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THE CONCEPT-LEVEL GAP BETWEEN INTERNATIONAL AND UZBEK NATIONAL STANDARDS IN REVENUE AND RECEIVABLES ACCOUNTING OF ELECTRICITY DISTRIBUTORS (EVIDENCE FROM REGIONAL ELECTRIC NETWORKS JSC)

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Abstract

The thesis traces the change in IFRS of three concepts that drive the accounts of an electricity distributor – revenue recognition (from risks and rewards to contracts), credit-loss measurement (from incurred to expected losses) and tariff-regulated balances (from no rule to regulatory assets) – and tests Uzbek national rules against seven concept tests. Four tests find no national counterpart, two a different solution and one an aligned rule. Eight years after IFRS 15 took effect, the national revenue model is still that of 1998, and the expected-loss concept arrives in 2027, nine years after IFRS 9, without measurement rules. At Regional Electric Networks JSC the 2025 IFRS statements show an allowance of 72.0% of gross trade receivables. Implementation is therefore proposed at three levels: company policy, tariff regulation and national standards.

Keywords: Revenue recognition; expected credit losses; trade receivables; regulatory assets; national accounting standards; electricity distribution.



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Problem

Regional Electric Networks JSC (hereinafter HET) reports under two generations of standards. Its consolidated IFRS statements for 2025 show an allowance for expected credit losses (ECL) of UZS 3.72 trn on gross trade receivables of UZS 5.17 trn, that is 72.0% of the gross amount; 87.0% of the collectively assessed balance lies beyond the current age bucket, and even the current bucket carries loss rates of 8.44% (legal entities) and 19.86% (individuals) [1, Note 10]. The parent company's balance sheet under national standards shows customers' receivables net of the allowance on a single line (line 220) and reports overdue receivables (line 211) as zero [2]. The perimeters differ and the amounts are therefore not compared; the point is the information, because credit risk is visible only in the IFRS statements. The difference is conceptual rather than numerical, and the national framework is itself changing: National Financial Reporting Standard (NFRS) 2 takes effect on 1 January 2027, but it excludes public-interest entities and budget organizations [3, scope clause, para 37]. The question is therefore concept-specific: where do national rules depart from IFRS in the concepts that decide a distributor's revenue, receivables and tariff balances, and by how many years?

Existing approaches

Three strands of the literature are relevant. Revenue. IAS 18 tied recognition to the transfer of significant risks and rewards, and an amount whose collection became uncertain after recognition was expensed rather than deducted from revenue [4, paras 14, 18]. IFRS 15 (effective 2018) makes the contract the unit of recognition, with probable collection as an entry test, treats an expected concession as variable consideration and requires the transaction price to be updated at each reporting date [5, paras 9(e), 52, 59]. Napier and Stadler find a

changed "philosophy" but, outside a few industries, little effect on how revenue is recognized and measured [6]; in an Australian and New Zealand sample utilities were among the most disclosing sectors (69.23% of firms), their reported mean change in operating revenue was −0.16%, and collectability is not among the reported channels of effect [7]. Credit losses. IAS 39 required an incurred-loss approach [8, para 4]; IFRS 9 requires lifetime ECL on trade receivables, based on reasonable and supportable information, and permits a provision matrix [9, paras 5.5.15, 5.5.17, B5.5.35]. Of 35 empirical IFRS 9 studies reviewed, 20 (57.1%) concern banks [10, p. 4]. Tariff balances. IFRS 14 (effective 2016) is an interim rule for first-time adopters that already recognized such balances [11, paras 5–6]; IFRS 20, issued in May 2026 and effective from 2029, defines a regulatory asset as an enforceable present right to add an amount to future regulated rates and recognizes it if its existence is more likely than not [12, pp. 7, 12]. After Brazilian distributors stopped recognizing tariff balances on IFRS adoption, the coefficient of book equity in a price regression fell from 0.51 to 0.32 [13, pp. 929, 942–943]. None of these works compares national rules with IFRS concept by concept for a regulated distributor.

