
EFRAG PREPARATORY WORK FOR ENDORSEMENT ADVICE —*REGULATORY ASSETS AND REGULATORY LIABILITIES*— PREPARATORY SURVEY

Background

1. In July 2024, the IASB completed its redeliberations of the proposals in the Exposure Draft [Regulatory Assets and Regulatory Liabilities](#) and a final Standard (IFRS X) is expected in the H2 2025. EFRAG anticipates a request from the European Commission for endorsement advice to be issued thereafter. Correspondingly, to facilitate EFRAG's timely issuance of an endorsement advice after the issuance of IFRS X, EFRAG has commenced related preparatory work including assessing the practicability and conducting a cost-benefit assessment of IFRS X in the European Economic Area (EFRAG's preparatory work for endorsement advice).
2. As part of EFRAG's preparatory work for endorsement advice, this survey, which is targeted at preparers of European entities that are likely to be in the scope of IFRS X, aims to gather information on how IFRS X is likely to affect entities applying it. The survey focuses on critical areas identified by EFRAG's consultative and decision-making bodies including the EFRAG Rate-regulated Activities Working Group, the EFRAG Financial Reporting Technical Expert Group and the EFRAG Financial Reporting Board. To ensure complementarity of this survey and IASB's outreach conducted via two surveys in the first half of 2023 and the second half of 2024, the survey builds on the questions included in the most recent IASB survey. In addition, **this survey has been designed to allow respondents to skip questions that they have already responded to in the IASB survey.** This survey is only a part of EFRAG's activities for its potential endorsement advice to the European Commission on IFRS X.
3. Individual responses to this survey will be treated with the strictest confidence and will only be accessible to the EFRAG project team and, with your permission, may be shared with the IASB project team. Completed surveys will not be posted on the EFRAG website and reporting on the survey findings will only be in summarised and anonymised format.

Objective

4. This survey aims to allow EFRAG to gain a better understanding in the following topics:
 - (a) **Topic 1: Information on the regulatory agreements** currently in place including expected changes in future years.
 - (b) **Topic 2: Practicability of applying IFRS X** and the likely effects on the information reported in financial statements.
 - (c) **Topic 3: Likely costs** of implementing IFRS X.
 - (d) **Topic 4: Likely effects** of entities applying IFRS X will have on the quality of financial reporting.

Survey instructions

5. The survey consists of general questions (Questions 1–5) and topic-specific questions (Questions 6–34) relating to the four areas listed in paragraph 4. Please select the answer of your choice or mark the survey scale (when provided), and include comments in the boxes provided where needed. Please note that :
 - (a) you are only asked to respond to applicable questions, and
 - (b) some questions will only pop up depending on your responses to the preceding questions.
6. To help guide your responses to the survey questions, please consider the following:
 - (a) the information in the [appendix](#) to this survey relating to Topic 2 (Practicability of applying IFRS X) questions.
 - (b) the ‘Background information’ document. This document includes information on the main requirements of IFRS X to help guide your responses to topic-specific questions.
7. If your company is subject to different regulatory schemes (for example, because it operates in more than one industry or jurisdiction), you can either:
 - (a) respond to the survey by considering your most significant regulatory scheme without addressing every regulatory scheme; or
 - (b) complete separate survey responses for each regulatory scheme that you would like to provide information about.
8. Should you need to pause or take a break at any time while completing the survey, you can save your responses and continue later by clicking the "save and continue later" banner at the top of each page.
9. If you have any question/s related to the contents of the survey, please contact Juan Jose Gomez (juanjose.gomez@efrag.org) or Isabel Batista (Isabel.batista@efrag.org).
10. Thank you very much for completing this survey.

GENERAL

The information below provides context for Question 3 (regulatory balances currently recognised in the financial statements).

IFRS X will affect entities that have regulatory assets and regulatory liabilities in the scope of the Standard. The effects of IFRS X on entities' financial statements are likely to be more significant for entities that currently do not recognise regulatory balances compared to entities that currently recognise regulatory balances.¹

Entities that currently recognise regulatory balances are:

- (a) entities that have developed accounting policies for the recognition of regulatory balances in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*; or
- (b) entities that have not yet adopted IFRS Accounting Standards and that recognise regulatory balances applying local generally accepted accounting principles (local GAAP).

Entities that currently do not recognise regulatory balances are:

- (a) entities that did not develop accounting policies in accordance with IAS 8 to recognise regulatory balances; or
- (b) entities that have not yet adopted IFRS Accounting Standards and do not recognise regulatory balances applying local GAAP.

General Questions	Response
<p>Q1. Please specify:</p> <ul style="list-style-type: none">(a) name of the entity;(b) industry and jurisdiction where the entity operates(c) the name of the regulatory authority or body	

¹ In this survey, regulatory balances refer to the effects of rate regulation that an entity currently recognises that may or may not meet the definitions of a regulatory asset and a regulatory liability in IFRS X.

General Questions	Response
<p>Q2. Did you respond to the IASB's survey on the likely effects of IFRS X Regulatory Assets and Regulatory Liabilities?</p>	<p>1) Yes 2) No</p>
<p>Q3. Do you currently recognise regulatory balances under any accounting framework in your financial statements? Please answer (a) and (b) in the right column.</p>	<p>(a) Please answer the question by selecting the following: 1) Yes, applying IAS 8 2) Yes, using local GAAP 3) No</p> <p>If you selected 'Yes, using local GAAP', please specify which local GAAP. <i>[to fill in if needed]</i></p>

General Questions	Response																						
	<p>(b) If you answered ‘yes’ in question Q2(a), please fill out the table below using information from your latest annual financial statements.</p> <table border="1" data-bbox="751 329 1923 927"> <thead> <tr> <th data-bbox="751 329 1677 375">Item</th> <th data-bbox="1677 329 1923 375">Amount</th> </tr> <tr> <th data-bbox="751 375 1677 431">Please fill in: <i>[date of latest annual financial statements]</i></th> <th data-bbox="1677 375 1923 431"><i>[currency and unit]</i></th> </tr> </thead> <tbody> <tr> <td data-bbox="751 431 1677 485">Regulatory balances in debit position</td> <td data-bbox="1677 431 1923 485"></td> </tr> <tr> <td data-bbox="751 485 1677 539">Total assets</td> <td data-bbox="1677 485 1923 539"></td> </tr> <tr> <td data-bbox="751 539 1677 592"></td> <td data-bbox="1677 539 1923 592"></td> </tr> <tr> <td data-bbox="751 592 1677 646">Regulatory balances in credit position</td> <td data-bbox="1677 592 1923 646"></td> </tr> <tr> <td data-bbox="751 646 1677 699">Total liabilities</td> <td data-bbox="1677 646 1923 699"></td> </tr> <tr> <td data-bbox="751 699 1677 753">Total liabilities and equity</td> <td data-bbox="1677 699 1923 753"></td> </tr> <tr> <td data-bbox="751 753 1677 807">Revenue from operations subject to rate regulation</td> <td data-bbox="1677 753 1923 807"></td> </tr> <tr> <td data-bbox="751 807 1677 860">Income or expense from regulatory balances in profit or loss</td> <td data-bbox="1677 807 1923 860"></td> </tr> <tr> <td data-bbox="751 860 1677 927">Income or expense from regulatory balances in other comprehensive income</td> <td data-bbox="1677 860 1923 927"></td> </tr> </tbody> </table>	Item	Amount	Please fill in: <i>[date of latest annual financial statements]</i>	<i>[currency and unit]</i>	Regulatory balances in debit position		Total assets				Regulatory balances in credit position		Total liabilities		Total liabilities and equity		Revenue from operations subject to rate regulation		Income or expense from regulatory balances in profit or loss		Income or expense from regulatory balances in other comprehensive income	
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<p>Q4. Would you be available for a follow-up discussion with the EFRAG Secretariat on your responses to the survey? If yes, please provide your contact details.</p>																							
<p>Q5. Can your response to the survey be shared with the IASB staff involved in the RRA project?</p>	<p>1) Yes 2) No</p>																						

TOPIC 1—INFORMATION ON THE REGULATORY AGREEMENT

The 'Information on the regulatory agreement' is needed for an understanding of your regulatory agreement and to contextualise your responses to other questions in this survey.

