

The Annex to Regulation (EC) No .../2008 is amended as follows:

- (1) International Financial Reporting Interpretations Committee's (IFRIC) Interpretation 12 *Service Concessions Arrangements* is inserted as set out in the Annex to this Regulation;
- (2) International Reporting Financial Standard (IFRS) 1, IFRIC 4 and Standing Interpretations Committee's Interpretation (SIC) 29 are amended in accordance with Appendix B of IFRIC 12 as set out in the Annex to this Regulation.

Article 2

Each company shall apply IFRIC 12, as set out in the Annex to this Regulation, at the latest, as from the commencement date of its first financial year starting after 31 December 2008.

Article 3

This Regulation shall enter into force on the **third** day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

⁴ OJ L 199, 21.7.2006, p. 33.

Done at Brussels, [...]

For the Commission
Charlie McCreevy
Member of the Commission

ANNEX

INTERNATIONAL ACCOUNTING STANDARDS	
IFRIC 12	IFRIC Interpretation 12 <i>Service Concessions Arrangements</i>

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