

STAFF PAPER

October 2013

IASB Meeting

Project	Rate-regulated Activities: Research project		
Paper topic	Cover note		
CONTACT(S)	Jane Pike	jpike@ifrs.org	+44 (0)20 7246 6925

This paper has been prepared by the staff of the IFRS Foundation for discussion at a public meeting of the IASB and does not represent the views of the IASB or any individual member of the IASB. Comments on the application of IFRSs do not purport to set out acceptable or unacceptable application of IFRSs. Technical decisions are made in public and reported in IASB *Update*.

Introduction

1. At the September 2013 meeting, the IASB tentatively agreed that the Discussion Paper being developed for the Rate-regulated Activities research project (the planned DP) should focus on a number of common features of rate regulation that the staff have identified as being important to distinguish rate-regulated activities from other commercial activities. These features will be the focus of the discussion as to whether some forms of rate regulation establish rights and obligations that result in the recognition of assets and liabilities in IFRS financial statements.
2. At this meeting, we will present the following papers for the IASB to consider:
 - (a) Agenda Paper 9A *Research project: Features of rate regulation*; and
 - (b) Agenda Paper 9B *Research project: Unit of account*.

Agenda Paper 9A Research project: Features of rate regulation

3. In this paper, we set out the distinguishing features discussed in the September 2013 meeting¹ and identify what rights and obligations might be created by each of them.

¹ The list of features was contained in paragraph 14 of Agenda Paper 9B *Rate regulation: Scope issues*, September 2013.

4. This analysis is provided as background information to the accompanying Agenda Paper 9B and does not contain any specific questions for the IASB.

Agenda Paper 9B Research project: Unit of account

5. Before analysing the combination of rights and obligations that result from the distinguishing features of rate regulation discussed in Agenda Paper 9A, we think that it is important to consider what level of aggregation of those rights and obligations is appropriate in order to provide users with relevant information. In other words, we need to consider the ‘unit of account’.
6. Agenda Paper 9B sets out the guidance about identifying the appropriate unit of account contained within the *Conceptual Framework for Financial Reporting* (the *Conceptual Framework*)² and also in any specific IFRSs.
7. It also sets out the staff’s initial analysis of what unit of account might be appropriate and asks the IASB whether they agree with the staff’s resulting recommendation.

² The contents of the existing *Conceptual Framework* may be subject to revision, as proposed in the Discussion Paper: *A Review of the Conceptual Framework for Financial Reporting*, published in July 2013 (the *Conceptual Framework DP*). Consequently, this Agenda Paper 9B will consider both the existing *Conceptual Framework* and the *Conceptual Framework DP*.