

# IFRS AT A GLANCE

## IFRS 14 *Regulatory Deferral Accounts*

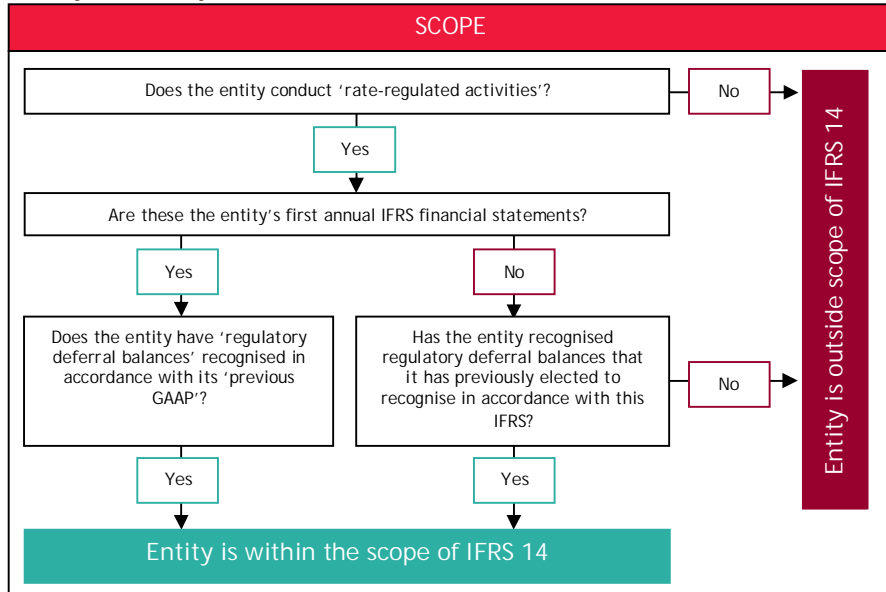




# IFRS 14 Regulatory Deferral Accounts

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Not yet endorsed by the EU

Effective Date  
Periods beginning on or after 1 January 2016



DEFINITIONS		
Rate-regulated activities: Activities that are subject to rate regulation.		
<b>Rate regulation:</b> A framework that establishes prices for goods and/or services that are subject to the oversight/approval of a 'rate regulator'.	<b>Rate regulator:</b> A body that has been empowered through statute or legislation to establish (a range of) rates that bind an entity.	<b>Regulatory deferral account balance:</b> A balance that would not otherwise be recognised in accordance with other IFRSs, but qualifies for deferral as it is (expected to be) included in establishing the (range of) rates.
<b>Previous GAAP:</b> The basis of accounting used immediately prior to a first-time adopter adopting IFRS.	<b>First-time adopter:</b> An entity presenting its first IFRS financial statements.	<b>First IFRS financial statements:</b> An entity's first financial statements in which there is an unreserved statement of compliance with IFRS.

PRESENTATION	
<b>Statement of financial position</b> The total of regulatory deferral account debit balances, and regulatory deferral account credit balances, are presented separately from, and after, all other items.  They are <b>not</b> split into current and non-current portions.	<b>Statement of profit or loss and other comprehensive income</b> The net movements in regulatory deferral account balances related to both: <ul style="list-style-type: none"> <li>Profit or loss, and</li> <li>Other comprehensive income.</li> </ul> Are presented separately from, and after, all other items and subtotalled appropriately.

RECOGNITION AND MEASUREMENT
An entity within the scope of IFRS 14 is able to make a voluntary irrevocable election in its first annual IFRS financial statements whether or not to recognise regulatory deferral balances in accordance with IFRS 14.
An entity that has elected to apply IFRS 14 in its first annual IFRS financial statements, continues to apply the recognition, measurement, impairment and derecognition requirements in accordance with its previous GAAP to <b>all</b> its regulatory deferral account balances.
Changes are only permitted if they result in the financial statements being either: <ul style="list-style-type: none"> <li>More relevant and no less reliable, or</li> <li>More reliable and no less relevant.</li> </ul>

INTERACTION WITH OTHER IFRSs - APPLICATION GUIDANCE WITHIN IFRS 14	
<ul style="list-style-type: none"> <li>Estimates used in determining regulatory deferral account balances (IAS 10)</li> <li>Scope of income tax requirements (IAS 12)</li> <li>Where rates are permitted or required to be increased to recover some or all of an entity's tax expense (IAS 12)</li> <li>Presentation with respect to income taxes (IAS 12)</li> <li>Consistent accounting policies for associates and joint ventures (IAS 28)</li> <li>Presentation of basic and diluted earnings per share (IAS 33)</li> <li>Impairment of regulatory deferral account balances (IAS 36)</li> <li>Impairment of cash generating units (CGU) containing regulatory deferral account balances (IAS 36).</li> </ul>	<ul style="list-style-type: none"> <li>Recognition and measurement of regulatory deferral account balances in an acquiree (IFRS 3)</li> <li>Presentation in respect of non-current assets held for sale and discontinued operations (IFRS 5)</li> <li>Consistent accounting policies for subsidiaries (IFRS 10)</li> <li>Disclosures of regulatory deferral account balances in material subsidiaries with non-controlling interests, material joint ventures, and material associates (IFRS 12)</li> <li>Disclosures of gain or loss on the loss of control over a subsidiary (IFRS 12).</li> </ul>

DISCLOSURE
IFRS 14 requires a number of disclosures to enable users to assess: <ul style="list-style-type: none"> <li>The nature of and risks associated with the rate regulation the entity is exposed to</li> <li>The effects of that rate regulation of the entity's financial position and financial performance.</li> </ul>

For further information about how BDO can assist you and your organisation, please get in touch with one of our key contacts listed below. Alternatively, please visit [www.bdointernational.com/Services/Audit/IFRS/IFRS Country Leaders](http://www.bdointernational.com/Services/Audit/IFRS/IFRS_Country_Leaders) where you can find full lists of regional and country contacts.

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