Hafsa Research and Analysis Company

FLAGSHIP WHITE PAPER

Preparing for 2029

Digital Finance, Data Architecture and IFRS 20 Implementation

A practical guide for finance and technology leaders on turning the new regulatory assets and liabilities standard into a data-driven, auditable and digital-ready finance function.

Edition 1.0 · November 2026 · Companion to Governed Intelligence

For CFOs, CIOs and Chief Data Officers, Controllers, regulatory affairs leads and Audit Committee members

2029	7	3	3
IFRS 20 effective 1 January	diagrams and flow charts	worked examples with real arithmetic	clocks, one programme

Contents

Table 1. *What each section covers and who should read it first*

Section	What it covers	Read first if you are
Executive briefing	Three clocks, five moves and the next 30 days	Everyone
1 The 2029 horizon	Timeline, the three clocks, who is affected	CFO, programme sponsor
2 IFRS 20 in plain terms	Core principle, key requirements, scoping, transition	Controller, technical accounting
3 Digital finance operating model	Target state, AI and automation, maturity	CFO, CIO
4 Data architecture	Reference architecture, data domains, accounting cycle, examples	CIO, CDO, Controller
5 Implementation programme	Roadmap, impact assessment, technology options, parallel run	Programme sponsor
6 Risks and readiness	Risk register and readiness scorecard	CFO, Audit Committee
7 Role briefings	CFO, CIO and CDO, Controller, Audit Committee	Each role
Appendices	Data checklist, readiness questions, sources	Practitioners

How to use this paper

Read the executive briefing first, then the sections for your role. The figures are built to be lifted into steering-committee packs. The worked examples use illustrative numbers so the arithmetic stays visible; they are not the Standard's own illustrative examples and are not benchmarks.

The summary of IFRS 20 draws on the IFRS Foundation's announcement and published summaries from professional bodies and audit firms (listed in Appendix C). It does not reproduce the full text of the Standard. Confirm every technical point, especially measurement, regulatory returns and transition reliefs, against the Standard itself and your local endorsement status before making design decisions. This paper is general guidance, not accounting, audit or legal advice.

Executive briefing

EXECUTIVE BRIEFING

The 60-second version

- **IFRS 20 is real and dated.** Regulatory Assets and Regulatory Liabilities was issued on 27 May 2026 and applies to annual periods beginning on or after 1 January 2029. Earlier application is permitted. It replaces IFRS 14 and supplements IFRS 15.
- **It reaches beyond utilities.** It applies to entities whose rates are set by a regulatory agreement. Electricity, gas and water suppliers are the obvious cases, but the Standard is not industry-specific, so every entity should test its arrangements.
- **The hard part is data, not accounting.** Regulator determinations, allowed-compensation parameters, volumes, costs, asset bases and recovery timing must be captured, governed and reconciled, at a granularity most charts of accounts do not hold.
- **Three clocks are running at once.** IFRS 20 (2029), IFRS 18 on presentation (2027) and the digital-finance shift to cloud, automation and AI. Treat them as one programme, not three.

The programme in five moves

1. **Scope.** Run the scoping test on every regulated revenue stream within 90 days and record the conclusion.
2. **Architect the data.** Design a governed, time-stamped data layer for regulatory parameters, actuals and recovery schedules before choosing a tool.
3. **Choose the engine.** Decide between an ERP-native module and a platform calculation engine on evidence, not vendor slideware.
4. **Control and evidence.** Build controls, reconciliations and evidence packs into the process from the first parallel run.
5. **Prove it in parallel.** Run FY2028 side by side with the old process and go live on 1 January 2029 only if the exit criteria are met.

What to do in the next 30 days

- Appoint an executive sponsor and a joint finance, IT and regulatory-affairs steering group.
- List every revenue stream with regulated rates and every regulator determination that drives it.
- Confirm whether you currently apply IFRS 14 and whether early application is allowed locally.
- Map where regulatory data lives today, including the spreadsheets nobody mentions.
- Ask your external auditor how they plan to approach IFRS 20 and what evidence they will expect.
- Book the transition-approach decision into the 2027 steering calendar.

1 The 2029 horizon

Three years can disappear quickly. The accounting analysis is the short part of the work. Data, systems, controls and audit readiness have to be designed, built and then run in parallel before the first reporting period under the new Standard. For a calendar-year reporter that restates comparatives, the

practical deadline for being able to measure regulatory balances is the start of 2028. Confirm that logic against the transition requirements before you fix your plan.

