

# Accounting for Provisions and Contingent Liabilities

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**CFRR** >>  
Centre for Financial  
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Public Sector Accounting and Reporting Program

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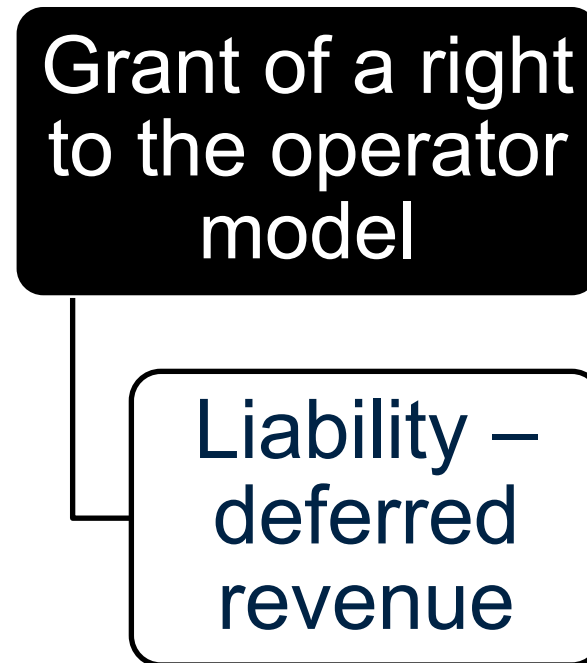
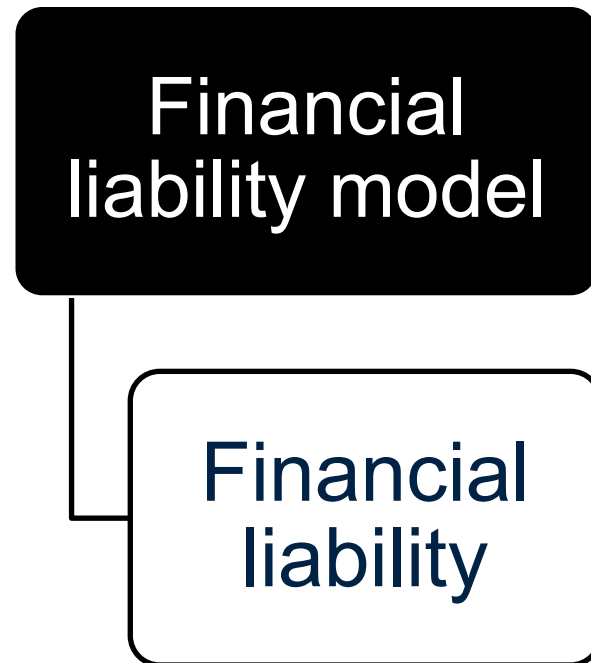
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# IPSAS 32 Service Concession Arrangements: Grantor



