

## Press release

30 January 2014

### **IASB issues interim Standard on rate-regulated activities**

The International Accounting Standards Board (IASB) today issued an interim Standard, IFRS 14 *Regulatory Deferral Accounts*. The aim of this interim Standard is to enhance the comparability of financial reporting by entities that are engaged in rate-regulated activities.

Many countries have industry sectors that are subject to rate regulation, whereby governments regulate the supply and pricing of particular types of activity by private entities. This can include utilities such as gas, electricity and water. Rate regulation can have a significant impact on the timing and amount of an entity's revenue.

IFRS does not provide any specific guidance for rate-regulated activities. The IASB has a project to consider the broad issues of rate regulation and plans to publish a Discussion Paper on this subject in 2014. Pending the outcome of this comprehensive Rate-regulated Activities project, the IASB decided to develop IFRS 14 as an interim measure.

IFRS 14 permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the Standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents IFRS financial statements is not eligible to apply the Standard.

IFRS 14 *Regulatory Deferral Accounts* is effective from 1 January 2016, with early application permitted.

Ian Mackintosh, Vice-Chairman of the IASB commented:

*Many different rate-regulatory models are in use around the world. While we are concerned to complete our work in this important area of accounting as expeditiously as possible it is likely to take some time. These interim measures will go some way towards enhancing the*

*comparability of financial reporting by entities with rate-regulated activities until the IASB's comprehensive Rate-regulated Activities project is completed.*

**End**

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**About the International Accounting Standards Board**

The IASB was established in 2001 and is the standard-setting body of the IFRS Foundation, an independent, private sector, not-for-profit organisation. The IASB is committed to developing, in the public interest, a single set of high quality, global accounting Standards that provide high quality, transparent and comparable information in general purpose financial statements. In pursuit of this objective the IASB conducts extensive public consultations and seeks the co-operation of international and national bodies around the world. The IASB has 16 full-time members drawn from 13 countries and a variety of professional backgrounds. Board members are appointed by, and accountable to, the Trustees of the IFRS Foundation, who are required to select the best available combination of technical expertise and diversity of international business and market experience. In their work the Trustees are accountable to a Monitoring Board of public authorities.