Questions—Topic 1	Response
<p>Q6. Determination of the regulated rate</p>	<p>(a) What is the principal feature of the rate-setting regulatory scheme that is applicable for your company?</p> <ol style="list-style-type: none"> 1) Cost-based (i.e., costs or costs plus a regulatory return on the regulatory capital base (RCB)) 2) Incentive-based (i.e., it is based on other features, for instance, the benchmark costs of the industry or industry averages, a total expenditure ('Totex') approach) 3) Other (e.g. revenue based or hybrid schemes where different proportions of the regulatory rate can be based on the entity's costs and the industry benchmark costs, any other type of scheme that is neither cost-based nor incentive-based) <p>(b) If rate-setting is determined based on a regulatory scheme with incentive-based features, please elaborate on the distinguishing features of the regulatory scheme. For example, whether it is a Totex approach where Totex (i.e. Opex and Capex combined) is adjusted for efficiency and productivity targets; and whether a percentage of Totex is capitalised in the RCB (slow money) and the non-capitalised part of Totex is recovered in the year in which it is allowed (fast money).</p> <p>(c) If you have selected other, please elaborate on the distinguishing features of how the regulatory rate is determined.</p> <p>(d) Please select one of the following alternatives</p> <ol style="list-style-type: none"> 1) the regulatory agreement determines the regulated rate or tariff to be charged to customers for the provision of goods or services. 2) the regulatory agreement only establishes some caps and floors and the entity has discretion in determining the rates or tariffs charged to customers. 3) other – please explain.
<p>Q7. Time lag between incurring a cost and including it in the rate</p> <p>Please indicate how long is generally the recovery period between incurring a cost and including it in the regulated rate</p>	<ol style="list-style-type: none"> 1) 1 year 2) between 2 and 3 years 3) more than 3 years 4) other – please explain

Questions—Topic 1	Response
<p>Q8. RCB composition</p> <p>Please describe the composition of your RCB (e.g. the operating assets, assets not yet available for use, intangible assets, inflation adjustments...)</p>	
<p>Q9. Composition of the regulatory return on RCB</p> <p>Please select the composition of the regulatory return on your RCB (more than one answer is allowed)</p>	<ol style="list-style-type: none"> 1) equity component 2) debt component 3) inflation component (regulatory return determined on a nominal basis) 4) other (please explain)
<p>Q10. Inflation adjustment</p> <p>Please indicate how inflation is considered in your regulatory agreement</p>	<ol style="list-style-type: none"> 1) the RCB is adjusted for inflation purposes 2) inflation is considered through the regulatory return (nominal regulatory return) 3) other (please explain)
<p>Q11. Regulatory period</p> <p>How long is the regulatory period (price-control period)? For example, every 5 years the regulator revises the regulated rate charged to customers.</p>	<ol style="list-style-type: none"> 1) less than 5 years 2) between 5 and 10 years 3) more than 10 years 4) undefined

TOPIC 2—PRACTICABILITY OF IFRS X AND LIKELY EFFECTS ON THE INFORMATION REPORTED IN FINANCIAL STATEMENTS

The information below helps you answer Questions 12–24.

A regulatory agreement is a set of enforceable rights and obligations that determine a regulated rate to be applied in contracts with customers. A regulatory asset or regulatory liability can exist only if:

- (a) an entity is party to a **regulatory agreement**;
- (b) the regulatory agreement determines the **regulated rate** the entity charges for the goods or services it supplies to customers; and
- (c) all or part of the total allowed compensation for goods or services supplied in one period is charged to customers through the regulated rates for goods or services supplied in a different period. That is, the way in which the regulated rates are determined gives rise to **differences in timing**.

In addition, for a regulatory asset or regulatory liability to exist, there needs to be a **regulator**—a body that is empowered by law or regulation to determine the regulated rate or range of regulated rates.

Differences in timing arise when the amount of revenue recognised in a period:

- (a) does not include all or part of the total allowed compensation for the goods or services supplied in that period, because all or part of that total allowed compensation was already included in revenue in the past, or will be included in revenue in the future; or
- (b) includes amounts that provide all or part of the total allowed compensation for goods or services supplied in a different period (past or future).

Regulatory agreements determine the regulated rates that entities are entitled to charge by considering compensation for a variety of items. An entity would need to **understand the regulatory methodology for determining the compensation** for each item to assess whether differences in timing arise. The [appendix](#) to this document describes items for which regulatory agreements commonly provide compensation and describes the related differences in timing.

An entity would also need to understand whether its regulatory capital base (RCB) and its property, plant and equipment (PPE) and/or intangible assets² have a **direct or no direct relationship** because this relationship would affect the recognition of certain differences in timing, as noted in the [appendix](#). Section A of the ‘Background information’ document provides information on the direct (no direct) relationship concept.

An entity would be required to discount the estimated future cash flows arising from a regulatory asset or regulatory liability using the regulatory interest rate specified in the regulatory agreement for that regulatory asset or regulatory liability, unless the regulatory interest rate for a regulatory asset is insufficient. In such a case, the entity would need to apply the minimum interest rate requirement to that regulatory asset.

The regulatory interest rate specified in the regulatory agreement for a regulatory asset or regulatory liability is: (a) a rate that the regulatory agreement applies to that regulatory asset or regulatory liability; or (b) the rate that the regulatory agreement applies to a RCB, if that regulatory asset or regulatory liability arises from compensation related to the RCB.

² Regulatory assets and regulatory liabilities may arise in service concession arrangements accounted for applying the intangible asset model under IFRIC 12.

Entities are exempted from discounting the estimated future cash flows arising from a regulatory asset or regulatory liability under the following conditions:

- (a) if the entity expects the period between recognition of that regulatory asset or regulatory liability and its recovery or fulfilment to be 12 months or less;
- (b) if the entity expects the period between recognition and the date from which regulatory interest starts to accrue to be 12 months or less (exemption only for that specific period); and
- (c) if the regulatory asset or liability arises from an item of expense or income that relates to liabilities or assets measured on a present value basis and that affect regulated rates on an accrual basis and the entity is unable to estimate the amount and timing of future cash flows.

In addition, an entity is exempted from applying the requirements on the minimum interest rate to a regulatory asset that arises from variances between estimated and actual costs or volume, and to require an entity to apply the requirements once the regulator determines the final balance to be included in future regulated rates.

Section B of the 'Background information' document provides additional information on discounting and the minimum interest rate.

