January 2021

IFRS® Standards
Exposure Draft

Snapshot: *Regulatory Assets and Regulatory Liabilities*

This Snapshot provides an overview of the Exposure Draft *Regulatory Assets and Regulatory Liabilities* published by the International Accounting Standards Board (Board).

The Board's objective	To make the financial statements of companies subject to rate regulation more useful and more comparable.
Proposals	Companies should reflect the total compensation to which they are entitled for the goods or services supplied in a period as part of their reported financial performance for that period. This would be achieved by recognising regulatory assets, regulatory liabilities, regulatory income and regulatory expense.
Next steps	The Board will consider feedback received on the Exposure Draft in developing its final requirements. If finalised as a new IFRS Standard, the proposals would replace IFRS 14 *Regulatory Deferral Accounts*.
Comment deadline	30 June 2021

What problem is the Board trying to solve?

Rate regulation can significantly affect the amount and timing of a company's revenue, profit and cash flows by specifying:

- **how much** compensation the company can charge customers for goods or services supplied in a period—the Exposure Draft calls this 'total allowed compensation'; and
- **when** the company can include that compensation in the rates it charges customers.

Differences in timing arise if the period when a company can include compensation in the regulated rates is different from the period when the company supplies the related goods or services.

When those differences in timing occur, part of the total allowed compensation for goods or services supplied in one period:

- cannot be charged to customers until a future period; or
- was already charged to customers in a previous period.

As a result of those differences in timing, revenue recognised in the period when the company supplied those goods or services:

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

When those differences in timing arise, a company has a right to increase or obligation to decrease the regulated rates in the future. Existing IFRS Standards do not require a company to:

- recognise those rights or obligations in its balance sheet; or
- report how those rights or obligations affected its financial performance.

If investors do not have information about such differences in timing, it is difficult for them:

- to understand how much of the fluctuations in the relationship between a company's revenue and expenses from one period to another was caused by differences in timing;
- to understand the company's rights and obligations arising from the differences in timing; and
- to assess the company's prospects for future cash flows.

Differences in timing—an illustration

Fact pattern

Company A is party to a regulatory agreement that entitles it to recover the input costs it incurs in supplying goods to customers.

The regulated rates for Year 1 are set to recover estimated input costs of CU100.[1] However, actual input costs for Year 1 amount to CU120.

To recover the CU20 input costs under-recovered in Year 1, the regulatory agreement entitles Company A to increase the regulated rates it will charge customers for goods it will supply in Year 2.

The regulated rates for Year 2 are set to recover estimated input costs of CU100 plus the input costs under-recovered in Year 1 (CU20)—that is, a total of CU120 (CU100 + CU20). Actual input costs for Year 2 amount to CU100. For simplicity, the example assumes that the regulated rates only allow the company to recover input costs without providing it with any profit.

Without the proposals

In CU	**Year 1**	**Year 2**
Revenue	100	120
Input costs	(120)	(100)
Profit (loss)	**(20)**	**20**

What is the problem?

Without the proposals, investors might conclude that Company A underperformed in Year 1 and then overperformed in Year 2. This is because:

- revenue in Year 1 does not include compensation of CU20 that relates to goods supplied in that year; and
- revenue in Year 2 includes compensation of CU20 that relates to goods supplied in Year 1.

With the proposals

In CU	**Year 1**	**Year 2**
Revenue	100	120
Regulatory income (regulatory expense)	**20**	**(20)**
Input costs	(120)	(100)
Profit (loss)	–	–

In CU	**Year 1**	**Year 2**
Regulatory asset	**20**	**–**

How would the problem be solved?

With the proposals, Company A would:

- account for regulatory income of CU20 in Year 1 to reflect compensation for goods supplied in Year 1 but to be included in the regulated rates charged to customers in Year 2.
- account for a regulatory asset of CU20 in Year 1 to reflect Company A's right to increase the regulated rates in Year 2.
- account for regulatory expense of CU20 in Year 2 to reflect amounts in the regulated rates charged, and hence in revenue, in Year 2 that provide compensation for goods already supplied in Year 1.
- stop recognising the regulatory asset in Year 2 when it increases the regulated rates to recover the input costs it under-recovered in Year 1.

Comment

The CU20 added to the regulated rates in Year 2 is part of **the total allowed compensation** for the goods Company A supplied in Year 1, not for those supplied in Year 2.

