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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.

Jan. 30, 2014

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.

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A high level summary of the Standard can be downloaded [here](#).

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