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Project	<b>Rate Regulated Activities</b>
Topic	<b>Addendum to Paper 12A Analysis of intangible assets – clarification</b>

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## Regulatory Assets: Clarification of analysis of intangible assets literature

1. Paper 12A for the September 2010 IASB meeting provides an analysis of intangible assets and the application of relevant current IFRSs when accounting for the effects of rate regulation. The first part of that analysis is of whether regulatory assets qualify for recognition in the context of IAS 38 *Intangible Assets* (paragraphs 3 to 27).
2. The staff view expressed in that paper is that the rate agreement does not give rise to the recognition of an intangible asset as it does not change the nature of the existing licence. The paper, in paragraph 9, goes on to reference guidance published by the four largest international accounting firms in support of the staff view.
3. PricewaterhouseCoopers, whose materials were referenced in Staff Paper 12A, has highlighted to us that their guidance is not as definitive as suggested by the staff view in the paper, drawing attention also to the views expressed in their comment letter. The purpose of this Addendum is to bring this matter to the Board's attention as it discusses paper 12A.
4. The text of each firm's published guidance is included in Appendix A to agenda paper 12A and the comment letters submitted by those firms are available online at:

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This paper has been prepared by the technical staff of the IFRS Foundation for discussion at a public meeting of the IASB.

The views expressed in this paper are those of the staff preparing the paper. They do not purport to represent the views of any individual members of the IASB.

Comments made in relation to the application of an IFRS do not purport to be acceptable or unacceptable application of that IFRS—only the IFRS Interpretations Committee or the IASB can make such a determination.

The tentative decisions made by the IASB at its public meetings are reported in *IASB Update*. Official pronouncements of the IASB, including Discussion Papers, Exposure Drafts, IFRSs and Interpretations are published only after it has completed its full due process, including appropriate public consultation and formal voting procedures.

IASB Staff paper

- (a) Deloitte: <http://www.ifrs.org/NR/ronlyres/0C5F7C75-82C9-4DB5-9D10-AC2D51A4A547/0/CL78.pdf>
- (b) Ernst & Young: <http://www.ifrs.org/NR/ronlyres/5145CF39-7E35-48A8-8C1C-DF4797C45B98/0/CL123.pdf>
- (c) KPMG: <http://www.ifrs.org/NR/ronlyres/B0B13ADB-5B90-4C09-9CBC-4572CF2FF146/0/CL136.pdf>
- (d) PricewaterhouseCoopers: <http://www.ifrs.org/NR/ronlyres/BB6242DB-77D2-4654-B3B8-4FB8400BFDB6/0/CL44.pdf>