Staff paper

Agenda reference: 9B

IASB® meeting

Date	**March 2024**
Project	**Rate-regulated Activities**
Topic	**Reduced disclosures for rate-regulated entities**
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Objective

1. The objective of this paper is to discuss whether to develop reduced disclosure requirements for entities applying the prospective Accounting Standard *Regulatory Assets and Regulatory Liabilities* (prospective RRA Standard) that could be included in the prospective [draft] IFRS 19 *Subsidiaries without Public Accountability: Disclosures* once the prospective RRA Standard is issued.

Staff recommendations

2. The staff recommend:

   (a) not developing reduced disclosures for the prospective RRA Standard at this time; and

   (b) including a question seeking views on the decision not to develop reduced disclosures in the exposure draft that will amend the prospective [draft] IFRS 19 (Catch-up Exposure Draft).

Structure of the paper

3. This paper is structured as follows:

   (a) process and timeline (paragraphs 5–8); and

(b) should the IASB develop reduced disclosures for entities applying the prospective RRA Standard (paragraphs 9–24)?

4. The appendix to this paper analyses how the disclosure requirements of the prospective RRA Standard could be reduced.

Process and timeline

5. The IASB expects to issue the prospective [draft] IFRS 19 in the first half of 2024. The prospective [draft] IFRS 19 will permit subsidiaries that do not have public accountability to apply IFRS Accounting Standards with reduced disclosure requirements.

6. After the prospective [draft] IFRS 19 has been issued, the IASB will publish the Catch-up Exposure Draft which will propose amendments to the prospective [draft] IFRS 19 for new or amended disclosure requirements added or amended in other IFRS Accounting Standards after 28 February 2021. The IASB expects to publish the Catch-up Exposure Draft during the third quarter of 2024.

7. If the IASB agrees with the recommendations in this agenda paper, the Catch-up Exposure Draft will not propose reduced disclosure requirements for entities applying the prospective RRA Standard. However, the Catch-up Exposure Draft will include a question seeking views on the decision not to propose reduced disclosure requirements.

8. The prospective [draft] IFRS 19 will include reduced disclosure requirements for subsidiaries that apply IFRS 14 *Regulatory Deferral Accounts*. When the prospective RRA Standard is issued, it will replace IFRS 14 and the reduced disclosure requirements for IFRS 14 in the prospective [draft] IFRS 19 will be withdrawn. [1] If the IASB agrees with the recommendations in this paper, the prospective [draft] IFRS 19 would at the same time be amended to require an entity applying the

[1] The IASB expects to publish the prospective RRA Standard in 2025.

prospective RRA Standard to apply all the disclosure requirements in the prospective RRA Standard.

Should the IASB develop reduced disclosures for entities applying the prospective RRA Standard?

9. This section discusses:

   (a) whether entities applying the prospective RRA Standard would be eligible to apply the prospective [draft] IFRS 19 (paragraphs 10–15); and

   (b) whether the IASB should develop reduced disclosures for entities applying the prospective RRA Standard (paragraphs 16–24).

Whether entities applying the prospective RRA Standard would be eligible to apply the prospective [draft] IFRS 19

10. The prospective [draft] IFRS 19 specifies the disclosure requirements an entity is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards provided that the entity:

    (a) is a subsidiary that does not have public accountability; and

    (b) has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

11. The prospective [draft] IFRS 19 states that an entity has public accountability if:

    (a) its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets); or

    (b) it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses (for example, banks, credit unions, insurance companies, securities brokers/dealers, mutual funds and investment banks often meet this second criterion).

12. Many entities that have regulatory assets and regulatory liabilities provide an essential public service to customers. However, the fact that an entity provides an essential public service does not necessarily mean that it is publicly accountable. The description of 'publicly accountable' is taken from the *IFRS for SMEs* Accounting Standard. That description does not include entities that provide an essential public service. The Basis for Conclusions accompanying that Standard explains that it is the nature of the users of the financial statements, rather than the nature of the business activity that determines whether full IFRS Accounting Standards should be required. Hence, it is also the nature of the users of the financial statements that determines whether the use of the prospective [draft] IFRS 19 should be permitted.[2]

13. Consequently, there may be entities applying the prospective RRA Standard that may not have public accountability and that therefore would be eligible to apply the prospective [draft] IFRS 19.