**What happens when things go wrong?**

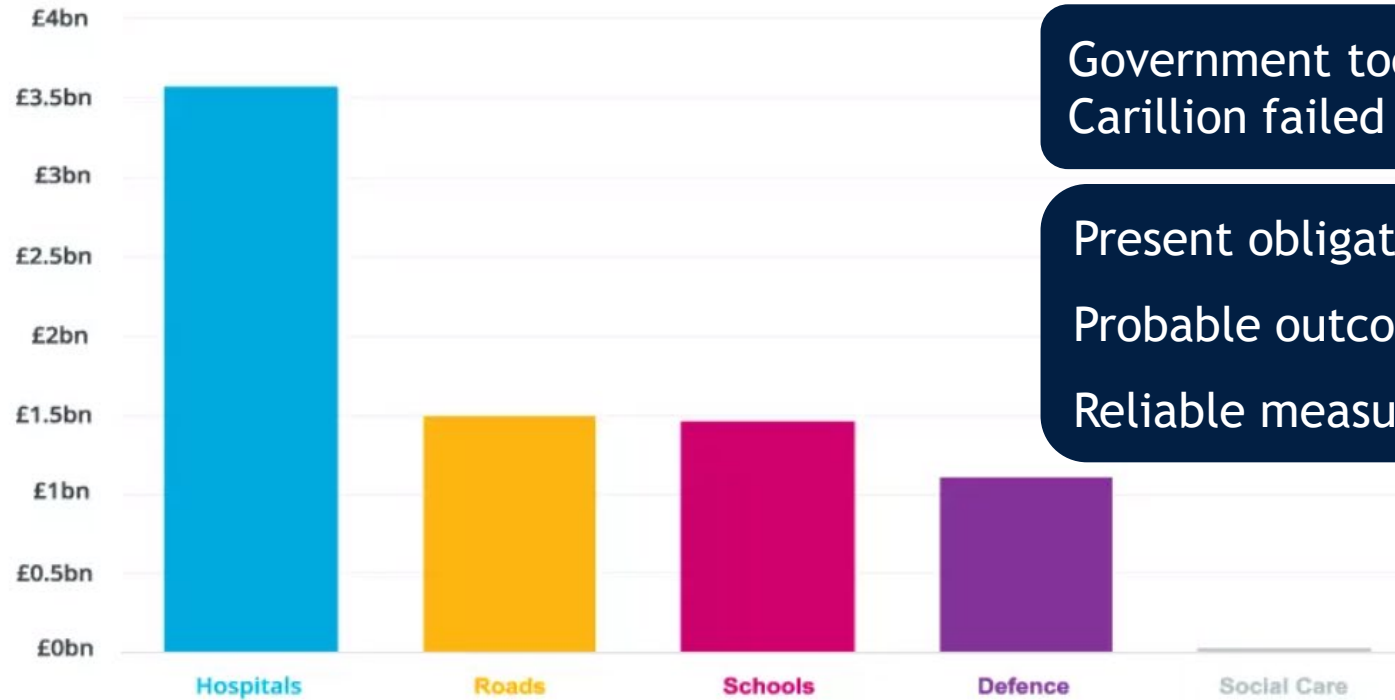
# Public Private Partnerships - Carillion



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Estimated total cost of infrastructure projects in Carillion private finance contracts, 2000-01 to 2048-49

IfG



Government took on services when Carillion failed - operator of last resort

Present obligation from past event?  
Probable outcome?  
Reliable measurement?

Source: Institute for Government analysis of IPA and HMT, PFI and PF2 projects: 2016 summary data, December 2016



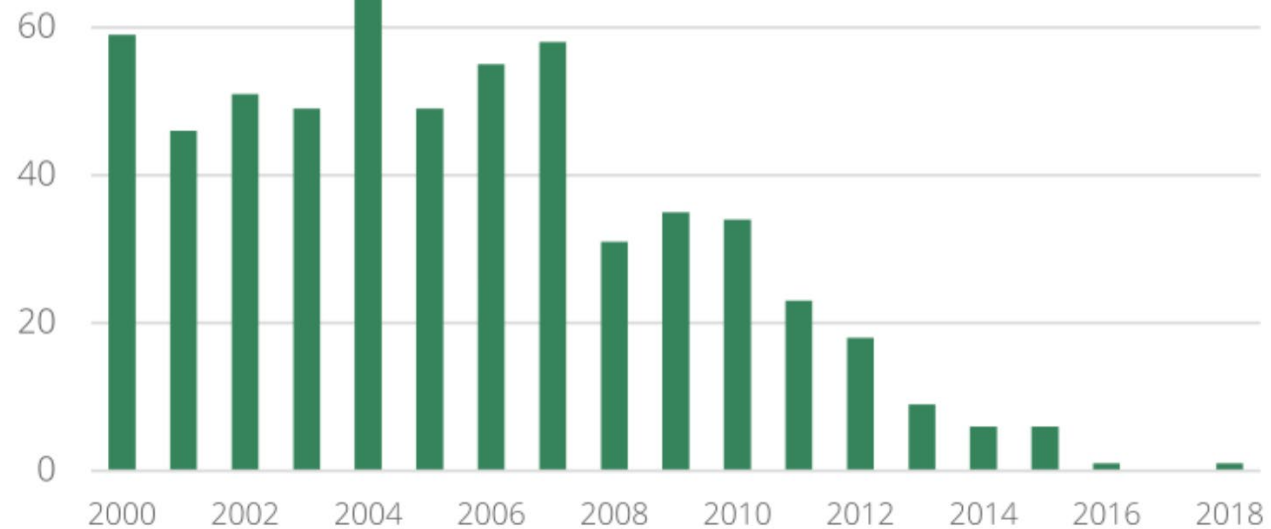
# Public Private Partnerships – UK experience



