

## Press release

17 September 2014

### **IASB publishes a Discussion Paper on reporting the financial effects of rate regulation**

**The International Accounting Standards Board (IASB) today published for public comment the Discussion Paper *Reporting the Financial Effects of Rate Regulation*.**

Many governments regulate the supply and pricing of particular types of activity by entities. These activities usually involve providing goods or services that are considered in that jurisdiction to be essential to customers, including transport services, some types of insurance policies, and utilities such as gas, electricity and water. Some forms of rate regulation can significantly affect not only the amount of revenue and profit that a rate-regulated entity can earn, but also the timing of the related cash flows.

The Discussion Paper describes a type of rate regulation that contains elements of both cost recovery and incentive approaches—this type of rate regulation is termed *defined rate regulation*. The Discussion Paper seeks comments on whether or not the distinguishing features of defined rate regulation, as identified by the IASB, sufficiently capture the type(s) of rate regulation that have the most significant financial effects.

The Discussion Paper does not include any specific accounting proposals. Instead, it explores what information about rate-regulated activities is most useful to users of financial statements and outlines possible approaches (and the accompanying advantages and disadvantages) that the IASB could consider in deciding how best to report the financial effects of rate regulation.

The Discussion Paper also seeks comments on whether the presentation and disclosure requirements of IFRS 14 *Regulatory Deferral Accounts* should form the basis of any future proposals that the IASB may develop as a result of feedback from this consultation. IFRS 14 was issued in January 2014 as a temporary measure until the IASB concludes this project.

The [Discussion Paper \*Reporting the Financial Effects of Rate Regulation\*](#) is available for comment until 15 January 2015. A high level ‘Snapshot’ summary of the Discussion Paper is available [here](#).

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## **About the International Accounting Standards Board**

The IASB was established in 2001 and is the standard-setting body of the IFRS Foundation, an independent, public interest organisation. The IASB is committed to developing 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 IASB has 14 full-time members drawn from 12 countries and a variety of professional backgrounds. Board members are appointed by, and accountable to, the Trustees of the IFRS 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.