The total allowed compensation for the goods supplied to customers in Year 1 is CU120 and CU100 for the goods supplied to customers in Year 2.

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

What are the Board's proposals?

Problem

- Without information about **differences in timing**, investors have an **insufficient basis** for understanding their effects on a **company's financial performance**, **financial position** and **prospects for future cash flows**.

Proposals

- The Board is proposing that a company reports **regulatory income** and **regulatory expense** in its income statement, and **regulatory assets** and **regulatory liabilities** in its balance sheet.
- That information would supplement the information that companies already provide by applying IFRS Standards, including IFRS 15 *Revenue from Contracts with Customers*.

Principle

- The proposals adopt the **principle** that a company should reflect the compensation for goods or services supplied as part of its reported financial performance for the period in which it supplies those goods or services.

Who will the proposals affect?

The proposals would affect companies that are party to an **enforceable regulatory agreement** that **determines the regulated rate** in such a way that part of the total allowed compensation for goods or services supplied in a period is charged to customers in a different period (ie in a way that gives rise to **differences in timing**—and, hence, to regulatory assets or regulatory liabilities).

Enforceable regulatory agreement

Regulatory agreement determines the regulated rate

Regulated rate is determined in a way that gives rise to differences in timing

An enforceable regulatory agreement may take various forms, including: contractual licensing agreement, service concession arrangement or rights and obligations specified by statute, legislation or regulations.

The Exposure Draft defines a **regulatory agreement** as 'a set of enforceable rights and obligations that determine a regulated rate to be applied in contracts with customers'. Only some regulatory agreements are capable of creating regulatory assets or regulatory liabilities. For example, some regulatory agreements place a cap on the price that companies can charge customers for their goods or services. Such agreements do not create regulatory assets or regulatory liabilities if they do not give rise to:

- rights to increase future rates because of goods or services already supplied; or
- obligations to decrease future rates because of amounts already charged to customers.

Examples of circumstances that give rise to regulatory assets and regulatory liabilities

Regulatory assets	Example RA1	Example RA2	Example RA3
Under-recovery of compensation in the current period creates a regulatory asset (RA)	The rate a company charges customers during the current period includes an estimated amount of input costs. Actual input costs incurred in that period exceeded this estimate. The regulatory agreement gives the company the right to add that under-recovery of input costs in the rates to be charged to customers in the future.	A company incurs an obligation for environmental clean-up costs during the current period. The rates charged to customers during the current period did not include the environmental costs incurred. The regulatory agreement gives the company the right to recover those costs by adding them in the rates only when it pays the related cash in the future.	A regulatory agreement entitles a company to a bonus because it met specified performance criteria in the current period. The rates charged to customers during the current period did not include the bonus. The regulatory agreement gives the company the right to recover the bonus by adding it in the rates to be charged to customers in the future.
Regulatory liabilities	**Example RL1**	**Example RL2**	**Example RL3**
Over-recovery of compensation in the current period creates a regulatory liability (RL)	The rate a company charges customers during the current period includes an estimated amount of input costs. Actual input costs incurred in that period were lower than this estimate. The regulatory agreement obliges the company to deduct that over-recovery of input costs in the rates to be charged to customers in the future.	A regulatory agreement entitles a company to recover part of the construction cost of an asset through the rates charged to customers ('pre-funding') in the current period. The asset was not yet available for use in the current period. The regulatory agreement obliges the company to deduct the amount of the pre-funding in the rates to be charged to customers in the future.	A regulatory agreement imposes a penalty on a company because it failed to meet specified performance criteria in the current period. The rates charged in the current period did not reflect the penalty. The regulatory agreement obliges the company to deduct the amount of the penalty in the rates to be charged to customers in the future.

Legend: = compensation to which a company is entitled for goods or services already supplied. = compensation included in the rates already charged.

Total allowed compensation

The Exposure Draft uses the term **total allowed compensation** for the full amount of compensation for goods or services supplied that a regulatory agreement entitles a company to charge customers through the regulated rates—in either the period when the company supplies those goods or services or a different period.

Total allowed compensation plays an important role in the **principle underlying the proposals** and in the definitions of regulatory assets and regulatory liabilities.

