EXTENDED ABSTRACT

Nowadays, some public services are transferred to the private sector company instead of fulfilled by the public enterprises, and it is a common method in the world to stay in a regulatory and supervisory position. The main feature that distinguishes operating entities from other entities, depending on the arrangement, is that the value of the goods or services is determined by an independent regulator, not by the entity itself. It is important to report transactions that will affect the determination of the future tariff value (activated expenses, distribution costs, land transfer, storm damage etc.) privately and to present it to the user of the financial report.

In this accounting period, the capitalized expenses (capitalized foreign exchange rate and interest expenses) added to the cost of fixed assets are taken into account in calculating the future tariffs (over depreciation). So, the use of deferred accounts is inevitable in case of capitalised expenses in regulatory-based companies.

Aim
In this study, the issue of how to report the deferred accounts arising from the capitalised expenses in a business operating in an electricity transmission business is discussed. Within the framework of TFRS-14 Regulatory Deferral Accounts Standards, how to report the effect of the capitalized expenses on the future term schedule is discussed in the financial statements of this period.

Method
In this study, how to report the capitalized expenditure in schedules is addressed in a normative approach, within the framework of TFRS-14: Standard of Deferred Accounts.

Findings
It is not correct to use deferred accounts for each transaction that is effective in determining tariffs and to report them on financial statements. For example, if the operator incorrectly estimates the tariff. On the other hand, the use of deferred accounts (as determined by this contract) is an important criteria that should be taken into consideration when the process that affects the next term tariff can be compensated by the regulator.

As a result, the financial reports of the period in which the transactions affecting the future tariffs have to be separately reported from the main accounts. Otherwise, the financial report users will be informed incompletely. Especially it is important that the deferred account characteristic of depreciation expense which is effective in determining the future term tariff separately in the financial statements. Because when the deferred accounts are not used, the financial statements will be incomplete and misrepresented. Otherwise, the financial report users will be informed incompletely.