



30 April 2013

To: **Members of the Hong Kong Institute of CPAs**  
**All other interested parties**

**INVITATION TO COMMENT ON IASB EXPOSURE DRAFT OF *REGULATORY DEFERRAL ACCOUNTS***

***Comments to be received by 31 July 2013***

The Hong Kong Institute of Certified Public Accountants' (Institute) Financial Reporting Standards Committee (FRSC) is seeking comments on the IASB Exposure Draft which has been posted on the Institute's website at:

[http://www.hkicpa.org.hk/file/media/section6\\_standards/standards/FinancialReporting/ed-pdf-2013/ed\\_def.pdf](http://www.hkicpa.org.hk/file/media/section6_standards/standards/FinancialReporting/ed-pdf-2013/ed_def.pdf)

As stated in the IASB's press release, accompanying the Exposure Draft, many jurisdictions applying International Financial Reporting Standards (IFRS) have industry sectors that are subject to rate regulation, such as the transportation and utilities sectors. Rate regulation can have a significant impact on the timing and amount of an entity's revenue. Existing IFRS does not provide any specific guidance for rate-regulated activities.

In response to feedback from its agenda consultation, the IASB has initiated a project to consider whether the IASB should develop specific guidance for rate-regulated activities and, if so, what information about the consequences of rate regulation would be most useful for users of financial statements. At this stage, the IASB is proposing an interim Standard that would allow entities to preserve the existing accounting policies that they have in place for rate-regulated activities with some modifications designed to enhance comparability.

The FRSC invites your comments on the proposals. Comments should be supported by specific reasoning and should be submitted in written form. To allow your comments to be considered, in developing its response to the IASB, the FRSC requests your comments to be received by the Institute on or before **31 July 2013**.

Comments may be sent by mail, fax or e-mail to:

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Comments will be acknowledged and may be made available for public review unless otherwise requested by the contributor.