IFRS 14
Regulatory deferral accounts

1. Objective

The objective of this Standard is to specify the financial reporting requirements for entities providing goods or services to customers at a price or rate that is subject to rate regulation by the state. This is the case in particular for utilities companies providing gas, electricity or water and for entities supplying transportation services.

2. Scope

This Standard is designed only for first-time adopters of IFRS. Entities which already apply IFRS cannot avail of these provisions. Likewise, first-time adopters which do not apply this Standard in their first IAS/IFRS financial statements cannot use it subsequently.

The Standard allows entities to continue to apply their previous accounting policies, as accepted in their country of registration, for the recognition, measurement, impairment and derecognition of regulatory deferral account balances.

However, entities must present the total credit and debit balances of regulatory deferral accounts as separate line items in their statement of financial position (balance sheet), as well as the related movements which are reported separately in the statement of comprehensive income or other comprehensive income.

3. Disclosure

Entities must disclose the following information:

- the nature of, and the risks associated with the rate regulated activities, and in particular, the price that the entity can charge customers for the goods or services it provides;
- the effects of that rate regulation on financial position, financial performance and cash flows;

- the identity of the rate regulators;
- related risks and uncertainties (demand risks: changes in consumer attitudes, availability of alternative supplies; regulatory risks: assessment of expected future regulatory actions);
- the details of the amounts recognised relating to these types of activities.

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