▼B

(b) limitations are put on the use of the underlying asset that have the practical effect of restricting and significantly changing the enterprise's ability to use (e.g. deplete, sell or pledge as collateral) the asset;

(c) the possibility of reimbursing any amount of the fee and possibly paying some additional amount is not remote. This occurs when, for example:

(i) the underlying asset is not a specialised asset that is required by the enterprise to conduct its business, and therefore there is a possibility that the enterprise may pay an amount to terminate the arrangement early; or

(ii) the enterprise is required by the terms of the arrangement, or has some or total discretion, to invest a prepaid amount in assets carrying more than an insignificant amount of risk (e.g. currency, interest rate or credit risk). In this circumstance, the risk of the investment's value being insufficient to satisfy the lease payment obligations is not remote, and therefore there is a possibility that the enterprise may be required to pay some amount.

9. The fee should be presented in the income statement based on its economic substance and nature.

Disclosure

10. All aspects of an arrangement that does not, in substance, involve a lease under IAS 17 should be considered in determining the appropriate disclosures that are necessary to understand the arrangement and the accounting treatment adopted. An enterprise should disclose the following in each period that an arrangement exists:

(a) a description of the arrangement including:

(i) the underlying asset and any restrictions on its use;

(ii) the life and other significant terms of the arrangement;

(iii) the transactions that are linked together, including any options; and

(b) the accounting treatment applied to any fee received, the amount recognised as income in the period, and the line item of the income statement in which it is included.

11. The disclosures required in accordance with paragraph 10 of this interpretation should be provided individually for each arrangement or in aggregate for each class of arrangement. A class is a grouping of arrangements with underlying assets of a similar nature (e.g. power plants).

Date of consensus: February 2000.

Effective date: this interpretation becomes effective on 31 December 2001. Changes in accounting policies should be accounted for according to the transition requirements of IAS 8.46.

STANDING INTERPRETATIONS COMMITTEE INTERPRETATION SIC-29

Disclosure — service concession arrangements

Paragraph 11 of IAS 1 (revised 1997), presentation of financial statements, requires that financial statements should not be described as complying with International Accounting Standards unless they comply with all the requirements of each applicable standard and each applicable interpretation issued by the Standing Interpretations Committee. SIC interpretations are not expected to apply to immaterial items.

Reference: IAS 1, presentation of financial statements (revised 1997).

Issue

1. An enterprise (the concession operator) may enter into an arrangement with another enterprise (the concession provider) to provide services that

▼B

give the public access to major economic and social facilities. The concession provider may be a public or private sector enterprise, including a governmental body. Examples of service concession arrangements involve water treatment and supply facilities, motorways, car parks, tunnels, bridges, airports and telecommunication networks. Examples of arrangements that are not service concession arrangements include an enterprise outsourcing the operation of its internal services (e. g. employee cafeteria, building maintenance, and accounting or information technology functions).

2. A service concession arrangement generally involves the concession provider conveying for the period of the concession to the concession operator:

(a) the right to provide services that give the public access to major economic and social facilities, and

(b) in some cases, the right to use specified tangible assets, intangible assets, and/or financial assets,

in exchange for the concession operator:

(a) committing to provide the services according to certain terms and conditions during the concession period, and

(b) when applicable, committing 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.

3. The common characteristic of all service concession arrangements is that the concession operator both receives a right and incurs an obligation to provide public services.

4. The issue is what information should be disclosed in the notes to the financial statements of a concession operator and a concession provider.

5. Certain aspects and disclosures relating to some service concession arrangements are already addressed by existing International Accounting Standards (e.g. IAS 16 applies to acquisitions of items of property, plant and equipment, IAS 17 applies to leases of assets, and IAS 38 applies to acquisitions of intangible assets). However, a service concession arrangement may involve executory contracts that are not addressed in International Accounting Standards, unless the contracts are onerous, in which case IAS 37 applies. Therefore, this interpretation addresses additional disclosures of service concession arrangements.

Consensus

6. All aspects of a service concession arrangement should be considered in determining the appropriate disclosures in the notes to the financial statements. A concession operator and a concession provider should disclose the following in each period:

(a) a description of the arrangement;

(b) significant terms of the arrangement that may affect the amount, timing and certainty of future cash flows (e.g. the period of the concession, repricing dates and the basis upon which repricing or renegotiation is determined);

(c) the nature and extent (e.g. quantity, time period or amount as appropriate) of:

(i) rights to use specified assets;

(ii) obligations to provide or rights to expect provision of services;

(iii) obligations to acquire or build items of property, plant and equipment;

(iv) obligations to deliver or rights to receive specified assets at the end of the concession period;

(v) renewal and termination options; and

(vi) other rights and obligations (e.g. major overhauls); and

(d) changes in the arrangement occurring during the period.

▼**B**

7. The disclosures required in accordance with paragraph 6 of this interpretation should be provided individually for each service concession arrangement or in aggregate for each class of service concession arrangements. A class is a grouping of service concession arrangements involving services of a similar nature (e.g. toll collections, telecommunications and water treatment services).

Date of consensus: May 2001.

Effective date: this interpretation becomes effective on 31 December 2001.

▼**M5**

___

▼**B**

STANDING INTERPRETATIONS COMMITTEE INTERPRETATION SIC-31

Revenue — barter transactions involving advertising services

Paragraph 11 of IAS 1 (revised 1997), presentation of financial statements, requires that financial statements should not be described as complying with International Accounting Standards unless they comply with all the requirements of each applicable standard and each applicable interpretation issued by the Standing Interpretations Committee. SIC interpretations are not expected to apply to immaterial items.

Reference: IAS 18, revenue (revised 1993).

Issue

1. An enterprise (seller) may enter into a barter transaction to provide advertising services in exchange for receiving advertising services from its customer (customer). Advertisements may be displayed on the Internet or poster sites, broadcast on the television or radio, published in magazines or journals, or presented in another medium.

2. In some cases, no cash or other consideration is exchanged between the enterprises. In some other cases, equal or approximately equal amounts of cash or other consideration are also exchanged.

3. A seller that provides advertising services in the course of its ordinary activities recognises revenue under IAS 18 from a barter transaction involving advertising when, amongst other criteria, the services exchanged are dissimilar (IAS 18.12) and the amount of revenue can be measured reliably (IAS 18.20(a)). This interpretation only applies to an exchange of dissimilar advertising services. An exchange of similar advertising services is not a transaction that generates revenue under IAS 18.

4. The issue is under what circumstances can a seller reliably measure revenue at the fair value of advertising services received or provided in a barter transaction.

Consensus

5. Revenue from a barter transaction involving advertising cannot be measured reliably at the fair value of advertising services received. However, a seller can reliably measure revenue at the fair value of the advertising services it provides in a barter transaction, by reference only to non-barter transactions that:

   (a) involve advertising similar to the advertising in the barter transaction;

   (b) occur frequently;

   (c) represent a predominant number of transactions and amount when compared to all transactions to provide advertising that is similar to the advertising in the barter transaction;

   (d) involve cash and/or another form of consideration (e.g. marketable securities, non-monetary assets, and other services) that has a reliably measurable fair value; and

   (e) do not involve the same counterparty as in the barter transaction.

   Date of consensus: May 2001.