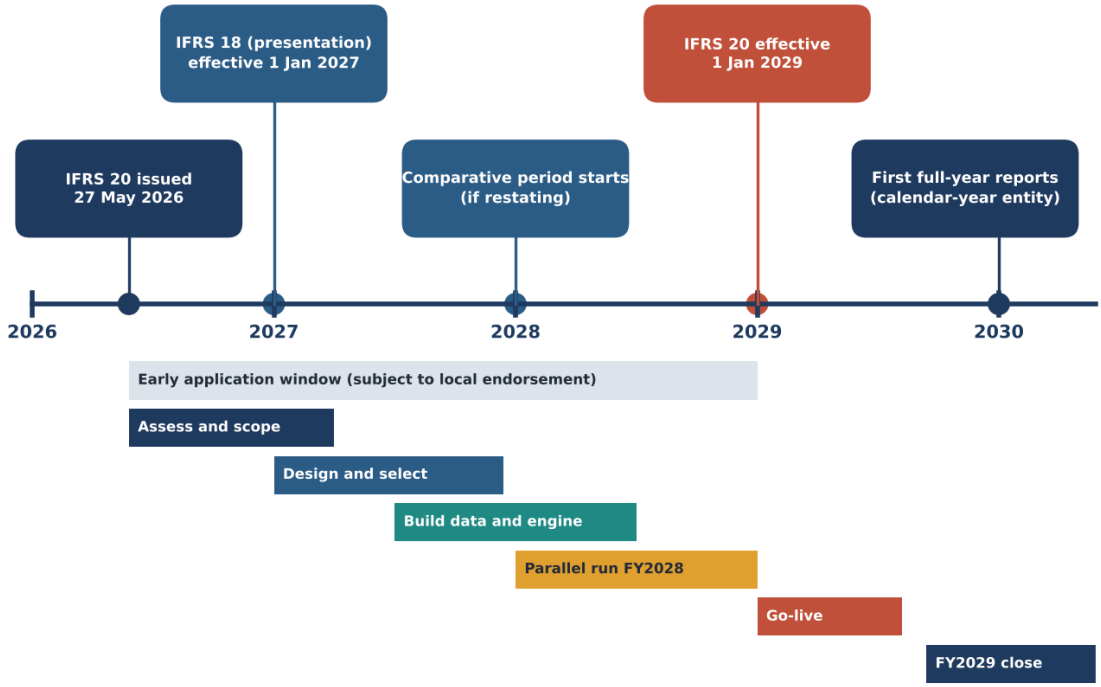


Figure 1. *Planning timeline from issue of IFRS 20 to the first full-year reports (calendar-year entity).*

1.1 Three clocks, one programme

Table 2. *The three clocks and what each implies for planning*

Clock	What is moving	Planning implication
Accounting	IFRS 20 from 2029 replaces IFRS 14 and supplements IFRS 15. IFRS 18, on presentation and disclosure, applies from 2027.	Design the income statement and balance-sheet presentation once, for both standards
Technology	ERP and cloud migrations; automation of close and reconciliation; AI-assisted extraction and analysis	Build IFRS 20 into the target architecture instead of bolting it onto the legacy ledger
Data and reporting	Growing demand for structured, traceable data from regulators, investors, lenders and auditors	Invest in lineage and reconciliation so every reported number can be re-performed

1.2 Why programmes slip

- **Waiting for certainty.** Teams delay data work until every interpretation question is settled. Data discovery does not depend on that and should start now.
- **Treating it as an accounting project.** The inputs come from regulatory affairs, billing, operations and treasury. Without them the numbers cannot be built.
- **Assuming the ERP can hold it.** Regulatory parameters, determinations and recovery schedules rarely fit a standard chart of accounts.
- **Leaving the parallel run to the end.** A parallel run in the last quarter finds problems nobody has time to fix.

1.3 Who is affected

Table 3. *Stakeholder impact map*

Group	What they need to know	First action
Technical accounting	Scope, recognition, measurement, presentation and disclosure rules	Scoping memo and accounting policy draft
Regulatory affairs	Which determinations drive allowed compensation and when they change	Determination register with effective dates
Billing and operations	Volumes, tariffs and unbilled estimates feed the calculation	Data owner for volumes and tariffs
IT and data	New data model, integration and an engine to select or build	Architecture options paper
Treasury and tax	Discount rates, recovery timing, tax effects of regulatory balances	Impact assessment
Investor relations	New line items and disclosures change how results read	Messaging plan before first reporting
Internal audit	New controls and data flows to test	Audit plan for 2028 and 2029

1.4 Three adoption paths

Table 4. *Choosing when and how to adopt*

Path	Profile	Advantages	Risks
Early adopter	Applies IFRS 20 before 2029, where local endorsement allows	Settles the process early; signals readiness; longer run of controlled closes	Compressed timeline; fewer peers and less practice to draw on
Standard adopter	Applies from 1 January 2029 with a parallel run in FY2028	Time to design properly; learns from early adopters	Little slack if data discovery or build slips
Complex or late starter	Multiple regulators, entities or legacy systems; programme starts late	None worth the risk	Parallel run cut short; manual workarounds in the first year

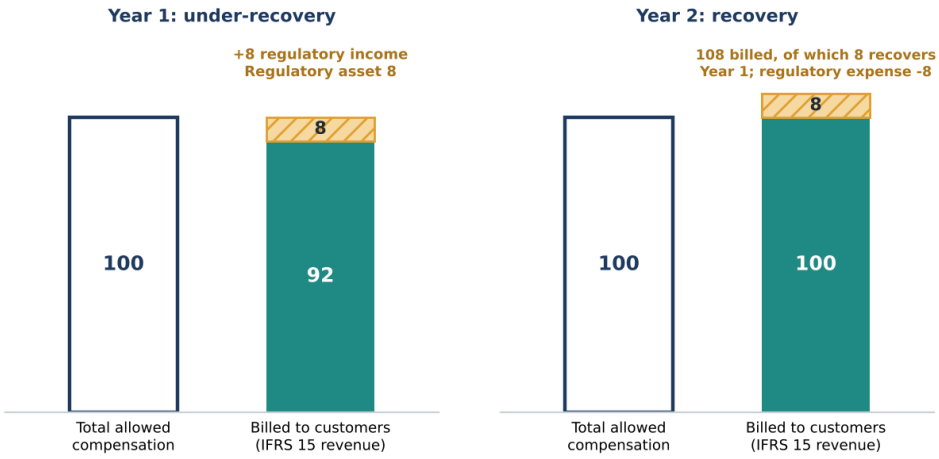
Most organisations should plan for the standard path and keep the option of early adoption open until the 2027 design decisions are made.

2 IFRS 20 in plain terms

2.1 The problem it solves

Rate regulation can make the timing of billing differ from the timing of the service. A regulator may allow a company to recover a cost next year, or require it to hand back an over-recovery. Under IFRS 15 alone, revenue then reflects what was billed, not what the company was entitled to for the services it supplied in the period. IFRS 20 closes that gap.

Its core principle, as published summaries describe it, is that the total allowed compensation for regulated goods or services is recognised in profit or loss in the period those goods or services are supplied. Where billing and allowed compensation differ in timing, the entity recognises a regulatory asset or regulatory liability, with matching regulatory income or expense.