14. It is difficult to assess the number of entities that would be eligible to apply the prospective [draft] IFRS 19. Because of this, we contacted the members of the Consultative Group for Rate Regulation (Consultative Group) to have a better understanding of the population of entities that might benefit from reduced disclosures:

    (a) consultative group members in a few jurisdictions suggested that there would be a significant number of entities that would be eligible to apply the prospective [draft] IFRS 19. This is because rate-regulated activities in those jurisdictions are often conducted by wholly-owned subsidiaries.

    (b) other consultative group members said that although entities in their organisation would be eligible to apply the prospective [draft] IFRS 19, they would be unlikely to do so because of their strategic importance in their jurisdiction.

[2] Paragraphs BC60 and BC61 of the Basis for Conclusions of the *IFRS for SMEs* Accounting Standard.

(c) one member expressed the view that it would not be appropriate for rate-regulated subsidiaries to apply the reduced disclosures. According to this member, reduced disclosures would make it difficult for users of financial statements to understand rate-regulated subsidiaries' financial performance and reconcile information to the regulatory agreements.

15. In summary, although there are likely to be entities applying the prospective RRA Standard that would be eligible to apply the prospective [draft] IFRS 19, it is unclear how many would elect to do so.

Whether the IASB should develop reduced disclosures for entities applying the prospective RRA Standard

16. The section analyses:

(a) the reasons why the IASB might develop reduced disclosures (paragraphs 18–20); and

(b) the reasons why the IASB might not develop reduced disclosures (paragraph 21).

17. The section also provides a conclusion in paragraphs 22–24.

Reasons why the IASB might develop reduced disclosures

18. The objective of the Subsidiaries without Public Accountability project is to simplify the preparation of subsidiaries financial statements and thereby reduce the costs of applying IFRS Accounting Standards for preparers. Developing reduced disclosures for entities applying the prospective RRA Standard could reduce costs for those entities that are eligible to apply the prospective [draft] IFRS 19.

19. Allowing entities to provide reduced disclosures is consistent with the IASB's decision to develop the prospective [draft] IFRS 19. If the prospective [draft] IFRS 19 is not updated to include reduced disclosures for new IFRS Accounting Standards, the benefits of the prospective [draft] IFRS 19 would be eroded over time.

20. In addition, developing reduced disclosures would be consistent with the IASB's decision to include reduced disclosure requirements for IFRS 14 in the prospective [draft] IFRS 19.

Reasons why the IASB might not develop reduced disclosures

21. When the IASB developed the prospective [draft] IFRS 19, the IASB decided not to propose reduced disclosures for IFRS 17 *Insurance Contracts*. The reasons for that decision are explained in paragraphs BC61–BC64 of the Basis for Conclusions accompanying the Exposure Draft *Subsidiaries without Public Accountability: Disclosures*. Table 1 sets out the reasons why the IASB decided not to propose reduced disclosures for IFRS 17 and analyses whether the same considerations apply to the prospective RRA Standard. As shown in Table 1 many of the reasons for not proposing reduced disclosures for IFRS 17 would also apply to the prospective RRA Standard.

Table 1—Assessing whether the reasons for not proposing reduced disclosures for IFRS 17 apply to the prospective RRA Standard	
Reasons for not proposing reduced disclosures for IFRS 17	**Is the reason applicable to the prospective RRA Standard?**
IFRS 17 introduces a model for accounting for insurance contracts that is supported by its disclosure requirements. If a subsidiary has insurance contracts in the early years of applying IFRS 17, the interests of users of its financial statements might be best served by full IFRS 17 disclosures of material information. Providing these disclosures should facilitate users' understanding of the new model for insurance accounting.	This reason is applicable to the prospective RRA Standard. The prospective RRA Standard will introduce a new accounting model that will significantly change the information reported in the financial statements, particularly for entities that currently do not recognise regulatory balances. Providing full disclosures in the early years of applying the prospective RRA Standard will help users to understand the new accounting model.
Including reduced disclosure requirements only after entities have applied IFRS 17 for some time would allow users to increase their familiarity with the new model for insurance accounting and its effect on an entity's financial statements, while allowing the IASB to assess the effectiveness of the disclosure requirements before proposing reduced disclosure requirements.	This reason is applicable to the prospective RRA Standard. Including reduced disclosure requirements only after entities have applied the prospective RRA Standard for some time would allow users to increase their familiarity with the new model and the IASB to make a better assessment of the need for reduced disclosures and, if so, which reduced disclosures to require.
The IASB had already discussed possible approaches to reducing the disclosure requirements associated with IFRS 17. Based on that initial analysis, the IASB concluded that if it were to include reduced disclosure requirements for entities that are issuers of insurance contracts within the scope of IFRS 17 and are permitted to apply the prospective [draft]	This reason is applicable to the prospective RRA Standard. Based on our preliminary analysis (see Appendix), most of the reductions in disclosure requirements arise from the removal of disclosure objectives or guidance on how to apply the requirements. Consequently, the staff think that any reduction in the disclosure requirements for entities applying the prospective RRA Standard would be limited.

