

STAFF PAPER

September 2017

IASB Meeting ASAF Meeting

Project	Rate-regulated Activities		
Paper topic	Examples with expanded presentation		
CONTACT(S)	Ashley Carboni	acarboni@ifrs.org	+44 (0)20 7246 6905

This paper has been prepared for discussion at a public meeting of International Accounting Standards Board (the Board). The views expressed in this paper do not represent the views of the Board or any individual member of the Board. Comments on the application of IFRS® Standards do not purport to set out acceptable or unacceptable application of IFRS Standards. Technical decisions are made in public and reported in IASB® *Update*.

Purpose of this paper

- The purpose of this paper is to expand the formatting of the tables in Agenda Paper 9B to show a more intuitive presentation for the regulated rate adjustment income/expense and ‘interest’ income/expense.

Examples with expanded presentation

- Example 2—The table below expands on the table following paragraph 27 in Agenda Paper 9B. This table breaks out the regulated rate adjustment into two components: the income/ expense and the ‘interest’ income.

Year to 31 December	20X1 CU000	20X2 CU000	20X3 CU000	20X4 CU000	20X5 CU000	Total CU000
<i>Recognising the regulatory asset at its present value of CU80,000 using a discount rate of 2%</i>						
Net Revenue (amounts billed)	20	21.5	21.1	20.8	20.4	103.8
Regulated rate adjustment: income/ (expense)	80	(21.5)	(21.1)	(20.8)	(20.4)	(3.8)
Regulated rate adjustment: ‘interest’ income	0	1.5	1.1	0.8	0.4	3.8
Operating expenses	(100)	(0)	(0)	(0)	(0)	(100)
Profit/ (Loss)	0	1.5	1.1	0.8	0.4	3.8
Regulatory (liability)/ asset	80	60	40	20	0	

3. Example 4—The table below expands on the table following paragraph 40 in Agenda Paper 9B. This table breaks out the regulated rate adjustment into two components: the income/ expense and the ‘interest’ income.

Year to 31 December	20X1 CU000	20X2 CU000	20X3 CU000	20X4 CU000	20X5 CU000	Total CU000
<i>Recognising the regulatory asset at its present value of CU83,200 using a discount rate of 2%</i>						
Revenue (amounts billed)	20	22.8	22.0	21.5	20.7	107
Regulated rate adjustment: income/ (expense)	83.2	(22.8)	(22.0)	(21.5)	(20.7)	(3.8)
Regulated rate adjustment: ‘interest’ income	0	1.5	1.1	0.8	0.4	3.8
Operating expenses	(100)	(0)	(0)	(0)	(0)	(100)
Profit/ (Loss)	3.2	1.5	1.1	0.8	0.4	7
Regulatory (liability)/ asset	83.2	61.9	41.0	20.3	0	

4. Example 4—The table below expands on the table following paragraph 42 in Agenda Paper 9B. This table breaks out the regulated rate adjustment into two components: the income/ expense and the ‘interest’ income.

Year to 31 December	20X1 CU000	20X2 CU000	20X3 CU000	20X4 CU000	20X5 CU000	Total CU000
<i>Recognising the regulatory asset at its present value of CU80,000 using a discount rate of 3.7%</i>						
Revenue (amounts billed)	20	22.8	22.0	21.5	20.7	107
Regulated rate adjustment: income/ (expense)	80	(22.8)	(22.0)	(21.5)	(20.7)	(7)
Regulated rate adjustment: ‘interest’ income	0	2.8	2.0	1.5	0.7	7
Operating expenses	(100)	(0)	(0)	(0)	(0)	(100)
Profit/ (Loss)	0	2.8	2.0	1.5	0.7	7
Regulatory (liability)/ asset	80	60	40	20	0	

5. Example 5—The table below expands on the table following paragraph 51 in Agenda Paper 9B. This table breaks out the regulated rate adjustment into two components: the income/ expense and the ‘interest’ income.

Year to 31 December	20X1 CU000	20X2 CU000	20X3 CU000	20X4 CU000	20X5 CU000	Total CU000
<i>Regulatory asset at end of 20X1 and 20X2 measured at present value of future cash flows using a discount rate of 2%</i>						
Revenue (amounts billed)	0	0	36.0	35.4	34.7	106.1
Regulated rate adjustment: income/ (expense)	100	0	(36.0)	(35.4)	(34.7)	(6.1)
Regulated rate adjustment: ‘interest’ income	0	2.0	2.0	1.4	0.7	6.1
Operating expenses	(100)	(0)	(0)	(0)	(0)	(100)
Profit/ (Loss)	0.0	2.0	2.0	1.4	0.7	6.1
Regulatory (liability)/ asset	100.0	102.0	68.0	34.0	0	

6. Example 5—The table below expands on the table following paragraph 52 in Agenda Paper 9B. This table breaks out the regulated rate adjustment into two components: the income/ expense and the ‘interest’ income.

Year to 31 December	20X1 CU000	20X2 CU000	20X3 CU000	20X4 CU000	20X5 CU000	Total CU000
<i>Regulatory asset at end of 20X2 measured at nominal amount of costs incurred</i>						
Revenue (amounts billed)	0	0	36.0	35.4	34.7	106.1
Regulated rate adjustment: income/ (expense)	100	0	(36.0)	(35.4)	(34.7)	(6.1)
Regulated rate adjustment: ‘interest’ income	0	0	2.6	2.1	1.4	6.1
Operating expenses	(100)	(0)	(0)	(0)	(0)	(100)
Profit/ (Loss)	0.0	0.0	2.6	2.1	1.4	6.1
Regulatory (liability)/ asset	100.0	100.0	66.6	33.3	0	