Underlying principle

A company should reflect the total allowed compensation for goods or services supplied as part of its reported financial performance for the period in which those goods or services are supplied.

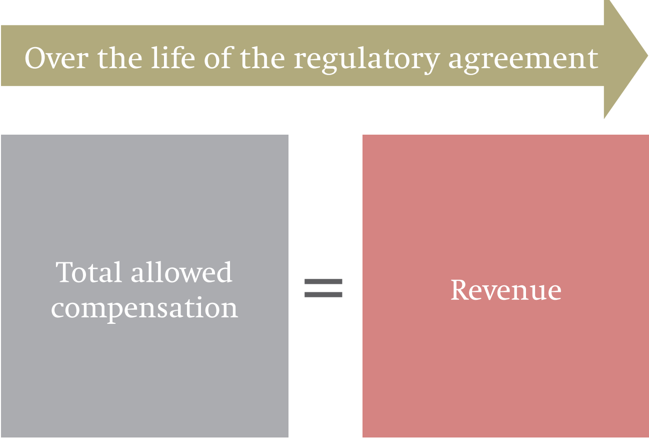
When part of the total allowed compensation for goods or services supplied in a period is included in the regulated rates for goods or services supplied in a different period, and hence is reflected in revenue in a different period, **differences in timing** arise (page 2). When these differences arise, regulatory assets and regulatory liabilities arise, as illustrated on pages 8 and 9.

The differences in timing cause two effects:

- cash flows relating to the supply of goods or services in one period are shifted to another period;
- the regulatory agreement provides or charges regulatory interest. This compensates the company for the time lag until recovery of a regulatory asset or charges it for the time lag until fulfilment of a regulatory liability. Thus, the cash flows arising from a regulatory asset or regulatory liability include regulatory interest (page 10).

For any company that is subject to a regulatory agreement that creates regulatory assets and regulatory liabilities:

- all of the total allowed compensation for goods or services supplied is revenue in some period;
- all of the revenue is total allowed compensation for goods or services supplied in some period; and
- therefore, over the entire life of the regulatory agreement, total allowed compensation will equal revenue.



Regulatory assets

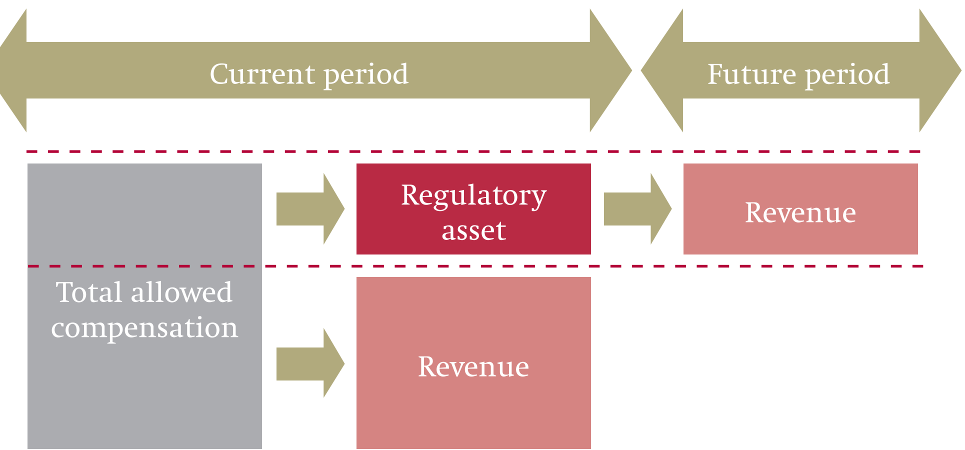
The Exposure Draft defines a regulatory asset as an **enforceable present right**, created by a **regulatory agreement**, to **add an amount** in determining a regulated rate to be charged to customers in future periods because part of the **total allowed compensation for goods or services already supplied** will be included in **revenue in the future**.

A regulatory asset gives rise to incremental cash flows—it entitles a company to increase future rates by a fixed or determinable amount **because of goods or services already supplied**. The company recovers that asset in future periods when it adds that amount in rates it charges customers for goods or services supplied in those future periods.

A regulatory asset is only a subgroup of the rights created by a regulatory agreement. It gives rise to cash flows that are largely independent of the cash flows generated by the other rights and obligations created by the regulatory agreement.