Questions—Topic 2	Response						
<p>Q12. Significance of regulatory assets and regulatory liabilities</p> <p>Overall, how significant do you expect the effect of regulatory assets and regulatory liabilities to be to your entity’s financial statements? To answer this question, please complete the table in the right column.</p>	<p>Consider your latest annual financial statements when providing the estimates below. These estimates can be provided using an estimated percentage range.</p> <table border="1" data-bbox="716 318 1927 578"> <thead> <tr> <th data-bbox="716 318 1703 402">Item</th> <th data-bbox="1703 318 1927 402">Percentage</th> </tr> </thead> <tbody> <tr> <td data-bbox="716 402 1703 488">Total recognised regulatory assets as a percentage of total assets (total assets should include recognised regulatory assets)</td> <td data-bbox="1703 402 1927 488"></td> </tr> <tr> <td data-bbox="716 488 1703 578">Total recognised regulatory liabilities as a percentage of total liabilities (total liabilities should include recognised regulatory liabilities)</td> <td data-bbox="1703 488 1927 578"></td> </tr> </tbody> </table>	Item	Percentage	Total recognised regulatory assets as a percentage of total assets (total assets should include recognised regulatory assets)		Total recognised regulatory liabilities as a percentage of total liabilities (total liabilities should include recognised regulatory liabilities)	
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<p>Q13. Significance of regulatory income and expense</p> <p><i>Section B of the ‘Background information’ document describes regulatory income (regulatory expense) that is presented in profit or loss.</i></p> <p>Overall, how significant do you expect the effect of regulatory income (regulatory expense) to be to your entity’s financial statements? To answer this question, please complete the table in the right column.</p>	<p>Consider your latest annual financial statements when providing the estimate below. The estimate can be provided using an estimated percentage range.</p> <table border="1" data-bbox="716 678 1927 854"> <thead> <tr> <th data-bbox="716 678 1703 764">Item</th> <th data-bbox="1703 678 1927 764">Percentage</th> </tr> </thead> <tbody> <tr> <td data-bbox="716 764 1703 854">Regulatory income (regulatory expense) in profit or loss as a percentage of revenue from operations subject to rate regulation</td> <td data-bbox="1703 764 1927 854"></td> </tr> </tbody> </table>	Item	Percentage	Regulatory income (regulatory expense) in profit or loss as a percentage of revenue from operations subject to rate regulation			
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Questions—Topic 2	Response														
<p>Q14. Presentation</p> <p><i>Table B6 of the 'Background information' document describes when an entity is required to present regulatory income (regulatory expense) in other comprehensive income.</i></p> <p>Please answer questions (a) and (b) in the right column.</p>	<p>(e) Do you expect to present any regulatory income (regulatory expense) in other comprehensive income (OCI)?</p> <p>1) yes</p> <p>2) no</p> <p>3) I do not know</p> <p>(f) If you selected 'yes', please complete the table below. Consider your latest annual financial statements when providing the estimate below. The estimate can be provided using an estimated percentage range.</p> <table border="1" data-bbox="770 521 1887 695"> <thead> <tr> <th data-bbox="770 521 1665 605">Item</th> <th data-bbox="1665 521 1887 605">Percentage</th> </tr> </thead> <tbody> <tr> <td data-bbox="770 605 1665 695">Regulatory income (regulatory expense) in OCI as a percentage of revenue from operations subject to rate regulation</td> <td data-bbox="1665 605 1887 695"></td> </tr> </tbody> </table>	Item	Percentage	Regulatory income (regulatory expense) in OCI as a percentage of revenue from operations subject to rate regulation											
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<p>Q15. Differences in timing</p> <p>Consider the information presented in the appendix.</p> <p>Please indicate the types of differences in timing arising under your regulatory agreement by answering questions (a) and (b) in the right column.</p> <p>When answering questions (a) and (b), please include:</p> <p>(i) differences in timing that will be recognised as a regulatory asset or a regulatory liability applying IFRS X;</p>	<p>(a) Does your regulatory agreement give rise to differences in timing for the following items:</p> <table border="1" data-bbox="770 753 1875 1250"> <thead> <tr> <th data-bbox="770 753 1612 800">Items (see appendix)</th> <th data-bbox="1612 753 1875 800">Yes or No</th> </tr> </thead> <tbody> <tr> <td data-bbox="770 800 1612 850">(i) Volume variances</td> <td data-bbox="1612 800 1875 850">Please select</td> </tr> <tr> <td data-bbox="770 850 1612 901">(ii) Allowable expenses or chargeable income</td> <td data-bbox="1612 850 1875 901">Please select</td> </tr> <tr> <td data-bbox="770 901 1612 951">(iii) Performance incentives</td> <td data-bbox="1612 901 1875 951">Please select</td> </tr> <tr> <td data-bbox="770 951 1612 1002">(iv) Regulatory returns on assets not yet available for use</td> <td data-bbox="1612 951 1875 1002">Please select</td> </tr> <tr> <td data-bbox="770 1002 1612 1052">(v) Regulatory depreciation of the regulatory capital base (RCB)</td> <td data-bbox="1612 1002 1875 1052">Please select</td> </tr> <tr> <td data-bbox="770 1052 1612 1250">(vi) Items added to an entity's RCB: <ul style="list-style-type: none"> - Allowable expenses - Performance incentives - Inflation adjustment </td> <td data-bbox="1612 1052 1875 1250"> Please select Please select Please select </td> </tr> </tbody> </table>	Items (see appendix)	Yes or No	(i) Volume variances	Please select	(ii) Allowable expenses or chargeable income	Please select	(iii) Performance incentives	Please select	(iv) Regulatory returns on assets not yet available for use	Please select	(v) Regulatory depreciation of the regulatory capital base (RCB)	Please select	(vi) Items added to an entity's RCB: <ul style="list-style-type: none"> - Allowable expenses - Performance incentives - Inflation adjustment 	Please select Please select Please select
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Questions—Topic 2	Response																		
<p>(ii) differences in timing that will not be recognised as a regulatory asset or a regulatory liability because applying IFRS X you expect your entity's RCB to have no direct relationship with PPE and /or intangible assets (see Q17); and</p> <p>(iii) any inflation-related regulatory asset that will not be recognised applying IFRS X.</p>	<p>(b) Does your regulatory agreement give rise to differences in timing not captured in the appendix? If so, please describe those differences in timing.</p>																		
<p>Q16. Unit of account</p> <p>The IASB tentatively decided that the IFRS X would clarify that the unit of account is the right or obligation arising from a difference in timing or from a group of differences in timing. The differences in timing included in that group would:</p> <p>(i) be created by the same regulatory agreement;</p> <p>(ii) have similar expiry patterns; and</p> <p>(iii) be subject to similar risks.</p> <p>On a scale of 1–7, how difficult is it to identify regulatory assets and regulatory liabilities at this level (difference in timing or group of differences in timing meeting the requirements outlined above?</p>	<table border="1" data-bbox="709 630 1934 704"> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>6</td> <td>7</td> <td></td> </tr> <tr> <td>Very difficult</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td>Very easy</td> </tr> </table> <p>Please explain your answer specifying the difficult elements (if any) in the unit of account analysis.</p> <p>Would it be easier to identify regulatory assets and regulatory liabilities using a different unit of account? If so, explain which one and why.</p>		1	2	3	4	5	6	7		Very difficult	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Very easy
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Questions—Topic 2	Response						
<p>Q17. Conclusion on direct versus no direct concept</p> <p>Do you expect that your entity will conclude its RCB has a direct or no direct relationship with its PPE and/or intangible assets?</p>	<p>Please answer the question by selecting the following:</p> <ol style="list-style-type: none"> 1) direct 2) no direct 3) Difficult to conclude <p>Please explain the reasons it is difficult to conclude if there is a direct or no direct relationship between the RCB and PPE and/or intangible assets .</p>						
<p>Q18. For entities with a “direct relationship”</p> <p>If you selected ‘direct relationship’ in Q17, please answer questions (a) and (b) in the right column. Otherwise, please skip to the next question.</p>	<p>(a) Of the differences in timing identified in Q15 that arise from items related to an entity’s RCB that are recognised (for example, differences in timing arising from differences between the regulatory recovery period and the assets’ useful lives and/or differences in timing relating to regulatory returns on assets not yet available for use), please complete the table below as applicable. These estimates can be provided using an estimated percentage range.</p> <table border="1" data-bbox="768 829 1919 1130"> <thead> <tr> <th data-bbox="768 829 1738 886">Item</th> <th data-bbox="1738 829 1919 886">Percentage</th> </tr> </thead> <tbody> <tr> <td data-bbox="768 886 1738 1044">Regulatory assets identified in Q18(a) (i.e. regulatory assets related to an entity’s RCB) as a percentage of total regulatory assets identified in Q15. For total regulatory assets, please ignore any unrecognised regulatory asset arising from inflation adjustment to the RCB as that is covered in Q18(c).</td> <td data-bbox="1738 886 1919 1044"></td> </tr> <tr> <td data-bbox="768 1044 1738 1130">Regulatory liabilities identified in Q18(a) (i.e. regulatory liabilities related to an entity’s RCB) as percentage of total regulatory liabilities identified in Q15</td> <td data-bbox="1738 1044 1919 1130"></td> </tr> </tbody> </table>	Item	Percentage	Regulatory assets identified in Q18(a) (i.e. regulatory assets related to an entity’s RCB) as a percentage of total regulatory assets identified in Q15 . For total regulatory assets, please ignore any unrecognised regulatory asset arising from inflation adjustment to the RCB as that is covered in Q18(c) .		Regulatory liabilities identified in Q18(a) (i.e. regulatory liabilities related to an entity’s RCB) as percentage of total regulatory liabilities identified in Q15	
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Regulatory liabilities identified in Q18(a) (i.e. regulatory liabilities related to an entity’s RCB) as percentage of total regulatory liabilities identified in Q15							