Table 1—Assessing whether the reasons for not proposing reduced disclosures for IFRS 17 apply to the prospective RRA Standard	
Reasons for not proposing reduced disclosures for IFRS 17	**Is the reason applicable to the prospective RRA Standard?**
IFRS 19, any such proposals would probably result in a limited reduction of the disclosure requirements in IFRS 17.	
The IASB's approach in developing the disclosure requirements for the prospective [draft] IFRS 19 takes account of users' needs (see paragraphs BC32–BC40). The IASB reasoned that although insurance regulators are not the primary users of financial statements (as described in the *Conceptual Framework for Financial Reporting*), the disclosures required by IFRS 17 might help insurance regulators in their enforcement activities, especially when IFRS 17 is first effective.	This reason may, in some cases, also apply to the prospective RRA Standard. We have learnt that regulators in cost-based regulatory schemes often consider entities' financial statements when determining the regulated rate.[3] In these schemes, regulatory accounting and reporting requirements are generally aligned and often regulatory rules require regulatory information to be reconciled to audited financial statements (the reconciliation may be at a high-level only). Full disclosures might help rate regulators in these schemes fulfil their duties of determining regulated rates.

[3] Agenda Paper 9A—Features of different regulatory schemes discussed at the May 2022 IASB meeting.

Conclusion

22. We think, on balance, the prospective [draft] IFRS 19 should not include reduced disclosure requirements for entities applying the prospective RRA Standard. Many of the reasons for not developing reduced disclosures for IFRS 17 apply to the prospective RRA Standard. In particular, our analysis suggests that the disclosure reduction would be limited and so the potential simplification and cost reduction of applying reduced disclosures would also be limited.

23. We note that the IASB could decide to revisit a decision not to develop reduced disclosures after the prospective RRA Standard has been issued. Once preparers and users have experience of working with the new accounting model, some of the reasons for not developing reduced disclosures analysed in Table 1 may no longer apply.

24. Consequently, we recommend:

    (a) not developing reduced disclosures for the prospective RRA Standard at this time; and

    (b) including a question seeking views on the decision not to develop reduced disclosures in the Catch-up Exposure Draft.

Question for the IASB
1. Does the IASB agree with the staff recommendations in paragraph 24?

Appendix—Analysis of possible reduced disclosures for the prospective RRA Standard

A1. This appendix considers how the disclosure requirements in the prospective RRA Standard could be reduced.

A2. The IASB's agreed approach for maintaining the prospective [draft] IFRS 19 requires that potential changes to the Standard are reviewed at two levels:

(a) in detail against the principles for reducing disclosures set out in paragraph BC34 of the Basis for Conclusions accompanying the Exposure Draft *Subsidiaries without Public Accountability: Disclosures*. Those principles state that:

(i) users of financial statements of subsidiaries without public accountability are particularly interested in information about short-term cash flows and about obligations, commitments or contingencies, whether or not they are recognised as liabilities;

(ii) users of financial statements of subsidiaries without public accountability are particularly interested in information about liquidity and solvency;

(iii) information about measurement uncertainties is important for subsidiaries without public accountability;

(iv) information about an entity's accounting policy choices is important for subsidiaries without public accountability; and

(v) disaggregations of amounts presented in the financial statements are important for an understanding of those statements.

(b) at a high level, considering whether newly added or amended disclosure requirements would be proportional and would be helpful in keeping with the goal of allowing reduced disclosures while meeting the needs of users of the financial statements of eligible subsidiaries.