A regulatory asset is not a financial asset—it does not entitle a company to require customers or any other party to pay the company cash: the company ultimately receives cash when customers pay the increased regulated rate.

Regulatory assets



What will this tell investors?

A company would recognise all its **regulatory assets** (and the related regulatory income). This would tell investors that:

- the company has **a right to add an amount** to the rates it will charge customers when it supplies goods or services in the future.
- that right exists only because that amount is part of the **total allowed compensation for goods or services** the company has **already supplied**.
- the company has not yet charged that amount to customers.
- that amount will be **revenue in the future**.

Regulatory liabilities

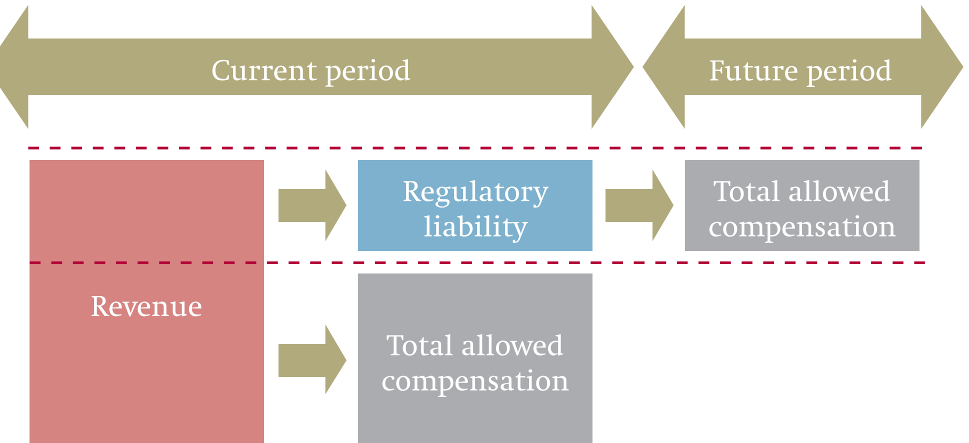
The Exposure Draft defines a regulatory liability as an **enforceable present obligation**, created by a **regulatory agreement**, to **deduct an amount** in determining a regulated rate to be charged to customers in future periods because the **revenue already recognised** includes an amount that will provide part of the **total allowed compensation for goods or services to be supplied in the future**.

A regulatory liability gives rise to incremental cash flows—it obliges a company to decrease future rates by a fixed or determinable amount **because of an amount already charged to customers and hence included in revenue already recognised**. The company fulfils that liability in future periods when it deducts that amount in rates it charges customers for goods or services supplied in those future periods.

A regulatory liability is only a subgroup of the obligations created by a regulatory agreement. It gives rise to cash flows that are largely independent of the cash flows generated by the other rights and obligations created by the regulatory agreement.

A regulatory liability is not a financial liability—it does not oblige a company to pay cash to customers or to any other party: the company, in effect, ultimately pays cash by receiving less cash when customers pay the decreased regulated rate.

Regulatory liabilities



What will this tell investors?

A company would recognise all its **regulatory liabilities** (and the related regulatory expense). This would tell investors that:

- the company has **an obligation to deduct an amount** from the rates that it will charge customers when it supplies goods or services in the future.
- that obligation exists only because the company has already charged customers that amount and hence a**lready recognised that amount in revenue**.
- that amount will be part of the **total allowed compensation for goods or services** that the company **will supply in the future**.
- that amount will **decrease revenue in the future**.

How would regulatory assets or regulatory liabilities be measured?

Companies would measure regulatory assets and regulatory liabilities by estimating all future cash flows and discounting them to their present value.

Estimating all future cash flows

- For a regulatory asset—the net cash inflows resulting from the company's right to increase the future rates
- For a regulatory liability—the net cash outflows resulting from the company's obligation to decrease the future rates

The cash flows include cash flows from regulatory interest.

Discounting

Companies would discount all estimated future cash flows to their present value.

- The discount rate would be the **interest rate provided by the regulatory agreement—the regulatory interest rate**, but if that rate does not sufficiently compensate the company for the time value of money and the uncertainties arising from the cash flows of a regulatory asset, the discount rate would be the rate which provides that minimum compensation.

