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Rate-regulated Activities Cover Note

Objective

- 1 The objective of this section is to:
 - (a) provide EFRAG TEG with a summary of the discussions held in December 2016 by the Accounting Standards Advisory Forum (ASAF) and the IASB on IASB staff proposals for a new accounting model for rate-regulated activities;
 - (b) provide EFRAG TEG with an EFRAG Secretariat analysis of the interaction between IFRIC 12 *Service Concession Arrangements* and defined rate regulation; and
 - (c) ask EFRAG TEG for preliminary views on IASB Staff proposed changes to the scope of the rate-regulated activities project.

Background

- 2 The IASB discussed an overview of the core features of an IASB Staff proposed accounting model for rate-regulated activities at its meeting in December 2016. The proposed model addressed concerns previously raised by ASAF members and respondents to the DP in relation to: (i) the scope; (ii) the interaction with other IFRS Standards and the Conceptual Framework; and (iii) segregating identifiable rate adjustments from the overall changes in value of the regulatory licence/agreement. The discussion was an educational session. No decisions were taken.
- 3 The proposed model was also discussed at the ASAF December 2016 meeting and considered by EFRAG CFSS and EFRAG TEG at their joint meeting in November 2016. In November, EFRAG TEG also considered a paper on the findings of research conducted by the EFRAG Secretariat on the effects of defined rate regulation reported by Portuguese utility companies in their IFRS consolidated financial statements. At that meeting, EFRAG TEG asked the EFRAG Secretariat to examine the interaction between IFRIC 12 and defined rate regulation. Agenda paper 11-03 addresses this request.

Agenda Papers

- 4 In addition to this cover note, agenda papers for this session are:
 - (a) Agenda paper 11-02 – Rate-regulated Activities – Summary of recent discussions;
 - (b) Agenda paper 11-03 – Rate-regulated Activities - Interaction between IFRIC 12 *Service Concession Arrangements* and defined rate regulation; and
 - (c) Agenda paper 11-04 – Rate-regulated Activities - Scope developments.