

IASB publishes a Discussion Paper on reporting the financial effects of rate regulation

The International Accounting Standards Board (IASB) recently published for public comment the Discussion Paper *Reporting the Financial Effects of Rate Regulation*. Many governments regulate the supply and pricing of particular types of activity by entities. These activities usually involve providing goods or services that are considered in that jurisdiction to be essential to customers, including transport services, some types of insurance policies, and utilities such as gas, electricity and water. Some forms of rate regulation can significantly affect not only the amount of revenue and profit that a rate-regulated entity can earn, but also the timing of the related cash flows. The Discussion Paper describes a type of rate regulation that contains elements of both cost recovery and incentive approaches—this type of rate regulation is termed defined rate regulation. The paper seeks comments on whether or not the distinguishing features of defined rate regulation, as identified by the IASB, sufficiently capture the type(s) of rate regulation that have the most significant financial effects and does not include any specific accounting proposals. Instead, it explores what information about rate-regulated activities is most useful to users of financial statements and outlines possible approaches (and the accompanying advantages and disadvantages) that the IASB could consider in deciding how best to report the financial effects of rate regulation. Also, it seeks comments on whether the presentation and disclosure requirements of IFRS 14 *Regulatory Deferral Accounts* should form the basis of any future proposals that the IASB may develop as a result of feedback from this consultation. IFRS 14 was issued in January 2014 as a temporary measure until the IASB concludes this project. The Discussion Paper *Reporting the Financial Effects of Rate Regulation* is available for comment until 15 January 2015. A high level ‘Snapshot’ summary of the Discussion Paper is available [here](#).

(Source: <http://www.ifrs.org/>)

Issue 2 of the IASB Investor Update: our newsletter for the investment community

Investor Update aims to make it easy for investors to keep up with changes in the world of International Financial Reporting Standards (IFRS) and how those changes may affect an investor’s day job. Each issue profiles the impact that recently introduced Standards may have on your analysis of performance. The changes that are in the pipeline and signal how they might alter the way in which you look at companies will be highlighted. The September 2014 Investor Update can be accessed from www.ifrs.org/Updates.

(Source: <http://www.ifrs.org/>)

IPSASB Approves Public Sector Conceptual Framework

The International Public Sector Accounting Standards Board (IPSASB) has approved its *Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities* (the Conceptual Framework). The Conceptual Framework establishes the concepts that will guide the IPSASB’s approach to standard-setting and guidance. It addresses concepts applicable to both public sector financial statements and a wider set of public sector financial reporting needs and identifies and responds to the key characteristics of the public sector, notably that the primary purpose of most governments and public sector entities is to deliver services to citizens and others. Therefore, the purpose of financial reporting in the public sector is to provide useful information for service recipients and resource providers. The completed Conceptual Framework is expected to be issued by the end of October 2014. The final four chapters were approved by the IPSASB during its September meeting. The Conceptual Framework project has been the key strategic priority for the IPSASB in recent years. Its successful completion allows the IPSASB to focus on projects to be identified through its public consultation on strategy for 2015 forward and work program for 2015-2019, along with projects already initiated, including social benefits. The Conceptual Framework will provide a solid basis for future standard setting by the IPSASB. The IPSASB will continue to work in the public interest, responding to the global financial reporting needs of governments and other public sector entities as appropriate.

(Source: <http://www.ifac.org/>)

IAESB Releases 2013 Annual Report: Enhancing Professional Accounting Education

The International Accounting Education Standards Board (IAESB) has released its 2013 Annual Report, *Enhancing Professional Accounting Education*. The annual report highlights the IAESB’s work in the public interest to enhance the quality and consistency of professional accounting education practices throughout the world and to strengthen the public’s confidence in the competence and judgment of professional accountants. Enhancing Professional Accounting Education covers the release of three revised International Education Standards (IESs) during the year, as well as the board’s progress on its adoption and implementation projects and activities to support the revised IESs. The report also summarizes the IAESB’s outreach efforts designed to bring greater awareness to its projects and activities. The document also includes a report from Prof. Aileen Pierce, Chair of the IAESB Consultative Advisory Group (CAG), which outlines the CAG’s work in providing input to the IAESB. The 2013 IAESB annual report can be downloaded at www.iaesb.org

(Source: <http://www.ifac.org/>)