A3. In addition, the IASB applied the principles in paragraph A2 to exclude from the prospective [draft] IFRS 19:

(a) disclosure objectives—this is because including disclosure objectives might result in entities being compelled to provide the same disclosures as if they had not applied the prospective [draft] IFRS 19, which would be contrary to the objective of that Standard; and[4]

(b) guidance accompanying the disclosure requirements—this is because including the guidance could hinder readability of the prospective [draft] IFRS 19, which would result in removing one of the benefits of a reduced disclosures standard.[5]

A4. We applied the principles outlined in paragraphs A2(a) and A3 to assess whether the disclosures that the IASB tentatively decided to include in the prospective RRA Standard at its February 2024 meeting should apply to subsidiaries without public accountability.[6]

A5. Table 2 provides the outcome of our analysis. The drafting of the disclosure requirements shown in Table 2 is for illustration only and it may not coincide with the drafting of the disclosure section in the prospective RRA Standard. In particular, suggested improvements to the drafting made by IASB members at the February 2024 meeting have not yet been reflected in the drafting.

A6. Paragraph references have been inserted for ease of drafting but are not necessarily the same as the paragraph references in the Exposure Draft *Regulatory Assets and Regulatory Liabilities.*

A7. Based on the staff's preliminary analysis, most of the reductions in disclosure requirements arise from the removal of disclosure objectives or guidance on how to apply the requirements. Consequently, we do not think that there would be a

[4] Paragraph BC41 of the Basis for Conclusions accompanying the Exposure Draft *Subsidiaries without Public Accountability: Disclosures.*

[5] See April 2023 IASB *Update*.

[6] Agenda Papers 9C and 9D discussed at the February 2024 IASB meeting.

significant reduction in the requirements compared to the disclosure requirements in the prospective RRA Standard.

Table 2—Reduced disclosures relating to the prospective RRA Standard		
Paragraph reference	Disclosure requirements in the prospective RRA Standard tentatively decided by the IASB in February 2024	Applying the principles in paragraphs A2(a) and A3 of this paper
72	The overall objective of the requirements in paragraphs 74–85 is for an entity to disclose in the notes information about regulatory income, regulatory expense, regulatory assets and regulatory liabilities that, together with all other information provided in the financial statements, shall enable users of financial statements to understand: (a) the relationship between an entity's revenue and expenses as completely as would have been possible if the total allowed compensation for the goods or services supplied had been fully reflected in revenue in the period in which the entity supplied those goods or services. That understanding will provide insights into the entity's prospects for future cash flows. (b) the entity's regulatory assets and regulatory liabilities at the end of the reporting period. That understanding will provide insights into how regulatory assets and regulatory liabilities will affect the amount, timing and uncertainty of the entity's future cash flows.	This is a disclosure objective and therefore should be excluded.
73	The information described in paragraph 72(a) contributes to a better understanding of the relationship between an entity's revenue and expenses. That understanding contributes to providing insights into the entity's prospects for future cash flows over many periods. In contrast, the information described in paragraph 72(b) provides insights into a narrower set of future cash flows—those that will arise from the regulatory assets and regulatory liabilities that exist at the end of the reporting period.	Paragraph 73 supports the disclosure objective in paragraph 72 which we recommend excluding. Therefore, paragraph 73 should also be excluded.

Table 2—Reduced disclosures relating to the prospective RRA Standard		
Paragraph reference	Disclosure requirements in the prospective RRA Standard tentatively decided by the IASB in February 2024	Applying the principles in paragraphs A2(a) and A3 of this paper
74	An entity shall determine the level of detail necessary to satisfy the overall disclosure objective and the specific disclosure objectives in paragraphs 77, 79 and 82. If the information disclosed applying paragraphs 75–83 is insufficient to meet the disclosure objectives, an entity shall disclose additional information to satisfy those objectives.	Paragraph 74 supports the overall disclosure objective in paragraph 72 and the specific disclosure objectives in paragraphs 77, 79 and 82 which we recommend excluding. Therefore, paragraph 74 should also be excluded.
75	Paragraphs X–X of IFRS 18 *Presentation and Disclosure in Financial Statements* set out principles relating to aggregation or disaggregation of information. An entity shall aggregate or disaggregate disclosures in a manner that does not obscure useful information either by including a large amount of insignificant detail or by aggregating items that have sufficiently dissimilar characteristics that their disaggregation provides material information.	This is not a disclosure requirement but guidance. The guidance should be excluded.
75A.	Characteristics that might form the basis of aggregation or disaggregation include the following: (a) exposure to substantially different risks or uncertainties; (b) the type of rate-regulated activity—for example, electricity distribution and gas distribution; (c) the type of item the regulatory asset or regulatory liability relates to, for example:	This is not a disclosure requirement but guidance. The guidance should be excluded.