Questions—Topic 2	Response																																				
	<p>(b) If you cannot provide an estimate, please indicate on a scale of 1–7 how material those regulatory assets and regulatory liabilities are expected to be in your financial statements.</p> <p><u>Regulatory assets</u></p> <table border="1" data-bbox="772 367 1881 444"> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>6</td> <td>7</td> <td></td> </tr> <tr> <td>Not material</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td>Very material</td> </tr> </table> <p>Please explain your answer.</p> <p><u>Regulatory liabilities</u></p> <table border="1" data-bbox="772 561 1881 639"> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>6</td> <td>7</td> <td></td> </tr> <tr> <td>Not material</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td>Very material</td> </tr> </table> <p>Please explain your answer.</p>		1	2	3	4	5	6	7		Not material	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Very material		1	2	3	4	5	6	7		Not material	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Very material
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Questions—Topic 2	Response																		
	<p>(c) If you indicated in Q15 that your entity’s RCB is adjusted for inflation, please indicate on a scale of 1–7 how material is the related unrecognised regulatory asset in your financial statements. Otherwise, please skip to Q20.</p> <table border="1" data-bbox="772 350 1881 428"> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>6</td> <td>7</td> <td></td> </tr> <tr> <td>Not material</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td>Very material</td> </tr> </table> <p>Please explain your answer.</p> <p>(d) Is it more difficult to track differences between an entity’s RCB and its PPE and/or intangible assets for any inflation-related adjustments than for other adjustments made to the RCB?</p> <p>1) Yes, it is more difficult.</p> <p>2) No, it is equally difficult.</p> <p>If it is more difficult, please explain why.</p>		1	2	3	4	5	6	7		Not material	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Very material
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Questions—Topic 2	Response																																										
<p>Q19. For entities with “no direct relationship”</p> <p>If you selected ‘no direct relationship’ in Q17, please answer questions (a) and (b) in the right column. Otherwise, please skip to the next question.</p>	<p>(a) Of the differences in timing identified in Q15 that arise from items related to an entity’s RCB but that would not be recognised as regulatory assets or regulatory liabilities because (i) the entity’s RCB has no direct relationship with its PPE and/or intangible assets or (ii) they relate to the inflation adjustment to the RCB, please complete the table below as applicable. These estimates can be provided using an estimated percentage range.</p> <table border="1" data-bbox="768 423 1902 751"> <thead> <tr> <th data-bbox="768 423 1713 508">Item</th> <th data-bbox="1713 423 1902 508">Percentage</th> </tr> </thead> <tbody> <tr> <td data-bbox="768 508 1713 630">Unrecognised regulatory assets identified in Q19(a) (i.e. unrecognised regulatory assets related to an entity’s RCB) as a percentage of total regulatory assets identified in Q15 (that is, recognised and unrecognised regulatory assets)</td> <td data-bbox="1713 508 1902 630"></td> </tr> <tr> <td data-bbox="768 630 1713 751">Unrecognised regulatory liabilities identified in Q19(a) (i.e. unrecognised regulatory liabilities related to an entity’s RCB) as percentage of total regulatory liabilities identified in Q15 (that is, recognised and unrecognised regulatory liabilities)</td> <td data-bbox="1713 630 1902 751"></td> </tr> </tbody> </table> <p>(b) If you cannot provide an estimate, please indicate on a scale of 1–7 how material those unrecognised regulatory assets and unrecognised regulatory liabilities are in your financial statements.</p> <p><u>Unrecognised regulatory assets</u></p> <table border="1" data-bbox="768 1079 1881 1156"> <tr> <td data-bbox="768 1079 1010 1156">Not material</td> <td data-bbox="1010 1079 1073 1156">1</td> <td data-bbox="1073 1079 1136 1156">2</td> <td data-bbox="1136 1079 1199 1156">3</td> <td data-bbox="1199 1079 1262 1156">4</td> <td data-bbox="1262 1079 1325 1156">5</td> <td data-bbox="1325 1079 1388 1156">6</td> <td data-bbox="1388 1079 1451 1156">7</td> <td data-bbox="1451 1079 1881 1156">Very material</td> </tr> <tr> <td></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td></td> </tr> </table> <p>Please explain your answer.</p> <p><u>Unrecognised regulatory liabilities</u></p> <table border="1" data-bbox="768 1325 1881 1399"> <tr> <td data-bbox="768 1325 1010 1399">Not material</td> <td data-bbox="1010 1325 1073 1399">1</td> <td data-bbox="1073 1325 1136 1399">2</td> <td data-bbox="1136 1325 1199 1399">3</td> <td data-bbox="1199 1325 1262 1399">4</td> <td data-bbox="1262 1325 1325 1399">5</td> <td data-bbox="1325 1325 1388 1399">6</td> <td data-bbox="1388 1325 1451 1399">7</td> <td data-bbox="1451 1325 1881 1399">Very material</td> </tr> <tr> <td></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td></td> </tr> </table>	Item	Percentage	Unrecognised regulatory assets identified in Q19(a) (i.e. unrecognised regulatory assets related to an entity’s RCB) as a percentage of total regulatory assets identified in Q15 (that is, recognised and unrecognised regulatory assets)		Unrecognised regulatory liabilities identified in Q19(a) (i.e. unrecognised regulatory liabilities related to an entity’s RCB) as percentage of total regulatory liabilities identified in Q15 (that is, recognised and unrecognised regulatory liabilities)		Not material	1	2	3	4	5	6	7	Very material		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		Not material	1	2	3	4	5	6	7	Very material		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
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Questions—Topic 2	Response
	<p data-bbox="768 233 1066 261">Please explain your answer.</p>

Questions—Topic 2	Response																		
<p>Q20. Regulatory returns on an asset not yet available for use</p> <p>The IASB tentatively decided that when an entity’s regulatory capital base and its property, plant and equipment have a direct relationship and the entity capitalises its borrowing costs:</p> <p>(i) if the regulatory agreement provides the entity with both a debt and an equity return on an asset not yet available for use and the returns are included in regulated rates when the asset is available for use, an entity is required to reflect only those returns in excess of the entity’s capitalised borrowing costs in the statement of financial performance during the construction period; and</p> <p>(ii) if the regulatory agreement provides the entity with only a debt return on such an asset and the returns are included in regulated rates during the construction period, an entity is prohibited from reflecting the return in the statement of financial performance during the construction period.</p> <p>Please answer questions (a) and (b) and (c), if needed, in the right column.</p>	<p>(a) Does your regulatory agreement provide a regulatory return on an asset not yet available for use and does the entity capitalise its borrowing costs under IAS 23 <i>Borrowing Costs</i>?</p> <p>1) Yes 2) No</p> <p>(b) If you answered yes in Q20(a) and you selected ‘direct relationship’ in Q17 please select below how difficult/easy is to apply the IASB’s tentative decisions.</p> <table border="1" data-bbox="709 553 1934 631"> <tr> <td></td> <td style="text-align: center;">1</td> <td style="text-align: center;">2</td> <td style="text-align: center;">3</td> <td style="text-align: center;">4</td> <td style="text-align: center;">5</td> <td style="text-align: center;">6</td> <td style="text-align: center;">7</td> <td></td> </tr> <tr> <td style="text-align: left;">Very difficult</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: right;">Very easy</td> </tr> </table> <p>Please give reasons for your answer.</p> <p>(c) If you answered yes in Q20(a), does the regulator differentiate between assets in use and assets not yet available for use when providing a regulatory return (i.e. a regulator may apply a different regulatory return on assets in use and assets not yet available for use)?</p>		1	2	3	4	5	6	7		Very difficult	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Very easy
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Questions—Topic 2	Response
<p>Q21. Regulatory interest rate</p> <p>The ED requires an entity to assess whether there is any indication that the regulatory interest rate for a regulatory asset might be insufficient to compensate the entity for the time value of money and for uncertainty in the future cash flows arising from the regulatory asset, and to use the minimum interest rate as the discount rate if it is higher than the regulatory interest rate.</p> <p>Please answer questions (a) and (c) and questions (b) and (d), if needed, in the right column.</p>	<p>(a) Does your regulatory agreement provide (charge) an explicit regulatory interest rate on regulatory assets and regulatory liabilities other than the regulatory return on the RCB?</p> <p>1) yes 2) no</p> <p>(b) If yes, does it apply to all regulatory assets and regulatory liabilities?</p> <p>1) yes 2) no</p> <p>If no, please explain.</p> <p>(c) Do you expect to have to calculate a minimum interest rate to discount regulatory assets?</p> <p>1) yes 2) no 3) I do not know</p> <p>(d) If yes, do you expect to face difficulties in calculating the minimum interest rate? If so, please explain.</p>

