

EFRAG's user outreach on accounting by rate-regulated entities

General information

1. Please provide the following information:

Title

Name and Surname

Your email

2. Type of user

Sell-side analyst

Buy side analyst

Portfolio manager

Private / retail investor

Rating agency analyst

Other

3. What sectors with rate regulated entities do you cover?

- Utilities
- Transport
- Other

4. On which asset classes do you focus?

- Bonds
- Equities
- Other

5. In which regions do you cover companies?

- Europe
- North America
- Asia-Pacific
- Global
- Other markets (South and Central America, Middle East/Africa)

6. Please specify whether the companies you cover apply IFRS

- Yes
- No

7. Can your contact information be shared with the IASB for their outreach activities?

- Yes
- No

8. May we contact you if we have questions about your response?

- Yes
- No

Analysis of rate-regulated entities under the current financial reporting regime

9. Where do you source the information you use to analyse the terms and key information on regulatory requirements/laws and understand whether these have economic implications for the entity such as impacts on cash flows stemming from the rates charged to customers?

(Click all that apply)

- Financial statements
- Regulatory reports
- Corporate analyst briefings
- Sell-side reports
- Data aggregators
- Sector/industry consultancy reports
- Other

10. What is your specific analytical focus when reviewing financial statements of rate-regulated entities? (Select all that apply)

- Assessing effective stewardship and governance
- Performing assessment of enterprise value to influence buy or sell decision
- Assessing financial return and risk profile including earnings and cash flow profile and ability to recover costs, and
- Other

11. Do you consider the effect of rate regulation during the valuation of and purchase price allocation to rate-regulated entities ? (Please describe your response)

Yes

No

12. Does the decision of rate-regulated entities to disclose (or not disclose) regulatory assets or regulatory liabilities affect the type of analysis you perform on these entities? (Please describe your response)

Yes

No

13. Do you explicitly include any reported regulatory assets and regulatory liabilities in your quantitative analytical models (i.e. valuation, credit analysis) related to rate-regulated entities? (Please describe your response)

Yes

No

14. If any, what supplementary disclosure would you consider necessary to understand how management has determined regulatory assets and regulatory liabilities if these are disclosed in the financial statements or the management commentary?

Do you find some of this information, not provided in the IFRS financial statements, in the regulatory reports or elsewhere? (Please describe your response)

15. What financial statement and non-GAAP metrics do you currently apply when analysing rate-regulated entities?

16. What other information related to regulatory agreements including any disclosures that may be currently provided by rate-regulated entities, do you find to be useful?

Possible high-level impacts of changes to accounting requirements

17. Would recognition of regulatory assets and regulatory liabilities and related regulatory income and regulatory expense in the income statement improve understanding of regulated entities, improve valuation accuracy and lead to a more efficient allocation of capital in markets? (Please describe your response)

Yes

No

Do not know

18. Would requirements to recognise regulatory assets and regulatory liabilities have any impact on your reliance on non-GAAP measures? (Please describe your response)

Will increase use of non-GAAP measures

Will decrease use of non-GAAP measures

Will have no impact on current use of non-GAAP measures

Do not know

19. Would you consider there to be any drawbacks to the recognition of regulatory assets and regulatory liabilities? (Please describe your response)

Yes

No