

IAS 37 Provisions, Contingent Liabilities and Contingent Assets (March 2009)

**IAS 37 Provisions, Contingent Liabilities and Contingent Assets/IAS 38 Intangible Assets—
Regulatory assets and liabilities**

The IFRIC received a request to consider whether regulated entities could or should recognise a liability (or an asset) as a result of rate regulation by regulatory bodies or governments.

At the IFRIC meeting in November 2008, the IFRIC considered detailed background information, an analysis of the issue and an assessment of the issue against its agenda criteria. The IFRIC noted that:

- rate regulation is widespread and significantly affects the economic environment of regulated entities.
- currently, divergence does not seem to be significant in practice.
- resolving the issue would require interpreting the definitions of assets and liabilities set out in the *Framework* and their interaction with one or more IFRSs.
- The issue is now being considered specifically in an active Board project and it relates to more than one active Board project.

The IFRIC concluded that the agenda criteria were not met, mainly because divergence in practice does not seem to be significant. In addition, there is now a project on rate regulated activities on the Board's active agenda. Therefore, the IFRIC decided not to add the issue to its agenda.