Questions—Topic 2	Response																					
<p>Q22. Disclosures</p> <p><i>Section C of the 'Background information' summarises the disclosure objectives and requirements that IFRS X will include.</i></p> <p>Please answer questions (a) and (b) in the right column.</p>	<p>(a) Are there disclosures requirements for which the cost of preparing the information will exceed the benefit for users?</p> <p>1) yes</p> <p>2) no</p> <p>(b) If yes, could you please list such disclosure requirements and explain why the cost will exceed the benefit</p>																					
<p>Q23. Transition requirements relating to business combinations</p> <p>The IASB has tentatively decided that IFRS X will require an entity when adopting the Standard to take the net adjustment to retained earnings including adjustments related to regulatory assets acquired and regulatory liabilities assumed in a past business combination.</p> <p>This survey seeks to ascertain whether goodwill or PPE from your company's past business combinations may include regulatory assets or liabilities. If that was the case, the IASB's tentative decision would give rise to double counting (regulatory asset or liability implicitly included in goodwill or PPE and regulatory asset or liability arisen on adoption of IFRS X). It could also result in subsequent impairment charges.</p>	<p>(a) Does your goodwill or PPE from previous business combinations already contain regulatory assets or regulatory liabilities that could arise again when adopting IFRS X?</p> <p>1) yes</p> <p>2) no, goodwill or PPE from previous business combinations does not include regulatory assets or regulatory liabilities</p> <p>3) no, I do not have past business combinations</p> <p>4) I do not know if goodwill or PPE from previous business combinations contains regulatory assets</p> <p>(b) If you answered yes to the question above, could you please indicate on a scale of 1–7 how material is the amount related to regulatory assets or liabilities that are already included as part of goodwill?</p> <table border="1" data-bbox="772 1130 1881 1205"> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">2</td> <td style="text-align: center;">3</td> <td style="text-align: center;">4</td> <td style="text-align: center;">5</td> <td style="text-align: center;">6</td> <td style="text-align: center;">7</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td style="text-align: center;">Not material</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: center;">Very material</td> </tr> </table> <p>(c) Please indicate on a scale of 1–7 how difficult it is to identify regulatory assets and regulatory liabilities embedded in goodwill or PPE valuations.</p>	1	2	3	4	5	6	7	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Not material						Very material
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<p>Please answer questions (a) to (c), if needed, in the right column.</p>	<table border="1" data-bbox="772 266 1883 342"> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>6</td> <td>7</td> <td></td> </tr> <tr> <td>Very difficult</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td>Very easy</td> </tr> </table> <p>If you selected '4' or lower, please explain why.</p>		1	2	3	4	5	6	7		Very difficult	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Very easy
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<p>Q24. Other aspects on the practicability of applying IFRS X</p> <p>Please describe any other aspects where you expect facing difficulties in applying IFRS X.</p>																			

TOPIC 3—LIKELY COSTS OF IMPLEMENTING IFRS X

The information below helps you answer Questions 25 to 31.

With the implementation of any new IFRS Accounting Standard, the EFRAG Secretariat expects preparers to incur some incremental costs when applying the new requirements, such as:

- (a) costs to change or develop systems, processes, and controls to gather and archive information such as regulatory data, to make estimates, and to provide required disclosures;
- (b) incremental external audit costs;
- (c) costs to educate management, finance and other personnel about the requirements and its effects; and
- (d) costs to educate users of financial statements and regulators about the effects of the requirements on the financial statements.

The IASB has developed certain reliefs to help preparers apply IFRS X. These reliefs relate to the measurement and transition requirements.

The ‘Background information’ document provides information on the main requirements of IFRS X, including the measurement and transition reliefs, to help participants assess the costs of application.