Table 2—Reduced disclosures relating to the prospective RRA Standard		
Paragraph reference	Disclosure requirements in the prospective RRA Standard tentatively decided by the IASB in February 2024	Applying the principles in paragraphs A2(a) and A3 of this paper
	(i) recovery of operating cost variances; (ii) performance incentives; (iii) recovery of taxes; and (iv) recovery of pension costs. (d) items relating to the different revenue categories an entity discloses by applying paragraph 114 of IFRS 15; and (e) how information is disaggregated in other information provided to users of financial statements, for example the entity's regulatory reports.	
76	The appropriate level of aggregation or disaggregation may differ for different information, and may depend on the nature of the information and on the disclosure objective that information would contribute to meeting.	This is not a disclosure requirement but guidance. The guidance should be excluded.
77	An entity shall disclose information that enables users of financial statements to understand how the entity's financial performance was affected because part of the total allowed compensation for the goods or services supplied in one period was (or will be) included in determining the regulated rates, and hence included in revenue, for goods or services supplied in a different period. That information is intended to enable users of financial statements to understand:	This is a disclosure objective and therefore should be excluded.

Table 2—Reduced disclosures relating to the prospective RRA Standard		
Paragraph reference	Disclosure requirements in the prospective RRA Standard tentatively decided by the IASB in February 2024	Applying the principles in paragraphs A2(a) and A3 of this paper
	(a) how different factors have affected the entity's financial performance during the period; and (b) the entity's prospects for future cash flows.	
78	To achieve the objective in paragraph 77, an entity shall disclose in the notes the following components of regulatory income or regulatory expense included in the statement(s) of financial performance, disclosing separately amounts included in the statement of profit or loss and amounts included in other comprehensive income: (a) the part of the total allowed compensation for goods or services supplied in the current period that will be included in revenue in future periods (creating regulatory assets during the current period). (b) the amount included in revenue in the current period that will provide part of the total allowed compensation for goods or services to be supplied in future periods (creating regulatory liabilities during the current period). (c) the amount included in revenue in the current period that provides part of the total allowed compensation for goods or services supplied in past periods (recovering regulatory assets during the current period).	This provides information about disaggregation of amounts presented in an entity's financial statements and may also provide insight into liquidity and cash flows and should therefore be included.

Table 2—Reduced disclosures relating to the prospective RRA Standard		
Paragraph reference	Disclosure requirements in the prospective RRA Standard tentatively decided by the IASB in February 2024	Applying the principles in paragraphs A2(a) and A3 of this paper
	(d) the part of the total allowed compensation for goods or services supplied in the current period that was included in revenue in past periods (fulfilling regulatory liabilities during the current period). (e) regulatory interest income on regulatory assets. (f) regulatory interest expense on regulatory liabilities.	
79	An entity shall disclose information that enables users of financial statements to understand the entity's regulatory assets and regulatory liabilities at the end of the reporting period and changes in those regulatory assets and regulatory liabilities during the period. That understanding will provide insights into: (a) how regulatory assets and regulatory liabilities will affect the amount, timing and uncertainty of the entity's future cash flows; and (b) the relationship between the entity's financial position and financial performance.	This is a disclosure objective and therefore should be excluded.
80	To achieve the objective in paragraph 79, an entity shall disclose in the notes: (a) quantitative information, using time bands, about when it expects to recover the regulatory assets and fulfil the regulatory liabilities. (b) the discount rate or ranges of discount rates used in measuring regulatory assets and regulatory liabilities at the end of the reporting period.	The disclosures required by paragraphs 80(a)–(d) provide information that would help users to better predict future cash flows and should therefore be included.