At the end of each reporting period, companies would:

- **update estimates of future cash flows** to reflect any changes in their estimated timings or amounts; and
- **continue to use the discount rate** determined at initial recognition, unless the regulatory agreement changes the regulatory interest rate.

Presentation

The Exposure Draft proposes that companies present **regulatory income minus regulatory expense** in a **separate line item immediately below revenue**.

Regulatory income and regulatory expense are changes in the carrying amount of regulatory assets and regulatory liabilities.

The recovery of regulatory assets and fulfilment of regulatory liabilities will affect the amount of revenue in future periods. To show this relationship clearly, regulatory income minus regulatory expense would be presented immediately below revenue, and not as part of revenue.[2]

In the balance sheet, the Exposure Draft proposes companies present regulatory assets and regulatory liabilities as separate line items.

In the Example on page 3, applying the proposals, Company A's income statement would be:

In CU	Year 1	Year 2	
Revenue	100	120	Applying IFRS 15: • revenue in Year 1 includes only part (CU100) of the compensation for goods supplied in that year. • revenue in Year 2 includes the remaining part (CU20) of the compensation for goods supplied in Year 1. It also includes all (CU100) of the compensation for goods supplied in Year 2.
Regulatory income minus regulatory expense	**20**	**(20)**	Applying the proposals: • **regulatory income** (CU20) in Year 1 reflects compensation for goods supplied in Year 1 that will be included in revenue in Year 2. • **regulatory expense** (CU20) in Year 2 reflects compensation included in revenue in Year 2 for goods supplied in Year 1.
Input costs	(120)	(100)	Applying IFRS Standards, input costs are recognised in the year for goods supplied in that year.
Profit (loss)	–	–	

The information about regulatory income and regulatory expense would provide investors with a basis for understanding that Company A's financial performance did not change from Year 1 to Year 2.

2 In limited circumstances, some regulatory income or regulatory expense would be presented in other comprehensive income.

Disclosure

The Exposure Draft proposes that companies disclose—in the notes—information about regulatory income, regulatory expense, regulatory assets and regulatory liabilities.

This information, together with all the other information in companies' financial statements, would provide investors with a basis for understanding:

- the relationship between revenue and expenses for the reporting period. That understanding would give insights into the company's prospects for future cash flows; and
- regulatory assets and regulatory liabilities at the end of the reporting period. That understanding would give insights into how regulatory assets and regulatory liabilities will affect the amount, timing and uncertainty of the company's future cash flows.

In the Example on page 3, applying the proposals, Company A would disclose the following breakdown of regulatory income minus regulatory expense:

In CU	**Year 1**	**Year 2**
Amounts for goods or services supplied in the current year:		
– to be included in revenue in future years	20	XX
– already included in revenue in previous years	XX	XX
Amounts included in revenue in the current year:		
– for future goods or services	(XX)	(XX)
– for goods or services in previous years	(XX)	(20)
Regulatory interest income on regulatory assets less regulatory interest expense on regulatory liabilities	XX	XX
Changes in estimates	XX	XX
Regulatory income minus regulatory expense	**20**	**(20)**

In addition to a breakdown of regulatory income minus regulatory expense (as shown in the table above), the Exposure Draft also proposes companies disclose:

- a maturity analysis of regulatory assets and regulatory liabilities; and
- the risks and uncertainties affecting the recovery or fulfilment of regulatory assets and regulatory liabilities.

Summary of the key steps in applying the proposals

1. Determine whether the regulatory agreement is enforceable and is capable of creating regulatory assets (regulatory liabilities)—page 5
2. Determine whether the rates charged during the period cause a difference in timing due to under-recovery (over-recovery) of total allowed compensation in that period, thus creating a regulatory asset (regulatory liability) in that period—pages 7–9
3. For any differences in timing that create regulatory assets (regulatory liabilities), determine the resulting future additions to (deductions from) the rates—page 10
4. Estimate the resulting future cash flows, including cash flows from regulatory interest—page 10
5. Discount the estimated future cash flows (generally using the regulatory interest rate provided by the regulatory agreement)—page 10
6. In the balance sheet, recognise regulatory assets (regulatory liabilities), also recognising the corresponding regulatory income (regulatory expense) in the income statement immediately below revenue—page 11
7. Disclose information enabling investors:
    - to understand how regulatory assets (regulatory liabilities) affected the company's financial performance and financial position; and
    - to assess the amount, timing and uncertainty of the company's future cash flows—page 12

Summary—likely effects on financial reporting

The effects of the proposals are likely to be more significant for companies that currently do not recognise regulatory balances. For companies that currently recognise regulatory balances, the effects would depend on how they currently account for such balances.