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## New PFI projects by year

By date contracts signed (projects reaching financial close), Treasury data, UK



The Budget document says that the model is inflexible and overly complex, and points to PFI being a potential risk to government finances.

Source: Goodbye to PFI, House of Commons Library October 2018

# Sustainability and contingent liabilities - context



## Spain battles deadliest flooding disaster in decades as death toll rises



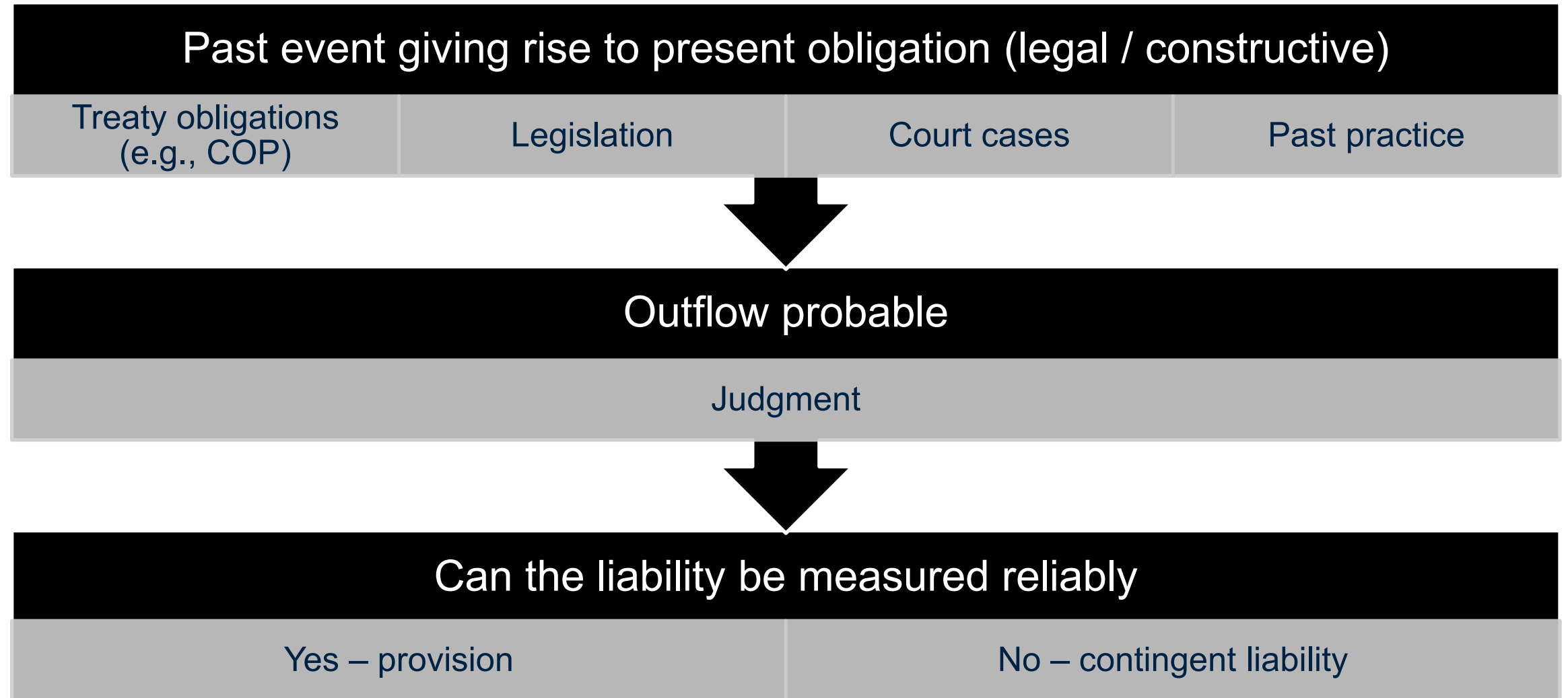
Hailstorms and floods sweep through parts of Spain



