

At a glance—IFRS 20 *Regulatory Assets and Regulatory Liabilities*

What problem is IFRS 20 solving?



A **gap in financial reporting** caused by a **lack of information** about **differences in timing**



Differences in timing result in:

IFRS 15 revenue recognised in a period \neq **Compensation** to which a company is entitled for regulatory goods or services supplied in that period

What information does a company provide?

Compensation for regulatory goods or services supplied

IFRS 15 revenue
+ Regulatory income
<ul style="list-style-type: none"> • Origination of regulatory assets • Fulfilment of regulatory liabilities
– Regulatory expense
<ul style="list-style-type: none"> • Origination of regulatory liabilities • Recovery of regulatory assets

Regulatory assets and regulatory liabilities

A **right to add** amounts to, or an **obligation to deduct** amounts from, future regulated rates. That right or obligation arises from **differences in timing**.

How does IFRS 20 solve the problem?



Objective

Provide information about the **effects of regulatory income, regulatory expense, regulatory assets and regulatory liabilities** on a company's **financial performance and financial position**



Principle

Recognise **compensation** for **regulatory goods or services** in the **period of supply**

How does the company provide the information?

Recognition

- A regulatory asset or regulatory liability **exists** or is **more likely than not to exist**¹

Measurement

- Updated future cash flows
- Discounted using regulatory interest rate

Presentation

Statement of profit or loss

<i>In CU</i> ²	Year 1
IFRS 15 revenue	120
Regulatory income (regulatory expense)	70
Revenue	190

Disclosure

- Reconciliations
- Maturity analysis
- Unrecognised regulatory assets and unrecognised regulatory liabilities

Statement of financial position

- Current and non-current **regulatory assets**
- Current and non-current **regulatory liabilities**

¹ Recognition of some regulatory assets and regulatory liabilities is subject to specified conditions being met.

² Monetary amounts are denominated in 'currency units' (CU).