Illustrative, simplified: units are currency millions; discounting and regulatory interest are omitted here.

Figure 2. *How an under-recovery in Year 1 creates a regulatory asset that reverses in Year 2 (illustrative).*

Table 5. *Key requirements at a glance, with the implementation implication*

Topic	What published summaries say	Implication for the programme
Effective date	Annual periods beginning on or after 1 January 2029; early application permitted, subject to local endorsement	Decide early or standard adoption in 2027
Scope	Entities whose rates are set by a regulatory agreement; not industry-specific; the test turns on enforceable rights or obligations to adjust future rates	Scoping memo for every regulated revenue stream
Core principle	Total allowed compensation recognised in the period the regulated goods or services are supplied; timing differences give regulatory assets or liabilities	Compute allowed compensation each period, independently of billing
Measurement	Regulatory balances generally measured by discounting expected future cash flows at the regulatory interest rate in the agreement	Hold recovery forecasts and rate data in the engine
Presentation	Net regulatory income or expense as a separate line within revenue; related OCI effects in OCI	Change reporting hierarchy; align with IFRS 18
Disclosure	Detailed disclosures on regulatory assets, liabilities, income and expense; supplements IFRS 15	Build a disclosure data model with roll-forwards
Transition	Retrospective under IAS 8, or modified retrospective under Appendix C	Decide how much history you must reconstruct
Other standards	Replaces IFRS 14; supplements IFRS 15; consequential amendments	IFRS 14 users stop existing deferral accounting

2.2 Example 1: A regulatory asset from first principles

WORKED EXAMPLE

Under-recovery in Year 1, recovery in Year 2

A regulated network is allowed total compensation of 100 for the supply it provides in each of two years. In Year 1, lower volumes mean customers are billed only 92. The regulator allows the 8 shortfall to be recovered through Year 2 tariffs, so Year 2 billing is 108. Amounts are in currency millions and this simplified illustration ignores regulatory interest.

	Year 1	Year 2
Billed revenue (IFRS 15)	92.0	108.0

Regulatory income (expense)	+8.0	(8.0)
Total recognised for the year	100.0	100.0
Regulatory asset at year end	8.0	0.0

Reading the result. Reported revenue moves from 92 to 108 because of billing timing, while total recognised compensation is a steady 100 each year, matching the service supplied. The balance sheet carries an asset of 8 at the end of Year 1.

Discounting. If the 8 were recovered a year later at the regulatory interest rate of 4%, the amount billed would be 8.32, and discounting 8.32 at 4% gives 8.32 ÷ 1.04 = 8.00. The regulatory asset therefore starts at 8.0. The data lesson: you need the rate, the recovery date and the amount, each with its source.

2.3 Scoping: are you in?

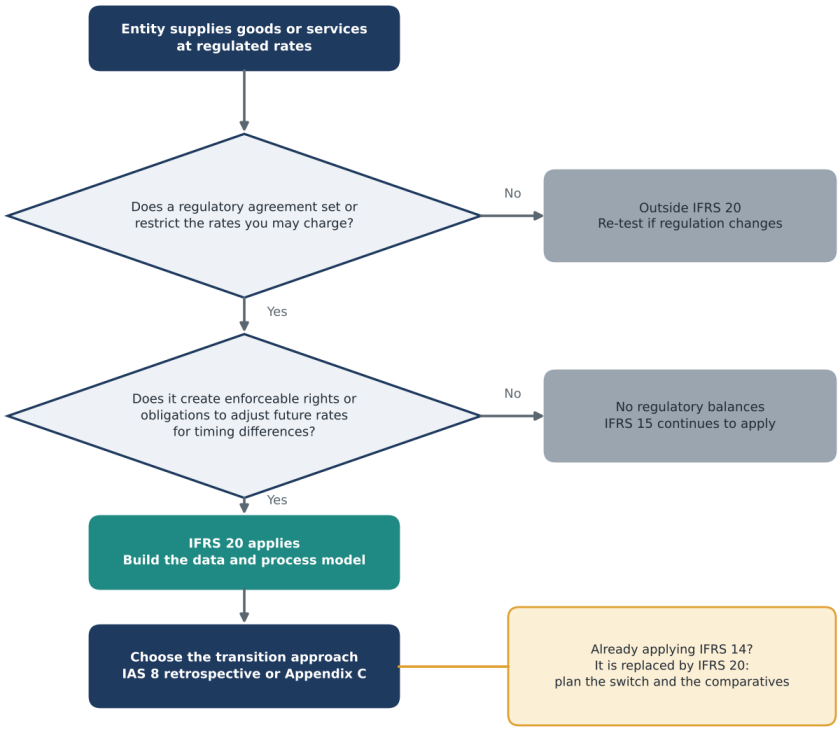


Figure 3. *A simplified scoping screen for IFRS 20.*

Electricity, gas and water suppliers are the standard examples, and transport and other regulated sectors may have comparable arrangements. Because the Standard is not industry-specific, the test is the arrangement, not the sector. Document the conclusion for each stream, and re-test when a regulatory framework changes.

2.4 Transition: how much history do you need?

Table 6. *Transition approaches and their data implications*

Approach	What it means	Data implication	Consider
Retrospective (IAS 8)	Apply as if IFRS 20 had always applied, restating comparatives	History of determinations, actuals and recovery from the start of the balances	Most comparable; heaviest data burden
Modified retrospective (Appendix C)	A relief-based approach set out in Appendix C of the Standard	Depends on the reliefs; typically a narrower history	Lower burden; check what the reliefs permit and the effect on comparability

Choose on four tests: how far back your data reliably goes, how large the balances are, what investors and lenders expect, and what your auditor will accept. The choice sets the length of your data-archaeology work, so make it early, in 2027 at the latest.