# Sustainability and contingent liabilities – IPSAS 19 requirements



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# Sustainability and contingent liabilities – past event?



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## Grand Chamber rulings in the climate change cases



The Court found that the Swiss Confederation had failed to comply with its duties (“positive obligations”) under the Convention concerning climate change.

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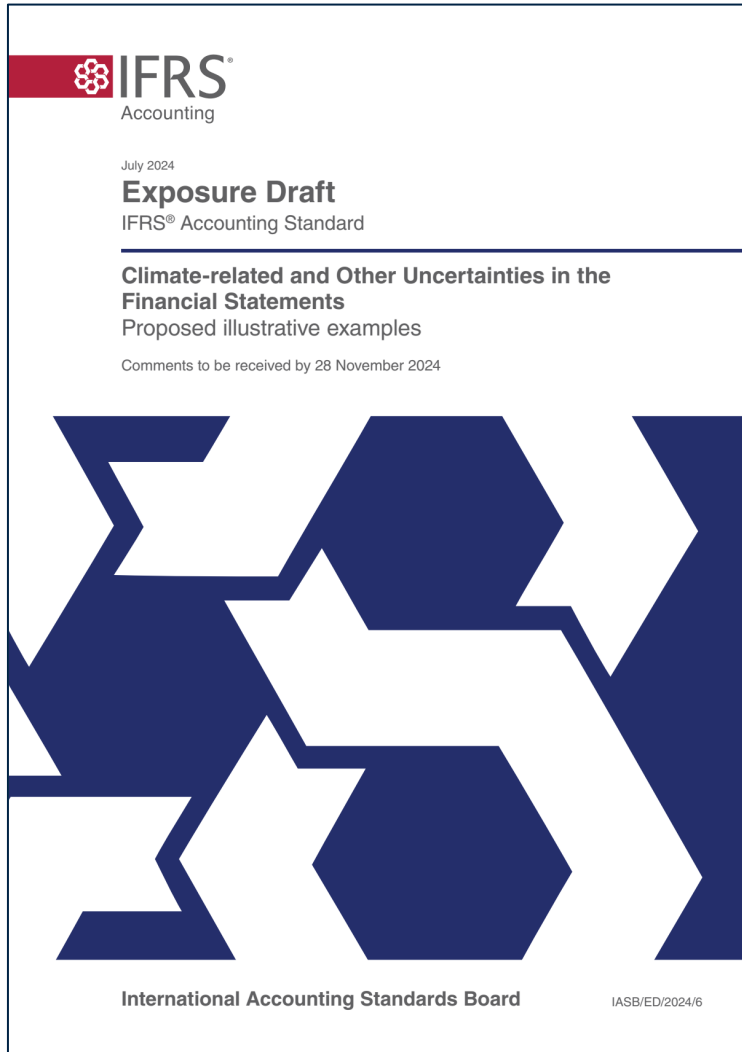
The ECHR has delivered Grand Chamber rulings in three climate change cases.

Source: ECHR

# Sustainability and financial statements – private sector



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IAS 36,  
Impairment

Impact of climate-related and other uncertainties on recoverable amount of assets

IAS 37  
Provisions

Impact of climate-related and other uncertainties on disclosures relating to plant decommissioning and site restoration provisions



# Sustainability and contingent liabilities – link to RGP 1 Reporting on the Long-Term Sustainability of an Entity's Finances



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# Thank you!




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