

# AccountancyAge

## IASB issues interim standard on rate-regulated activities

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**THE IASB** is pressing ahead with a controversial project that will allow rate-regulated entities to continue using their previous accounting policies on adopting international accounting standards.

The global standard setter has issued an interim Standard, *IFRS 14 Regulatory Deferral Accounts*, that aims to enhance the comparability of financial reporting by entities that are engaged in rate-regulated activities.

Under the interim standard, first-time adopters of IFRS with rate-regulated assets and liabilities - such as utility companies -

would continue recognising these accounts in accordance with their previous GAAP upon adopting the new standard. An entity that already presents IFRS financial statements is not eligible to apply the standard.

Designed to provide relief to first-time adopters of IFRS, the interim standard is part of a long-term project investigating whether rate-regulation creates assets or liabilities in addition to those already recognised under IFRS for non-rate-regulated activities.

The standard has previously been [heavily criticised by the FRC](#). In October, the UK reporting watchdog said it was against the interim standard could be "disadvantageous to those jurisdictions that already use IFRS".

To enhance comparability with entities that already apply IFRS, the IASB said the interim standard now requires that the effect of rate regulation must be presented separately from other items.

"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," said Ian Mackintosh, vice-chairman of the IASB.

A discussion paper on the subject is expected later this year. IFRS 14 Regulatory Deferral Accounts is effective from 1 January 2016, with early application permitted.

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

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