3 The digital finance operating model

IFRS 20 will force a new calculation into the finance function. The question is whether it lands in a spreadsheet next to the ledger or in a digital operating model built for the next decade. The second costs more in 2027 and far less in 2031.

3.1 From period-end to continuous

Table 7. *Digital finance capability map: typical today versus a 2029-ready function*

Dimension	Typical today	2029-ready
Data	Extracts and spreadsheets; definitions differ by team	Governed data platform with shared definitions and lineage
Close	Sequential, calendar-driven, manual reconciliations	Continuous or rolling, with automated matching and exception queues
Regulatory accounting	Offline workbooks maintained by a few experts	Controlled engine fed by approved parameters and reconciled data
Reporting	Static packs assembled by hand	Data products feeding statutory, regulatory and management outputs
Controls	Periodic review and sampling	Embedded controls, automated evidence, continuous monitoring
People	Specialists hold the knowledge	Documented logic; finance, data and engineering working in one team

3.2 Where AI and automation help

The companion paper, Governed Intelligence, sets out how to tier AI use cases and cap their autonomy. The same rules apply here. Four uses stand out for IFRS 20:

- **Reading regulator determinations.** AI can extract rates, dates and parameters from lengthy documents. Treat this as Tier 1: a person verifies each extracted parameter against the source before it enters the engine.
- **Reconciliation and matching.** Volumes to billing, costs to the ledger, asset base to the fixed-asset register, with exceptions routed to owners.
- **Explaining movements.** Draft commentary on changes in regulatory balances, linked to the underlying drivers and reviewed before use.

- **Evidence packs.** Assemble run logs, approvals and source links automatically so audit requests are answered from the workflow.

3.3 Know where you start

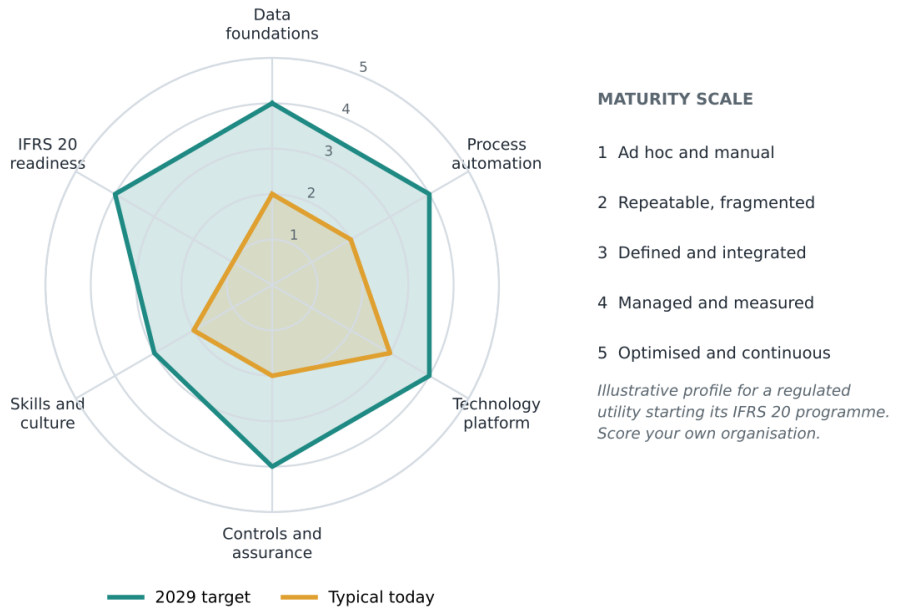


Figure 4. *Maturity profile: an illustrative starting point and the 2029 target across six dimensions.*

Score yourself honestly on each dimension. The gaps, not the average, set your programme: a strong platform with weak data foundations still produces unreliable regulatory balances.

3.4 Operating model and skills

The people model matters as much as the technology. Regulatory accounting touches finance, data engineering, regulatory affairs and operations, and the four need to work as one team with shared definitions.

Table 8. *Roles in the 2029 regulatory accounting team*

Role	Responsibility	Skills to build
Regulatory data owner	Accountable for the accuracy of determinations and parameters	Regulatory knowledge; data governance
Regulatory accountant	Applies IFRS 20 policy; reviews the calculation and disclosures	IFRS technical depth; modelling
Data engineer	Builds and runs pipelines, reconciliations and lineage	Data engineering; testing; finance literacy
Product owner	Prioritises engine and data-product changes; manages releases	Agile delivery; stakeholder management
Control owner	Operates and evidences the controls R1 to R6	Control design; evidence discipline

Fund the learning: most of these skills sit in different teams today, and the knowledge currently held by a few specialists must be documented and shared before the parallel run.

4 Data architecture for regulatory accounting

4.1 Six design principles

- **One source for regulatory parameters.** Rates, periods and rules live in one controlled place, versioned and approved, not in individual workbooks.
- **Time-stamped history.** Record both when a fact applies and when it was recorded. That lets you restate history and show an auditor exactly what you knew at each close.
- **Reconcile by design.** Every feed reconciles to its source and to the ledger, with tolerances and owners.
- **Lineage to source.** Any reported number can be traced back to documents and systems without manual detective work.
- **Separate calculation from storage.** Keep the calculation logic in a governed engine, not spread through reports.
- **Least-privilege access.** Parameters and calculations are sensitive; changes are logged and approved.