Likely effects on financial statements	Likely effects on quality of financial reporting	Likely costs of implementing the proposals
Coherent, prominent and understandable presentation of information about regulatory assets and regulatory liabilities: • in the income statement, regulatory income minus regulatory expense would be presented immediately below revenue.[3] • in the balance sheet, regulatory assets and regulatory liabilities would be presented separately. The proposals would not affect the cash flows companies report in the cash flow statement.	Applying the proposals would: • give investors a better understanding of the relationship between a company's revenue and expenses by providing information about the effects of differences in timing. • provide investors with useful information focusing on the incremental future cash flows that result from regulatory assets and regulatory liabilities. • improve the comparability of financial information across companies because all companies would use a single set of principles in reporting all regulatory assets and regulatory liabilities.	• The availability of better information about differences in timing in the financial statements would decrease investors' costs of gathering information from other sources. • Companies are not expected to incur significant costs in applying the proposals because their application would mainly require inputs that companies already need to gather and process in determining regulated rates.

If finalised as a new IFRS Standard, the Board's proposals would replace IFRS 14. That Standard is only an interim Standard and permits a variety of accounting approaches for the effects of rate regulation to continue temporarily.

3 In limited circumstances, some regulatory income or regulatory expense would be presented in other comprehensive income.

Questions and answers

What new information would the proposals give investors?

The proposals would require a company to give investors information about:

- enforceable rights to increase future rates as a result of goods or services it has already supplied to customers;
- enforceable obligations to decrease future rates as a result of an amount it has already charged customers and hence included in revenue already recognised;
- amounts included in revenue in the current period for goods or services it supplied to customers in previous periods;
- amounts included in revenue in previous periods for goods or services it supplied to customers in the current period; and
- the timing of any cash flows expected to result from those enforceable rights and obligations, and the extent of any risks and uncertainties in their amount or timing.

What information will companies need to collect?

The Board expects that in determining regulated rates a company would already need to gather most of the information needed to apply the proposals.

The Board has sought to balance costs and benefits in those limited areas where the proposals would require a company to gather other information. For example, the discount rate needed to discount the estimated future cash flows arising from regulatory assets or regulatory liabilities would generally be the interest rate explicitly provided by the regulatory agreement.

If an unregulated company has a dominant market position, would that company be within the scope of the proposals?

No. Companies not subject to rate regulation are typically able to increase their prices at any time, especially if they have a dominant market position. But that ability does not create an asset similar to a regulatory asset. That is because that ability does not confer an enforceable present right to increase a price with the aim of recovering a fixed or determinable amount as a result of goods or services already supplied.

Are regulatory assets and regulatory liabilities assets and liabilities as defined in the *Conceptual Framework*?

Yes. The Board concluded that regulatory assets and regulatory liabilities meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting (*Conceptual Framework*).

Regulatory asset

The *Conceptual Framework* defines an asset as a present economic resource controlled by an entity as a result of *past events*. It defines an economic resource as a *right* that has the *potential to produce economic benefits*.

A regulatory asset meets this definition because:

- it is an enforceable *present right*, created by the regulatory agreement;
- the right is controlled by the company because of a *past event*—the company supplied goods or services, but not all of the total allowed compensation for those goods or services has been included yet in the rates charged to customers; and
- the right has the *potential to produce economic benefits* by entitling the company to increase future rates.

Regulatory liability

The *Conceptual Framework* defines a liability as a *present obligation to transfer an economic resource* as a result of *past events*. The *Conceptual Framework* states that a company has a present obligation as a result of past events only if the company has already obtained economic benefits or taken an action and, as a consequence, will or may have to transfer an economic resource that it would not otherwise have had to transfer.

A regulatory liability meets this definition because:

- it is an enforceable *present obligation*, created by the regulatory agreement;
- the obligation is to *transfer an economic resource* by reducing future rates; and
- the obligation arises because of a *past event*—the company has already charged customers, and hence included in revenue already recognised, an amount of total allowed compensation for goods or services it will supply in the future.

