



International Accounting Standards Board®

Press Release

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IASB publishes proposals on rate-regulated activities

The International Accounting Standards Board (IASB) today published for public comment proposals on the accounting for rate-regulated activities.

The objective of the proposals is to establish how assets and liabilities resulting from rate-regulated activities should be recognised and measured under International Financial Reporting Standards (IFRSs). If adopted, the proposed IFRS would:

- define regulatory assets and regulatory liabilities;
- set out criteria for their recognition;
- specify how they should be measured; and
- require disclosures about their financial effects.

The IASB was asked for guidance on the issue from many jurisdictions. Clarifying the accounting for rate regulation is of particular importance for jurisdictions that are in the process of adopting IFRSs and where accounting for the effect of rate regulation is in place for some sectors. In those cases entities are currently recognising sometimes significant ‘regulatory’ assets and liabilities by reference to the specific US standard.

Introducing the exposure draft, Sir David Tweedie, Chairman of the IASB, said:

In some countries the charges that businesses such as utilities can make are subject to regulation. IFRSs do not currently provide specific guidance on the recognition and measurement of assets and liabilities resulting from such rate regulation. Our proposals would clarify the accounting treatment of these assets under IFRSs.

The proposals in the exposure draft *Rate-regulated Activities* are open for comment until **20 November 2009**. After considering comments received, the IASB plans to issue its proposed IFRS in 2010. The exposure draft is available on the ‘Open for Comment’ section on www.iasb.org. Subscribers may also view the document in eIFRSs.

Printed copies of the exposure draft (ISBN 978-1-907026-25-6) will be available shortly, at £10 plus shipping, from:

IASC Foundation Publications Department,
30 Cannon Street, London EC4M 6XH, United Kingdom.
Tel: +44 (0)20 7332 2730 Fax +44 (0)20 7332 2749
Email: publications@iasb.org Web: www.iasb.org

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Press enquiries:

Mark Byatt, Director of Corporate Communications, IASB,
telephone: +44 (0)20 7246 6472, email: mbyatt@iasb.org

Sonja Horn, Communications Adviser, IASB,
telephone: +44 (0)20 7246 6463, email: shorn@iasb.org

Technical enquiries:

Tricia O'Malley, Director of Implementation Activities, IASB
telephone: +44 (0)20 7246 6929, email: tomalley@iasb.org

Notes for editors

About rate-regulated activities

Rate regulation is a restriction in the setting of prices that can be charged to customers for services or products. Generally, it is imposed by regulatory bodies or governments when an entity has a monopoly or a dominant market position that gives it excessive market power.

About the IASB

The IASB was established in 2001 and is the standard-setting body of the International Accounting Standards Committee (IASC) Foundation, an independent private sector, not-for-profit organisation. The IASB is committed to developing, in the public interest, a single set of high quality, global accounting standards that provide high quality transparent and comparable information in general purpose financial statements. In pursuit of this objective the IASB conducts extensive public consultations and seeks the co-operation of international and national bodies around the world. The Board has currently 15 full-time members drawn from ten countries and have a variety of professional backgrounds. By 2012 the Board will be expanded to 16 full-time members. Board members are appointed by and accountable to the Trustees of the IASC Foundation, who are required to select the best available combination of technical expertise and diversity of international business and market experience. In their work the Trustees are accountable to a Monitoring Board of public authorities.