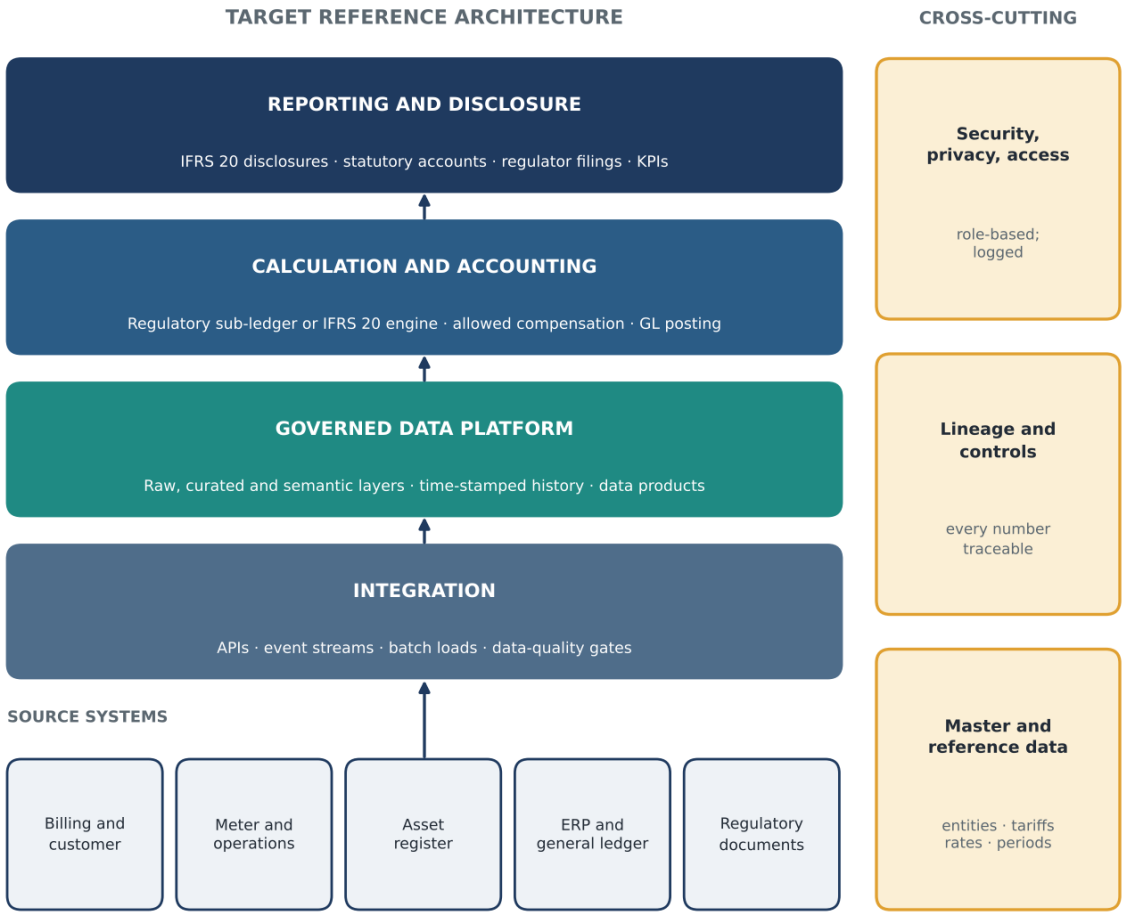


Figure 5. *Target reference architecture for IFRS 20 data and calculation.*

4.2 The data you will need

Table 9. *IFRS 20 data domains, sources and quality rules*

Domain	Examples	Typical source	Owner	Quality rule
Regulatory agreement and determinations	Allowed revenue or price control, periods, rules	Regulator documents	Regulatory affairs	Verified to source; effective dates
Allowed-compensation parameters	Tariffs, caps, incentive and penalty terms	Determination register	Regulatory affairs	Second-person check; version log
Volumes and billing	Metered volumes, billed volumes, unbilled estimates	Billing, meter systems	Revenue accounting	Reconcile to meter and GL
Costs and pass-throughs	Operating costs, allowed pass-through items	ERP, ledger	Controller	Tie to ledger
Regulatory asset base	Additions, depreciation, adjustments	Fixed-asset register	Asset accounting	Reconcile to register
Rates and recovery schedules	Regulatory interest rate, expected recovery timing	Regulator, treasury	Treasury	Approved source; dated
Prior balances	Opening regulatory balances and history	Legacy workbooks, IFRS 14 records	Technical accounting	Rebuilt and signed off

4.3 The regulatory accounting cycle and its controls

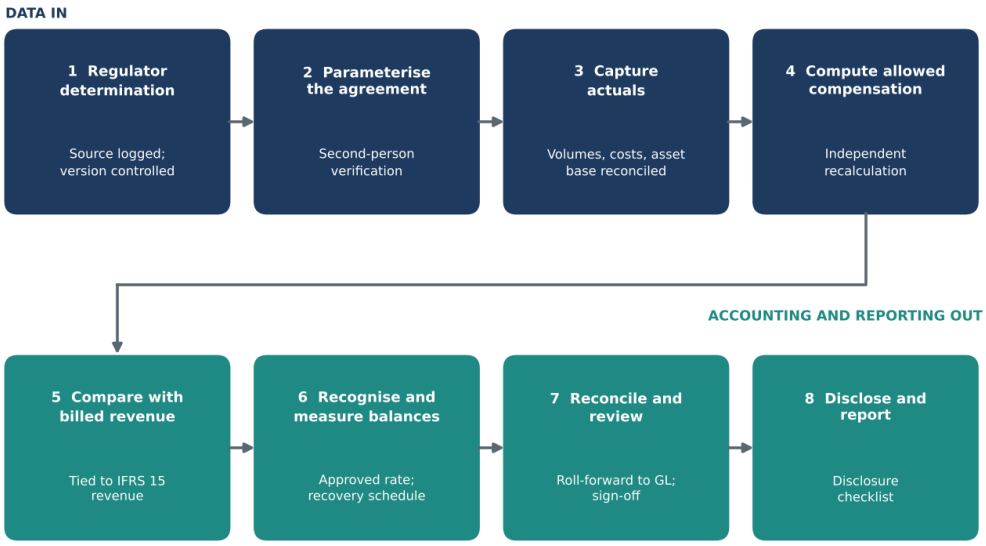


Figure 6. *Eight-step regulatory accounting cycle with the control built into each step.*