Isn’t this just matching of income and expenses?

No—the proposals focus on recognising enforceable present rights and obligations. A company would recognise:

- a regulatory asset, and corresponding regulatory income, when it has an enforceable present right under the regulatory agreement because it has already supplied goods or services to customers.
- a regulatory liability, and corresponding regulatory expense, when it has an enforceable present obligation under the regulatory agreement because it has already charged an amount to customers, and hence included that amount in revenue already recognised.

As a result of recognising those rights and obligations, a company would reflect the total allowed compensation for goods or services supplied in the same period in which it supplies those goods or services. That would also be the period when expenses relating to that supply are recognised by applying IFRS Standards.

That outcome would be driven by accounting for the enforceable rights and enforceable obligations, not by deferring or accelerating recognition of revenue or expenses in an attempt to match revenue and expenses.

Would discounting be complex?

No—in most cases the regulatory interest rate would also be the discount rate required by the proposals. In such cases, the simplest way to determine the present value of the future cash flows at initial recognition would be to sum the future cash flows—excluding the cash flows that result from regulatory interest. This would also hold for subsequent measurement if the regulatory interest rate is also the discount rate and the regulatory interest is recovered or fulfilled in the same period in which it accrues.

Would the proposals affect financial accounting by the regulated company’s customers?

No. The proposals would affect only the accounting for regulatory assets and regulatory liabilities. Those assets and liabilities are created by the regulatory agreement. Customers are not a party to that agreement.

Customers enter into contracts for the supply of rate-regulated goods or services directly with the company. The proposals would not change how customers or the regulated company account for their rights and obligations arising from those contracts.

What about other rights and obligations such as intangibles arising from a regulatory agreement?

The proposals specify only how to account for regulatory assets and regulatory liabilities. A company would apply other IFRS Standards when accounting for the effects of all other rights and obligations created by a regulatory agreement. For example, a company typically does not recognise:

- as an asset its right to supply goods or services in the future, or to increase its prices in the future.
- as a liability its obligation to supply goods or services in the future, or to decrease its prices in the future.

The proposals would not affect the information a company provides about the effects of those other rights and obligations, such as information about the company's revenue and expenses.

How do the proposals compare to a cost-deferral model?

Some existing accounting approaches defer an expense and do not recognise it in the income statement until the future period when that expense is included in the rates charged to customers. The proposals may result in outcomes that are similar to deferring expenses, but with the following key differences:

- the proposals focus on the total allowed compensation that a company becomes entitled to as a result of supplying goods or services to customers—that compensation reflects not merely the allowable expenses that a company is entitled to recover, but also related profit if the regulatory agreement provides profit; and
- the measurement proposals would require explicit estimates of future cash flows, and explicit discounting of those cash flows to their present value.

The proposals are expected to produce more useful financial information than a cost-deferral model because they focus on requiring more complete information about the effects of regulatory assets and regulatory liabilities, supplemented by coherent, prominent and understandable presentation.

How would the proposals interact with the requirements of IFRIC 12 *Service Concession Arrangements*?

All service concession arrangements within the scope of IFRIC 12 are subject to some form of rate regulation, because the grantor regulates the price to be charged for the services.

Applying IFRIC 12, companies account for their rights under some service concession arrangements as an intangible asset. Some of these arrangements may create regulatory assets or regulatory liabilities within the scope of the Exposure Draft, depending on their terms and other facts and circumstances. A company would apply IFRIC 12 in accounting for all other assets and liabilities created by the arrangement.

Applying IFRIC 12, companies account for their rights under other service concession arrangements as a financial asset. Those arrangements do not create regulatory assets or regulatory liabilities because any rights that could give rise to future cash flows are already recognised as part of the financial asset.

Information for respondents

The deadline for comments on the Exposure Draft is 30 June 2021

You can submit comments on our 'Open for comment documents' page at:
www.ifrs.org/projects/open-for-comment/

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Exposure Draft package

The Exposure Draft includes:

- the Board's proposals, in the format of a draft new IFRS Standard; and
- questions for respondents.

The Basis for Conclusions on the Exposure Draft includes:

- a summary of the reasons for the Board's proposals; and
- an analysis of the likely effects of the proposals.

The Board has also published proposed non-mandatory illustrative examples.

This document

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