Questions—Topic 3	Response																	
<p>Q25. <i>Section B of the ‘Background information’ document describes several reliefs from the measurement requirements of IFRS X. These reliefs are highlighted in yellow.</i></p> <p>Please answer questions (a) to (c) in the right column.</p>	<p>Please indicate on a scale of 1–7 whether the measurement reliefs listed in (a) to (c) below are helpful in reducing initial implementation costs and ongoing costs.</p> <p>(a) Relief from discounting estimates of future cash flows if an entity expects the period between recognition and recovery or fulfilment to be 12 months or less. <i>See Table B4 of the ‘Background Information’ document.</i></p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td style="width: 15%;">1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>6</td> <td>7</td> <td style="width: 15%;"></td> </tr> <tr> <td>Not at all helpful</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td>Extremely helpful</td> </tr> </table> <p>Please explain your answer.</p>	1	2	3	4	5	6	7		Not at all helpful	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Extremely helpful
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Questions—Topic 3	Response																																				
	<p>(b) Relief from computing a single discount rate by exempting an entity from discounting estimates of future cash flows between recognition and the date regulatory interest starts to accrue if the entity expects that period to be 12 months or less. <i>See Table B4 of the 'Background Information' document.</i></p> <table border="1" data-bbox="751 358 1934 435"> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>6</td> <td>7</td> <td></td> </tr> <tr> <td>Not at all helpful</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td>Extremely helpful</td> </tr> </table> <p>Please explain your answer.</p> <p>(c) Relief from applying the minimum interest rate to a regulatory asset that arises from variances between estimated and actual costs or volume. <i>See Table B4 of the 'Background Information' document.</i></p> <table border="1" data-bbox="751 656 1934 732"> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>6</td> <td>7</td> <td></td> </tr> <tr> <td>Not at all helpful</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td>Extremely helpful</td> </tr> </table> <p>Please explain your answer.</p>		1	2	3	4	5	6	7		Not at all helpful	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Extremely helpful		1	2	3	4	5	6	7		Not at all helpful	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Extremely helpful
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Questions—Topic 3	Response																
<p>Q26 The IASB also tentatively decided to introduce a relief from discounting estimates of future cash flows arising from a regulatory asset or regulatory liability if:</p> <p>i. the regulatory asset or regulatory liability arises from an item of expense or income that relates to liabilities or assets measured on a present value basis and that affects regulated rates on an accrual basis; and</p> <p>ii. the entity, having considered all reasonable and supportable information that is available without undue cost or effort, is unable to estimate the amount and timing of those future cash flows. See Table B6 of the ‘Background Information’ document.</p> <p>Please answer questions (a) to (c) in the right column.</p>	<p>a) Do you expect to make use of this relief?</p> <p>1) yes</p> <p>2) no</p> <p>3) I do not know</p> <p>b) If you answered yes to the question above, for which items related to liabilities or assets measured at present value, do you expect to use this relief?</p> <p>1) pension plans</p> <p>2) provisions such as decommissioning or environmental provisions</p> <p>3) other item of expense or income – please specify</p> <p>c) Please indicate on a scale of 1–7 whether this measurement relief is helpful in reducing initial implementation costs and ongoing costs.</p> <table border="1" data-bbox="751 781 1934 857"> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">2</td> <td style="text-align: center;">3</td> <td style="text-align: center;">4</td> <td style="text-align: center;">5</td> <td style="text-align: center;">6</td> <td style="text-align: center;">7</td> </tr> <tr> <td style="text-align: center;">Not at all helpful</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;">Extremely helpful</td> </tr> </table> <p>Please explain your answer.</p>	1	2	3	4	5	6	7	Not at all helpful	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Extremely helpful
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Questions—Topic 3	Response																		
<p>Q27. <i>Section D of the 'Background information' document describes two approaches to transition to IFRS X.</i></p> <p>Please answer the question in the right column.</p>	<p>Do you expect your entity will use the retrospective approach or the modified retrospective approach when applying IFRS X? <i>See Table D of the 'Background Information' document.</i></p> <p>Please select</p>																		
<p>Q28. <i>Section D of the 'Background information' document describes the transition reliefs that can be used when selecting the modified retrospective approach. These reliefs are highlighted in blue.</i></p> <p>If you selected 'modified retrospective approach' in Q27, please answer questions (a) to (e) in the right column. Otherwise, please skip to the next question.</p>	<p>Please indicate on a scale of 1–7 whether the transition reliefs for the modified retrospective approach listed in (a) to (e) below are helpful in reducing initial implementation costs. <i>See Table D of the 'Background Information' document.</i></p> <p>(a) Relief to present restated comparatives only for the comparative period but not for any earlier periods presented. This relief would only be applicable to entities that apply IFRS Accounting Standards. A first-time adopter will be required to present comparative information in accordance with the requirements in IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i>.</p> <table border="1" data-bbox="751 773 1929 847"> <tr> <td></td> <td style="text-align: center;">1</td> <td style="text-align: center;">2</td> <td style="text-align: center;">3</td> <td style="text-align: center;">4</td> <td style="text-align: center;">5</td> <td style="text-align: center;">6</td> <td style="text-align: center;">7</td> <td></td> </tr> <tr> <td style="text-align: left;">Not at all helpful</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: right;">Extremely helpful</td> </tr> </table> <p>If you selected '4' or lower, please explain why.</p>		1	2	3	4	5	6	7		Not at all helpful	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Extremely helpful
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Questions—Topic 3	Response																																				
	<p>(b) Relief relating to the requirements for regulatory returns on an asset not yet available for use that is applicable to an entity whose RCB has a direct relationship with its PPE:</p> <ul style="list-style-type: none"> i. for an entity that applies IFRS Accounting Standards—limit the application of those requirements to assets not yet available for use at the beginning of the period immediately preceding the period in which IFRS X is first applied (comparative period). ii. for a first-time adopter—the relief described in (i) above with the following exception. If the first-time adopter applies the deemed cost exemption in paragraph D8B of IFRS 1, the first-time adopter will be required to apply prospectively those requirements to account for a regulatory asset arising from regulatory returns on assets not yet available for use. <table border="1" data-bbox="751 599 1929 675"> <tr> <td></td> <td style="text-align: center;">1</td> <td style="text-align: center;">2</td> <td style="text-align: center;">3</td> <td style="text-align: center;">4</td> <td style="text-align: center;">5</td> <td style="text-align: center;">6</td> <td style="text-align: center;">7</td> <td></td> </tr> <tr> <td style="text-align: left;">Not at all helpful</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: right;">Extremely helpful</td> </tr> </table> <p>If you selected '4' or lower, please explain why.</p> <p>(c) Relief to permit an entity to use of hindsight. This relief would be applicable to both entities that apply IFRS Accounting Standards and first-time adopters.</p> <table border="1" data-bbox="751 966 1929 1042"> <tr> <td></td> <td style="text-align: center;">1</td> <td style="text-align: center;">2</td> <td style="text-align: center;">3</td> <td style="text-align: center;">4</td> <td style="text-align: center;">5</td> <td style="text-align: center;">6</td> <td style="text-align: center;">7</td> <td></td> </tr> <tr> <td style="text-align: left;">Not at all helpful</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: right;">Extremely helpful</td> </tr> </table> <p>Please explain your answer.</p>		1	2	3	4	5	6	7		Not at all helpful	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Extremely helpful		1	2	3	4	5	6	7		Not at all helpful	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Extremely helpful
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Questions—Topic 3	Response																																				
	<p>(d) Relief to permit an entity to use the regulatory interest rate at the beginning of the comparative period for the purpose of applying the requirements for discounting estimates of future cash flows, including the minimum interest rate and uneven regulatory interest rate requirements. This relief would be applicable to both entities that apply IFRS Accounting Standards and first-time adopters.</p> <table border="1" data-bbox="751 391 1929 467"> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>6</td> <td>7</td> <td></td> </tr> <tr> <td>Not at all helpful</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td>Extremely helpful</td> </tr> </table> <p>Please explain your answer.</p> <p>(e) Relief to permit, but not require, an entity to disclose the quantitative information required by paragraph 28(f) of IAS 8 for the current period or for any earlier periods presented. This relief would only be applicable to entities that apply IFRS Accounting Standards.</p> <table border="1" data-bbox="751 756 1929 833"> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>6</td> <td>7</td> <td></td> </tr> <tr> <td>Not at all helpful</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td>Extremely helpful</td> </tr> </table> <p>Please explain your answer.</p>		1	2	3	4	5	6	7		Not at all helpful	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Extremely helpful		1	2	3	4	5	6	7		Not at all helpful	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Extremely helpful
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Questions—Topic 3	Response																																				
<p>Q29. <i>The ‘Background information’ document describes the transition reliefs that can be used when selecting the retrospective approach. These reliefs are highlighted in green.</i></p> <p>If you selected ‘retrospective approach’ in Q27, please answer questions (a) and (b) in the right column. Otherwise, please skip to the next question.</p>	<p>Please indicate on a scale of 1–7 whether the transition reliefs for the retrospective approach listed in (a) and (b) below are helpful in reducing initial implementation costs. <i>See Table D of the ‘Background Information’ document.</i></p> <p>(a) Relief to present restated comparatives only for the comparative period but not for any earlier periods presented. This relief would only be applicable to entities that apply IFRS Accounting Standards.</p> <table border="1" data-bbox="751 423 1929 500"> <tr> <td></td> <td style="text-align: center;">1</td> <td style="text-align: center;">2</td> <td style="text-align: center;">3</td> <td style="text-align: center;">4</td> <td style="text-align: center;">5</td> <td style="text-align: center;">6</td> <td style="text-align: center;">7</td> <td></td> </tr> <tr> <td style="text-align: left;">Not at all helpful</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: right;">Extremely helpful</td> </tr> </table> <p>Please explain your answer.</p> <p>(b) Relief to permit, but not require, an entity to disclose the quantitative information required by paragraph 28(f) of IAS 8 for the current period or for any earlier periods presented. This relief would only be applicable to entities that apply IFRS Accounting Standards.</p> <table border="1" data-bbox="751 808 1929 885"> <tr> <td></td> <td style="text-align: center;">1</td> <td style="text-align: center;">2</td> <td style="text-align: center;">3</td> <td style="text-align: center;">4</td> <td style="text-align: center;">5</td> <td style="text-align: center;">6</td> <td style="text-align: center;">7</td> <td></td> </tr> <tr> <td style="text-align: left;">Not at all helpful</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: right;">Extremely helpful</td> </tr> </table> <p>Please explain your answer.</p>		1	2	3	4	5	6	7		Not at all helpful	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Extremely helpful		1	2	3	4	5	6	7		Not at all helpful	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Extremely helpful
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<p>Q30 Other comments</p> <p>Besides your responses to Questions 23 to 29, do you have any comments or concerns related to any other aspect/s of the transition requirements of IFRS X?</p>																																					

Questions—Topic 3	Response
Q31. Considering the reliefs that you expect your entity will apply, what are the main drivers of costs for your entity when implementing the requirements of IFRS X? Please answer questions (a) and (b) in the right column.	<p>(a) Please use the matrix to indicate the main drivers of costs for your entity, including whether you think these are initial implementation costs or ongoing costs.</p> <p>(b) If the application of IFRS X will require data that your finance or regulatory departments do not currently gather, please complete the table after the matrix.</p>

Requirements of IFRS X \ Costs	System & process change costs	Audit costs	Internal education costs (for example, employees)	External education costs (for example, users and regulators)	Any other costs?
<p>Scope</p> <p>See Table B1 of the ‘Background information’ document</p> <p><i>Type of costs:</i> Please select</p> <p><i>Assessment of costs:</i> Please select</p>	<p><i>Type of costs:</i> Please select</p> <p><i>Assessment of costs:</i> Please select</p>	<p><i>Type of costs:</i> Please select</p> <p><i>Assessment of costs:</i> Please select</p>	<p><i>Type of costs:</i> Please select</p> <p><i>Assessment of costs:</i> Please select</p>	<p><i>Type of costs:</i> Please select</p> <p><i>Assessment of costs:</i> Please select</p>	<p><i>Type of costs:</i> Please select</p> <p><i>Assessment of costs:</i> Please select</p>
<p><i>Explanation:</i></p> <ul style="list-style-type: none"> - If assessment of costs is high, please explain why. - If costs are expected to be ongoing, please explain whether the costs might decrease over time. 	<p><i>Explanation as needed:</i></p>	<p><i>Explanation as needed:</i></p>	<p><i>Explanation as needed:</i></p>	<p><i>Explanation as needed:</i></p>	<p><i>Please describe other costs, if any. Provide explanation as needed.</i></p>
<p>Identifying differences in timing</p> <p>See appendix to the survey and Section A of the ‘Background information’ document</p> <p><i>Type of costs:</i> Please select</p> <p><i>Assessment of costs:</i> Please select</p>	<p><i>Type of costs:</i> Please select</p> <p><i>Assessment of costs:</i> Please select</p>	<p><i>Type of costs:</i> Please select</p> <p><i>Assessment of costs:</i> Please select</p>	<p><i>Type of costs:</i> Please select</p> <p><i>Assessment of costs:</i> Please select</p>	<p><i>Type of costs:</i> Please select</p> <p><i>Assessment of costs:</i> Please select</p>	<p><i>Type of costs:</i> Please select</p> <p><i>Assessment of costs:</i> Please select</p>