Table 10. *Controls R1 to R6 for the cycle*

ID	Risk	Control	Evidence	Owner
R1	Outdated or misread determination	Parameters keyed from source; second-person check; version and effective date logged	Change log; source link	Regulatory affairs
R2	Incorrect actuals	Volumes reconciled to billing and GL; asset base to register; tolerance limits	Reconciliations	Controller
R3	Wrong allowed compensation	Independent recalculation; analytical review against prior period and budget	Recalculation file	Technical accounting
R4	Mismatch with billed revenue	Tie billed amounts to IFRS 15 revenue; investigate differences above threshold	Tie-out	Revenue accounting

ID	Risk	Control	Evidence	Owner
R5	Measurement error	Approved rate source; recovery schedule review; sensitivity run	Rate approval; schedule	Treasury, Controller
R6	Incomplete disclosure	Disclosure checklist; roll-forward reconciled to GL and filings	Checklist; roll-forward	Reporting

4.4 Example 2: Reconciling volumes before they drive the numbers

WORKED EXAMPLE

A 0.3% gap and what it could be worth

Allowed compensation often depends on volumes, so a volume error flows straight into the regulatory balance. A network reconciles metered volume to billed volume each month, with a tolerance of 0.5% of metered volume.

Item	Gigawatt-hours
Metered volume	1,000.0
Billed volume	985.0
Estimated unbilled volume	12.0
Unexplained difference (1,000.0 less 985.0 less 12.0)	3.0
Unexplained as share of metered	0.3%

Reading the result. 0.3% is inside the 0.5% tolerance, so the month passes, but the control still requires a recorded explanation. At an illustrative tariff of 60 per megawatt-hour, 3.0 GWh (3,000 MWh) is worth 180,000. A difference above 0.5% would stop the month from being signed off until the owner explains it, because the error would otherwise carry into the regulatory balance.

4.5 Example 3: The regulatory asset roll-forward

WORKED EXAMPLE

One reconciliation an auditor will ask for first

A roll-forward ties the opening balance to the closing balance through every movement, and then ties the closing balance to three independent places. It is also the backbone of the disclosure. Amounts are in currency millions and are illustrative.

Roll-forward	Amount
Opening regulatory asset	8.0
Regulatory income recognised in the year	6.5
Recovered through billing in the year	(5.0)
Closing regulatory asset	9.5

Tie-outs. Closing balance per roll-forward 9.5 = general ledger balance 9.5 = engine sub-ledger 9.5. Any difference is a data or posting error to resolve before sign-off. The same data lineage supports the disclosure of movements.

4.6 Data quality that an auditor can test

Good intentions are not data quality. Define each dimension, a metric and a threshold, and report them monthly beside the close.

Table 11. *Data quality dimensions, tests and illustrative thresholds*

Dimension	Test for IFRS 20 data	Illustrative threshold
Completeness	Every determination, tariff and meter point in scope is present	100% of in-scope items loaded
Accuracy	Parameters agree to the source document; volumes agree to meter data	Zero unexplained parameter differences; volume gap within 0.5%
Timeliness	Data arrives before the close cut-off	Feeds on time at every close
Consistency	The same item has the same value across systems	Cross-system differences explained
Uniqueness	No duplicate parameters or billing records	Zero duplicates in controlled tables
Traceability	Any figure can be traced to source	Sample trace completed within one working day

5 The implementation programme

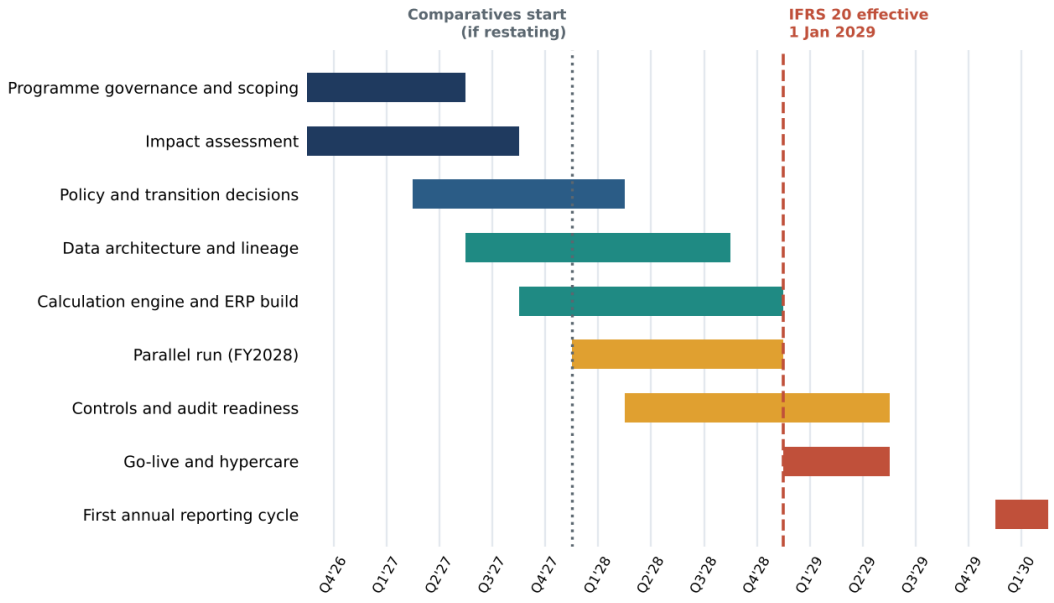


Figure 7. *Programme roadmap from Q4 2026 to the first annual reporting cycle.*

5.1 Impact assessment

Table 12. *Impact assessment questions by workstream*

Workstream	Question to answer
Accounting policy	Which streams are in scope, and what are the recognition, measurement and presentation policies?
Revenue and billing	Where do volumes, tariffs and unbilled estimates come from, and how reliable are they?