Table 2—Reduced disclosures relating to the prospective RRA Standard		
Paragraph reference	Disclosure requirements in the prospective RRA Standard tentatively decided by the IASB in February 2024	Applying the principles in paragraphs A2(a) and A3 of this paper
	(c) the regulatory interest rate provided by the regulatory agreement for a regulatory asset, if the entity uses the minimum interest rate as the discount rate for that regulatory asset as a result of applying paragraphs 50–53. (d) an explanation of how risks and uncertainties affect the recovery of regulatory assets or fulfilment of regulatory liabilities. (e) a reconciliation from the opening to the closing carrying amounts of regulatory assets and regulatory liabilities disclosing separately: (i) amounts included in the statement of profit or loss; (ii) amounts included in other comprehensive income; and (iii) changes in regulatory assets and regulatory liabilities that were not a consequence of regulatory income or regulatory expense and a qualitative explanation of the amounts included in these changes. Examples of such changes include items acquired or assumed in a business combination and items disposed of. (f) the nature of any unrecognised regulatory assets or unrecognised regulatory liabilities.	The disclosure required by paragraph 80(e) provides disaggregation of amounts presented in an entity's financial statements and should therefore be included. The disclosure required by paragraph 80(f) does not satisfy any of the principles of reduced disclosures in paragraph A2(a) and should therefore be excluded.
81	In disclosing the information required by paragraph 80(a), an entity shall: (a) specify whether the amounts disclosed in the notes are undiscounted or discounted. (b) use judgement to determine an appropriate number of time bands. For example, an entity might determine appropriate time bands to be:	The disclosure required by paragraph 81 provides information that would help users to better predict future

Table 2—Reduced disclosures relating to the prospective RRA Standard		
Paragraph reference	Disclosure requirements in the prospective RRA Standard tentatively decided by the IASB in February 2024	Applying the principles in paragraphs A2(a) and A3 of this paper
	(i) not later than one year; (ii) later than one year and not later than three years; (iii) later than three years and not later than five years; and (iv) later than five years.	cash flows and should therefore be included.
82.	An entity shall disclose information that enables users of financial statements to understand whether the entity's regulatory capital base has a direct or no direct relationship with its property, plant and equipment.	This is a disclosure objective and therefore should be excluded.
83	To achieve the objective in paragraph 82, an entity shall disclose: (a) whether its regulatory capital base has a direct or no direct relationship with its property, plant and equipment; (b) the reasons the entity has concluded its regulatory capital base has a direct or no direct relationship with its property, plant and equipment; (c) the regulatory approach (nominal approach or real approach) used by the regulator to compensate an entity for inflation; and (d) when an entity's regulatory capital base has a direct relationship with its property, plant and equipment and the entity capitalises its borrowing costs, whether the entity receives regulatory returns on assets not yet available for use.	The disclosures required by paragraphs 83(a)–(b) are important to help users understand the effects of the direct (no direct) relationship on an entity's financial statements and the accounting policies applied. Consequently, they should be included. The disclosures required by paragraphs 83(c)–(d) do not satisfy any of the principles in paragraph A2(a) and therefore should be excluded.

Table 2—Reduced disclosures relating to the prospective RRA Standard		
Paragraph reference	Disclosure requirements in the prospective RRA Standard tentatively decided by the IASB in February 2024	Applying the principles in paragraphs A2(a) and A3 of this paper
84	In considering what information to disclose about regulatory assets and regulatory liabilities measured applying paragraph 61, and how to disclose that information, an entity shall also consider what information to disclose about the related liabilities and related assets and how to disclose the information. Considering these matters together can help an entity explain clearly that the cash flows arising from such regulatory assets and regulatory liabilities are largely a replica of the cash flows arising from the related liabilities and related assets and that the discount rates, risks and remeasurements are largely the same.[7]	This is not a disclosure requirement but guidance. The guidance should be excluded.
85	For example, if a regulatory asset arises from pension costs and is measured applying paragraph 61, an entity will need to consider how to disclose the information required by this [draft] Standard and the information required by IAS 19 in a manner that shows: how regulatory income or regulatory expense includes amounts that counterbalance the effects of the pension costs recognised; how the regulatory asset counterbalances the risks in the pension liability; and, if applicable, that the discount rate is the same for the regulatory asset as for the pension liability.	This is not a disclosure requirement but guidance. The guidance should be excluded.

[7] Paragraph 61 applies to a regulatory asset or regulatory liability that arises when an item of expense or income is allowable or chargeable in regulated rates only once an entity pays or receives the related cash instead of when the entity recognises that item as expense or income in its financial statements. Paragraph 61 requires that an entity measure that regulatory asset or regulatory liability by using the measurement basis used in measuring the related liability or related asset by applying IFRS Accounting Standards and adjusting the measurement of the regulatory asset or regulatory liability to reflect any uncertainty present in it but not present in the related liability or related asset.