Costs Requirements of IFRS X	System & process change costs	Audit costs	Internal education costs (for example, employees)	External education costs (for example, users and regulators)	Any other costs?
<p><i>Explanation:</i></p> <ul style="list-style-type: none"> - If assessment of costs is high, please explain why. - If costs are expected to be ongoing, please explain whether the costs might decrease over time. 	<i>Explanation as needed:</i>	<i>Explanation as needed:</i>	<i>Explanation as needed:</i>	<i>Explanation as needed:</i>	<i>Please describe other costs, if any. Provide explanation as needed.</i>
<p>Recognition</p> <p>See Table B2 of the 'Background information' document</p>	<p><i>Type of costs:</i> Please select</p> <p><i>Assessment of costs:</i> Please select</p>	<p><i>Type of costs:</i> Please select</p> <p><i>Assessment of costs:</i> Please select</p>	<p><i>Type of costs:</i> Please select</p> <p><i>Assessment of costs:</i> Please select</p>	<p><i>Type of costs:</i> Please select</p> <p><i>Assessment of costs:</i> Please select</p>	<p><i>Type of costs:</i> Please select</p> <p><i>Assessment of costs:</i> Please select</p>
<p><i>Explanation:</i></p> <ul style="list-style-type: none"> - If assessment of costs is high, please explain why. - If costs are expected to be ongoing, please explain whether the costs might decrease over time. 	<i>Explanation as needed:</i>	<i>Explanation as needed:</i>	<i>Explanation as needed:</i>	<i>Explanation as needed:</i>	<i>Please describe other costs, if any. Provide explanation as needed.</i>
<p>Measurement: estimating future cash flows</p> <p>See Table B3 the 'Background information' document</p>	<p><i>Type of costs:</i> Please select</p> <p><i>Assessment of costs:</i> Please select</p>	<p><i>Type of costs:</i> Please select</p> <p><i>Assessment of costs:</i> Please select</p>	<p><i>Type of costs:</i> Please select</p> <p><i>Assessment of costs:</i> Please select</p>	<p><i>Type of costs:</i> Please select</p> <p><i>Assessment of costs:</i> Please select</p>	<p><i>Type of costs:</i> Please select</p> <p><i>Assessment of costs:</i> Please select</p>
<p><i>Explanation:</i></p> <ul style="list-style-type: none"> - If assessment of costs is high, please explain why. - If costs are expected to be ongoing, please explain 	<i>Explanation as needed:</i>	<i>Explanation as needed:</i>	<i>Explanation as needed:</i>	<i>Explanation as needed:</i>	<i>Please describe other costs, if any. Provide explanation as needed.</i>

Costs Requirements of IFRS X	System & process change costs	Audit costs	Internal education costs (for example, employees)	External education costs (for example, users and regulators)	Any other costs?
whether the costs might decrease over time.					
Measurement: discounting and minimum interest rate See Table B4 of the 'Background information' document	<i>Type of costs:</i> Please select <i>Assessment of costs:</i> Please select	<i>Type of costs:</i> Please select <i>Assessment of costs:</i> Please select	<i>Type of costs:</i> Please select <i>Assessment of costs:</i> Please select	<i>Type of costs:</i> Please select <i>Assessment of costs:</i> Please select	<i>Type of costs:</i> Please select <i>Assessment of costs:</i> Please select
	<i>Explanation:</i> - If assessment of costs is high , please explain why. - If costs are expected to be ongoing , please explain whether the costs might decrease over time.	<i>Explanation as needed:</i>	<i>Explanation as needed:</i>	<i>Explanation as needed:</i>	<i>Explanation as needed:</i>
Measurement and presentation of items affecting regulated rates only when related cash is paid or received and consideration to extend these proposals to other cases See Table B6 'Background information' document	<i>Type of costs:</i> Please select <i>Assessment of costs:</i> Please select	<i>Type of costs:</i> Please select <i>Assessment of costs:</i> Please select	<i>Type of costs:</i> Please select <i>Assessment of costs:</i> Please select	<i>Type of costs:</i> Please select <i>Assessment of costs:</i> Please select	<i>Type of costs:</i> Please select <i>Assessment of costs:</i> Please select
	<i>Explanation:</i> - If assessment of costs is high , please explain why. - If costs are expected to be ongoing , please explain	<i>Explanation as needed:</i>	<i>Explanation as needed:</i>	<i>Explanation as needed:</i>	<i>Explanation as needed:</i>

Requirements of IFRS X Costs	System & process change costs	Audit costs	Internal education costs (for example, employees)	External education costs (for example, users and regulators)	Any other costs?
whether the costs might decrease over time.					
Disclosure See Table C of the ‘Background information’ document <i>Explanation:</i> - If assessment of costs is high , please explain why. - If costs are expected to be ongoing , please explain whether the costs might decrease over time.	<i>Type of costs:</i> Please select <i>Assessment of costs:</i> Please select <hr/> <i>Explanation as needed:</i>	<i>Type of costs:</i> Please select <i>Assessment of costs:</i> Please select <hr/> <i>Explanation as needed:</i>	<i>Type of costs:</i> Please select <i>Assessment of costs:</i> Please select <hr/> <i>Explanation as needed:</i>	<i>Type of costs:</i> Please select <i>Assessment of costs:</i> Please select <hr/> <i>Explanation as needed:</i>	<i>Type of costs:</i> Please select <i>Assessment of costs:</i> Please select <hr/> <i>Please describe other costs, if any. Provide explanation as needed.</i>
Are there other requirements of IFRS X that you would like to provide feedback on? If yes, please identify the requirements and complete this table. Identify requirement: [to fill in if needed] <i>Explanation:</i> - If assessment of costs is high , please explain why. - If costs are expected to be ongoing , please explain	<i>Type of costs:</i> Please select <i>Assessment of costs:</i> Please select <hr/> <i>Explanation as needed:</i>	<i>Type of costs:</i> Please select <i>Assessment of costs:</i> Please select <hr/> <i>Explanation as needed:</i>	<i>Type of costs:</i> Please select <i>Assessment of costs:</i> Please select <hr/> <i>Explanation as needed:</i>	<i>Type of costs:</i> Please select <i>Assessment of costs:</i> Please select <hr/> <i>Explanation as needed:</i>	<i>Type of costs:</i> Please select <i>Assessment of costs:</i> Please select <hr/> <i>Please describe other costs, if any. Provide explanation as needed.</i>

Costs Requirements of IFRS X	System & process change costs	Audit costs	Internal education costs (for example, employees)	External education costs (for example, users and regulators)	Any other costs?
whether the costs might decrease over time.					

	Describe the additional data required	Requirement in IFRS X for which data is needed	Level of difficulty in obtaining the data (Scale of 1–7, with 1 very difficult and 7 very easy)	If you selected ‘4’ or lower when assessing the level of difficulty, please explain why
1			Please select	
2			Please select	
3			Please select	
...			Please select	

TOPIC 4—LIKELY EFFECTS ON THE QUALITY OF FINANCIAL REPORTING

Please consider the objective of IFRS X when answering Questions 32–34.

The **objective of IFRS X** is for an entity to provide relevant information that faithfully represents how regulatory income and regulatory expense affect the entity’s financial performance, and how regulatory assets and regulatory liabilities affect its financial position. This information will enable users of financial statements to understand the entity’s future cash flow prospects.