Workstream	Question to answer
Tax	What are the tax consequences of regulatory balances, including any deferred tax? (assess with tax advisers)
Treasury and covenants	How do new balances and income lines affect debt covenants, ratings and discount rates?
Investor relations and KPIs	How will reported revenue, profit and key ratios change, and how will we explain it?
Regulatory reporting	How do statutory numbers reconcile to regulatory accounts?
Controls and audit	Which new controls are key, and what will the auditor test?
Technology	What can the current estate support, and what must be built or bought?

5.2 Choosing the engine

Table 13. *Technology options compared*

Option	Strengths	Watch-outs	Best fit
ERP-native regulatory module	Integrated with the ledger; vendor-supported; one control environment	May not fit complex local regulation; upgrade dependency	Single ERP; standard regulatory regime
Platform calculation engine	Flexible logic; strong lineage; reusable data products	Needs engineering skills; integration with the ledger to build	Complex, multi-regulator or multi-entity groups
Spreadsheet bridge (interim only)	Fast to start; low cost	Weak controls, key-person risk, hard to audit	Early pilots and parallel-run prototypes only

Score options on fit with your regulatory regime, controllability and auditability, total cost over five years, vendor roadmap, and the effort to migrate parameters and history. Do not let the tool choice precede the data design.

5.3 Parallel run and go-live criteria

Table 14. *Exit criteria for the FY2028 parallel run*

Criterion	Threshold
Regulatory balances from the new process versus the control calculation	Within an agreed tolerance (for example 0.5%) for three consecutive months
Controls R1 to R6	Operated and evidenced every month; no unresolved deficiency
Data quality	No open critical defects; reconciliations to source and ledger complete
Audit readiness	Auditor walkthroughs done; evidence packs complete
Operational readiness	Roles, training and runbooks in place; fallback agreed
Approval	Steering committee and Audit Committee informed; CFO sign-off

5.4 Who does what

Table 15. *RACI for the IFRS 20 programme*

Activity	CFO	Controller	CIO or CDO	Internal audit	Regulatory affairs
Scoping and policy	A	R	I	C	C
Data architecture	C	C	A / R	I	C

Activity	CFO	Controller	CIO or CDO	Internal audit	Regulatory affairs
Parameters and determinations	I	C	C	I	A / R
Engine selection and build	C	C	A / R	I	I
Controls design	C	A / R	R	C	C
Parallel run and sign-off	A	R	R	I	C
Independent assurance	I	C	C	A / R	I

R = responsible, A = accountable, C = consulted, I = informed.

5.5 Example 4: The business case for building a platform

WORKED EXAMPLE

One-off build or reusable platform?

A group estimates the one-off cost of its IFRS 20 programme at 6.5 (currency millions): 3.0 for data platform and integration, 2.0 for the calculation engine, and 1.5 for the parallel run and change. Run costs are 0.8 a year. Two cases are compared from go-live. Figures are illustrative.

	Case A: IFRS 20 only	Case B: reused for other reporting
Annual benefit: manual effort avoided	1.6	1.6
Annual benefit: faster close, fewer audit adjustments	0.7	0.7
Annual benefit: reuse of data for other reports	0.0	1.0
Total annual benefit	2.3	3.3
Less annual run cost	(0.8)	(0.8)
Net annual benefit	1.5	2.5
Payback = 6.5 ÷ net annual benefit	4.3 years	2.6 years

Reading the result. Case A barely pays back inside a normal planning horizon; Case B pays back in under three years because the same governed data serves other reporting. The accounting requirement sets the deadline, but the reuse case justifies the investment. Build a platform, not a one-off.

5.6 Communication and change plan

Table 16. *Who needs to hear what, and when*

Audience	Message	When
Audit Committee	Scope conclusion, programme plan, risks and exit criteria	Before design decisions in 2027, then each quarter
External auditor	Design, controls, evidence and walkthrough schedule	From scoping, with walkthroughs in 2028
Regulator	Alignment between statutory and regulatory reporting	As relevant to your regime, during design
Lenders and rating agencies	Expected effect on reported results and covenant metrics	After the transition approach is decided

Audience	Message	When
Investors and analysts	New lines, disclosures and the bridge from old to new	In reporting before first application
Employees	New roles, training and tooling	Through build and the parallel run

6 Risks and readiness

Table 17. *Top programme risks and mitigations*

Risk	Why it matters	Mitigation
Late or unclear regulator determinations	Parameters may not be final when you need to build	Design for versioned parameters; model scenarios; keep regulatory affairs in the programme
Data not available at needed granularity	Legacy systems may not hold volumes, costs or history in usable form	Start data discovery now; budget for history reconstruction
Tool chosen before design	A tool constrains the data model	Design the data model and controls first; score options on evidence
Parallel run squeezed	Defects found too late to fix	Fix the dates; treat the run as a hard gate
Presentation clash with IFRS 18	Two standards change the same statements	Design presentation once with technical accounting
Key-person dependency	A few experts hold the logic	Document logic; cross-train; move into controlled engine
Auditor misalignment	Late disagreement on evidence or approach	Early dialogue; walkthroughs in 2028
Stakeholder surprise	Investors and lenders see new lines for the first time	Communication plan before the first reporting period

6.1 Readiness scorecard

Table 18. *Readiness scorecard: what 'ready' means in each dimension*

Dimension	Ready when	Evidence
Scope and policy	Every regulated stream assessed; policy approved	Scoping memos; policy paper
Data	All domains sourced, owned and reconciled; history rebuilt as required	Data catalogue; reconciliations
Systems	Engine selected, built and tested end to end	Test results; parallel-run output
Controls	R1 to R6 designed and operated for at least three closes	Control evidence
People	Roles staffed, trained and documented	Training records; runbooks
Audit alignment	Auditor approach understood and walkthroughs complete	Walkthrough notes

7 Role briefings

CFO BRIEFING

What the CFO should decide in the next two quarters

- Who is the accountable executive, and does the steering group include finance, IT and regulatory affairs?
- Early application or 1 January 2029, and the transition approach.

