

## BELGIAN ACCOUNTING STANDARDS BOARD



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Our reference  
**C-111**

Your reference

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Dear Sir,

The Belgian Accounting Standards Board welcomes the opportunity to comment on the *Exposure Draft* concerning the *Rate-Regulated Activities*, published by the International Accounting Standards Board.

The Belgian Accounting Standards Board supports the Board's effort to provide an accounting standard for rate-regulated activities. Overall, we agree with the proposals as set out in the *Exposure Draft*. Since the principles may only be applied on rate-regulated activities, we want, nevertheless, to underline the importance of well-defining the scope criteria in the *Exposure Draft*.

We agree that rate-regulated activities can give rise to regulatory assets and liabilities as defined by the Framework. We do, nevertheless, think that some research on the possible impact on rate-regulated assets and liabilities recognised under *IFRIC 12 Service Concession*, might be needed.

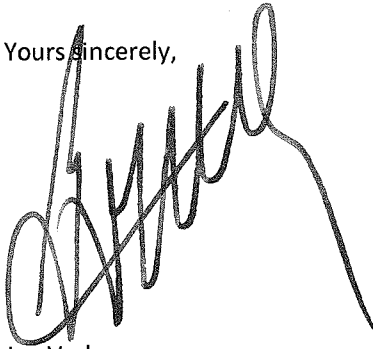
We also believe that, as explained in a "cost-plus return" recovery mechanism, once the costs have been incurred and there is a form of regulation which says that the costs are expected to be recovered in the future through inclusion in the rates to the customer base, an enforceable "right" is created.

We support the proposal in the *Exposure Draft* to measure the regulated assets and liabilities on initial recognition and subsequently at their expected present value, calculated as the estimated probability-weighted average of the present value of the expected cash flows.

As far as the recoverability of the regulatory assets and liabilities is concerned, we support the criticism of EFRAG. It seems illogical to us in which circumstances the issue of impairment could arise if the regulatory assets and liabilities are measured at their expected future cash flows at each reporting period.

Should you have any questions with regard to our comments, please do not hesitate to contact us.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Jan Verhoeve', written in a cursive style.

Jan Verhoeve  
Chairman BASB