Questions—Topic 4	Response																						
<p>Q32 Key financial ratios</p> <p>What are the key financial ratios, including non-GAAP measures (e.g. revenue, EBIT, EBITDA...), that your entity uses to communicate financial performance with users of financial statements? Please complete the table in the right column.</p>	<table border="1"> <thead> <tr> <th data-bbox="730 581 783 841"></th> <th data-bbox="793 581 1024 841">Key financial ratios</th> <th data-bbox="1035 581 1350 841">Expected effect of IFRS X on your entity’s key financial ratios (Scale of 1–7, with 1 no effect and 7 very significant effect)</th> <th data-bbox="1360 581 1934 841">Please give reasons for your answer</th> </tr> </thead> <tbody> <tr> <td data-bbox="730 849 783 914">1</td> <td data-bbox="793 849 1024 914"></td> <td data-bbox="1035 849 1350 914">Please select</td> <td data-bbox="1360 849 1934 914"></td> </tr> <tr> <td data-bbox="730 922 783 987">2</td> <td data-bbox="793 922 1024 987"></td> <td data-bbox="1035 922 1350 987">Please select</td> <td data-bbox="1360 922 1934 987"></td> </tr> <tr> <td data-bbox="730 995 783 1060">3</td> <td data-bbox="793 995 1024 1060"></td> <td data-bbox="1035 995 1350 1060">Please select</td> <td data-bbox="1360 995 1934 1060"></td> </tr> <tr> <td data-bbox="730 1068 783 1117">...</td> <td data-bbox="793 1068 1024 1117"></td> <td data-bbox="1035 1068 1350 1117">Please select</td> <td data-bbox="1360 1068 1934 1117"></td> </tr> </tbody> </table>		Key financial ratios	Expected effect of IFRS X on your entity’s key financial ratios (Scale of 1–7, with 1 no effect and 7 very significant effect)	Please give reasons for your answer	1		Please select		2		Please select		3		Please select		...		Please select			
	Key financial ratios	Expected effect of IFRS X on your entity’s key financial ratios (Scale of 1–7, with 1 no effect and 7 very significant effect)	Please give reasons for your answer																				
1		Please select																					
2		Please select																					
3		Please select																					
...		Please select																					

Questions—Topic 4	Response														
<p>Q33 Impact on key items</p> <p>Will IFRS X have an effect on your entity’s debt covenants, remuneration policies and distributable reserves? Please complete the table in the right column.</p>	<table border="1"> <thead> <tr> <th data-bbox="728 250 1064 388">Items</th> <th data-bbox="1068 250 1262 388">Will IFRS X have an effect?</th> <th data-bbox="1266 250 1921 388">If you answered ‘yes’, please describe the effect and the extent of that effect (qualitatively).</th> </tr> </thead> <tbody> <tr> <td data-bbox="728 391 1064 456">Debt covenants</td> <td data-bbox="1068 391 1262 456">Please select</td> <td data-bbox="1266 391 1921 456"></td> </tr> <tr> <td data-bbox="728 459 1064 524">Remunerations policies</td> <td data-bbox="1068 459 1262 524">Please select</td> <td data-bbox="1266 459 1921 524"></td> </tr> <tr> <td data-bbox="728 527 1064 592">Distributable reserves</td> <td data-bbox="1068 527 1262 592">Please select</td> <td data-bbox="1266 527 1921 592"></td> </tr> </tbody> </table>			Items	Will IFRS X have an effect?	If you answered ‘yes’, please describe the effect and the extent of that effect (qualitatively).	Debt covenants	Please select		Remunerations policies	Please select		Distributable reserves	Please select	
Items	Will IFRS X have an effect?	If you answered ‘yes’, please describe the effect and the extent of that effect (qualitatively).													
Debt covenants	Please select														
Remunerations policies	Please select														
Distributable reserves	Please select														
<p>Q34. Expected effects on the quality of financial reporting</p> <p>Please describe expected effects of IFRS X if any (e.g. usefulness of information, increased comparability,...).</p>															

Appendix

The information in this appendix aims to help respondents answer the questions in Topic 2 ([Practicability of applying IFRS X](#)). Table 1 describes items for which regulatory agreements commonly provide compensation and describes the related differences in timing.

Table 1—Regulatory compensation and differences in timing	
Items	Examples of differences in timing
(i) Volume variances—some regulatory agreements allow an entity to transfer demand risk to customers by allowing the entity to recover the allowed revenue to which it is entitled for a specific period.	Amounts of allowed revenue under-recovered (over-recovered) that an entity has the right to recover (the obligation to deduct) in future regulated rates give rise to regulatory assets (regulatory liabilities).
(ii) Allowable expenses or chargeable income—some regulatory agreements provide entities compensation (oblige entities to deduct an amount) for input costs, pension costs, provisions, income taxes, operating expenditures incurred due to unusual events etc.	Regulatory assets or regulatory liabilities may arise because regulated rates include: <ul style="list-style-type: none"> (a) compensation for allowable expenses based on estimates that are trued up to actuals in future regulated rates charged; (b) compensation for allowable expenses incurred in a period (T1) with a time lag (T3); or (c) compensation (charge) for an item of expense (income) only when related cash is paid (received).
(iii) Performance incentives—some regulatory agreements provide entities with bonuses (penalties) if a particular performance target is met (not met).	Regulatory assets or regulatory liabilities arise when an entity is entitled to add an amount to (obliged to deduct an amount from) future regulated rates relating to performance occurring during the current period.
(iv) Regulatory returns on assets not yet available for use—some regulatory agreements provide entities with a return that includes both debt and equity returns or a return that includes only debt returns.	Regulatory returns on an asset not yet available for use would form part of the total allowed compensation for goods or services supplied during the construction period of that asset. However, when an entity's RCB and its PPE have a direct relationship and the entity capitalises borrowing costs: <ul style="list-style-type: none"> (a) if regulatory returns include both debt and equity returns: <ul style="list-style-type: none"> (i) a regulatory asset would arise equal to the amount of regulatory returns in excess of capitalised borrowing costs if such returns are included in regulated rates during operation.

Table 1—Regulatory compensation and differences in timing

Items	Examples of differences in timing
	<p>(ii) a regulatory liability would arise equal to the capitalised borrowing costs if such returns are included in regulated rates during construction.</p> <p>(b) if regulatory returns include only debt returns and are included in regulated rates during construction, a regulatory liability would arise equal to such returns. There is no difference in timing if the debt returns are included in regulated rates during operation.</p>
<p>(v) Regulatory depreciation of the RCB—generally regulatory agreements provide entities with compensation for the regulatory depreciation of their RCB.</p>	<p>Differences between the regulatory recovery period of an asset and its useful life give rise to a regulatory asset or regulatory liability when an entity’s RCB and its PPE have a direct relationship. When an entity’s RCB has a direct relationship with its PPE, the regulatory recovery period and the asset’s useful life are often aligned. Consequently, in many cases entities would not have a significant regulatory asset or regulatory liability arising from differences between the regulatory recovery period and the asset’s useful life.</p> <p>An entity would be prohibited from recognising regulatory assets or regulatory liabilities arising from differences between the regulatory recovery period and the assets’ useful lives, if the entity’s RCB and its PPE have no direct relationship.</p>
<p>(vi) Items added to an entity’s RCB:</p> <ul style="list-style-type: none"> • Allowable expenses and performance incentives—some regulatory agreements require entities to add allowable expenses to their RCB. Regulatory agreements may also add performance incentives to an entity’s RCB. • Inflation adjustment—some regulatory agreements adjust the RCB for inflation. 	<p>For allowable expenses and performance incentives, an entity would be required to account for regulatory assets and regulatory liabilities when:</p> <p>(a) the entity’s RCB and its PPE have a direct relationship; and</p> <p>(b) the entity has an enforceable present right (obligation) to add (deduct) the allowable expense or performance incentive to (from) future regulated rates.</p> <p>An entity would be prohibited from recognising regulatory assets or regulatory liabilities arising from such allowable expenses or performance incentives if the entity’s RCB and its PPE have no direct relationship.</p> <p>In relation to the inflation adjustment to the RCB, an entity would be prohibited from recognising a regulatory asset. This would be regardless of the relationship between the entity’s RCB and its PPE.</p>