- The budget envelope for data, engine and parallel run, and who owns it.
- How and when investors, lenders and the regulator will be told about the changes.

CIO AND CDO BRIEFING

What the CIO and CDO should decide

- Which layer holds regulatory parameters, and how they are versioned and approved.
- Whether the engine will be ERP-native or platform-based, scored against agreed criteria.
- How lineage, reconciliation and access control are built into the design from day one.
- Where AI is used, at what tier and with what human verification (see Governed Intelligence).

CONTROLLER BRIEFING

What the Controller should decide

- Who owns each data domain, and the tolerance for each reconciliation.
- Which of controls R1 to R6 are key, and who performs and evidences them.
- The roll-forward and disclosure template, agreed with the auditor.
- The exit criteria for the parallel run and who can veto go-live.

AUDIT COMMITTEE BRIEFING

Ten questions for the Audit Committee

1. Have we assessed scope across all regulated revenue streams, and who signed off?
2. Are we early adopting, and what does local endorsement allow?
3. Which transition approach have we chosen, and why?
4. Where does each data input come from, and who owns its quality?
5. How are regulator determinations captured and verified?
6. Is the calculation in a controlled engine or in spreadsheets?
7. What did the parallel run find, and what remains open?
8. How do the new lines interact with the IFRS 18 presentation changes?
9. Has the external auditor seen the design, and do they agree with the evidence?
10. What will investors and lenders see differently, and have they been told?

Conclusion: build once, build for what comes next

IFRS 20 is a deadline with a fixed date and a long lead time. It is also a rare chance to fix how finance handles regulatory data, calculations and evidence. Organisations that treat it as a spreadsheet exercise will meet 2029 and rebuild in 2031. Those that build a governed data layer, a controlled engine and

embedded controls will meet 2029 and be ready for whatever the next standard, regulator or technology brings. Start with scope, design the data, prove it in parallel, and go live with evidence.

Appendix A Data requirements checklist

Table 19. *Checklist of data and documents to confirm for each regulated stream*

Item	Question to confirm	Done
Regulatory agreement	Is the current determination on file with effective dates?	[ ]
Allowed-compensation rules	Are all components, caps, incentives and penalties coded?	[ ]
Volumes	Do metered, billed and unbilled volumes reconcile?	[ ]
Costs and pass-throughs	Are allowed and disallowed costs distinguishable?	[ ]
Asset base	Does the regulatory asset base reconcile to the register?	[ ]
Rates	Is the regulatory interest rate sourced, dated and approved?	[ ]
Recovery schedule	Are expected recovery periods documented and reviewed?	[ ]
Opening balances	Are legacy balances rebuilt and signed off?	[ ]
Evidence	Can every figure be traced to source within a day?	[ ]

Appendix B Readiness questions

Use these twelve questions in a readiness workshop. Answer yes, partly or no, and note who owns each gap:

1. Have we listed every revenue stream with regulated rates?
2. Have we documented a scoping conclusion for each?
3. Do we know whether we apply IFRS 14 today?
4. Is there a register of regulator determinations with effective dates?
5. Can we obtain volumes, costs and asset base at the needed granularity?
6. Do we know how far back our history reliably goes?
7. Has the transition approach been chosen and agreed with the auditor?
8. Is there a target data architecture agreed by finance and IT?
9. Is the engine choice made on documented criteria?
10. Are controls R1 to R6 designed and owned?
11. Is the FY2028 parallel run funded, scheduled and protected?
12. Is the communications plan for investors and lenders drafted?

Appendix C Sources and verification

IFRS 20 details in this paper come from the following published sources, accessed in November 2026. IFRS 18's 1 January 2027 effective date comes from the IASB's published standard and is not drawn from these pages. The full text of IFRS 20, its Basis for Conclusions and Illustrative Examples were not reproduced here.

- IFRS Foundation: IASB issues IFRS 20 Issue date, effective date, scope, replacement of IFRS 14.
- PwC: IFRS 20 Regulatory Assets and Regulatory Liabilities Scope test, measurement, presentation, transition options.
- EY: IASB issues IFRS 20 Summary of topics covered by the Standard.

- BDO: IASB issues IFRS 20 Scope and recognition principles.
- ICAEW: IFRS 20 tracker page Status of the Standard.
- ACCA: Utilities companies prepare for IFRS 20 Core principle, presentation, balance-sheet treatment.

Verification note. Where summaries differ in wording, for example on how regulatory income and expense is presented in profit or loss, this paper uses the more cautious formulation. Read the Standard before finalising accounting policies.

Appendix D Glossary

Term	Meaning
Allowed compensation	The amount a regulatory agreement permits an entity to earn for supplying regulated goods or services in a period
Appendix C	The part of IFRS 20 that sets out the modified retrospective transition approach
Data lineage	The traceable path of a number from reported figure back to its source
Determination	A regulator's decision that sets or changes rates, allowances or rules
IFRS 14	Regulatory Deferral Accounts, replaced by IFRS 20
IFRS 15	Revenue from Contracts with Customers, supplemented by IFRS 20
IFRS 18	Presentation and Disclosure in Financial Statements, applying from 2027
Parallel run	Running the new process alongside the old to compare results before go-live
Regulatory asset	A right to recover amounts in future rates for a difference in timing
Regulatory liability	An obligation to return amounts through future rates for a difference in timing
Regulatory interest rate	The rate set in the agreement, used under summaries of the Standard to discount expected future cash flows
Roll-forward	A reconciliation from opening to closing balance through every movement