Author's position

The comparison is built on concepts rather than on counts of rules, and three positions follow. First, in IFRS the collectability judgment has moved from a yes-or-no test at recognition, followed by a measurement after the loss, to a chain of assessments: at inception, in pricing and at each reporting date [5; 9]. Revenue and receivable become consecutive links of one chain, and for a distributor obliged to supply customers who may not pay, the border between the part of the price it expects to waive and the part that becomes a credit loss is the decisive

one. Second, rate regulation adds a third element, the tariff deviation, whose treatment depends on who compensates it: future customers (a regulatory asset), the budget (revenue or a government grant) or nobody (disclosure only) [12; 14]. Third, national standards follow with a lag and unevenly, so proposals must be implemented at more than one level.

Grounds

Seven concept tests derived from the three strands were applied to the national acts that govern a distributor's accounts: National Accounting Standard (NAS) 2 on revenue [15], the 2010 Regulation on recording electricity sales [16], NFRS 2, NAS 10 on state assistance [17] and the tariff-setting rules [18] (Table 1). A test is "absent" if the national text has no counterpart of the concept, "different" if it addresses the same issue by another criterion, and "aligned" if it does the same. The tests mark the places where a distributor's measurement depends on a judgment that the national text does not structure: whether a contract exists, how unbilled volume is presented, where collectability enters, how expected losses are measured and whether a tariff deviation is a right. For example, NAS 2 does not use the concept of a contract asset and does not list a contract among its recognition criteria, whereas IFRS 15 recognizes revenue only for a contract that meets the criteria of paragraph 9.

Table 1. Seven concept tests: IFRS against Uzbek national rules

Concept test	IFRS	Uzbek national rule	Status
1. Contract as the unit of revenue recognition	IFRS 15, para 9: approved contract, identifiable rights and payment terms, commercial substance, probable collection [5]	NAS 2 (2024), paras 16–17: five conditions built on risks and rewards; a contract is not a recognition criterion [15]	**Absent**
2. Contract asset: volume supplied but not yet billed	Right conditional on more than time is a contract asset, unconditional right a receivable (IFRS 15, paras 105–108) [5]	Volume between meter readings is estimated from the contract or past consumption (Regulation, para 22); no contract-asset concept [16; 15]	**Absent**
3. Collectability judgment	Entry test at inception (9(e)), not reassessed without a significant change (13); expected concession is variable consideration (52), updated each period (59) [5]	Probable inflow is a recognition condition; an amount that proves uncollectible is expensed, not deducted from revenue (NAS 2, paras 16–17) [15]	**Different**
4. Measurement of expected credit losses	Lifetime ECL on trade receivables (5.5.15); forward-looking information (5.5.17); provision matrix (B5.5.35) [9]	No standard on receivable measurement found; NFRS 2 (from 2027) lists an ECL reserve among accounting estimates (para 37) without measurement rules [3]	**Absent**
5. Regulatory asset or liability	IFRS 20 (effective 2029): enforceable right (obligation) to add (deduct) an amount in future regulated rates, recognized if more likely than not to exist [12]; IFRS 14 is interim [11]	No accounting standard found; tariff rules adjust three cost items only [18]	**Absent**
6. Scope of government assistance	IAS 20, para 34: transactions indistinguishable from normal trading are outside government assistance [14]	NAS 10 (2024): no equivalent exclusion found [17]	**Different**
7. Recognition of government assistance	Reasonable assurance (7); systematic recognition (12); compensation for past losses when receivable (20) [14]	NAS 10, paras 7 and 9 correspond; compensation for past losses is an extraordinary item (14) [17]	**Aligned**

Note: absent – no counterpart of the concept in the national text examined; different – the same issue is addressed by another criterion; aligned – the same principle. NAS – National Accounting Standard; NFRS – National Financial Reporting Standard; ECL – expected credit loss. Source: compiled by the author from the acts and standards cited.

Evidence

Figure 1 places the concept families on a time axis. IFRS 15 and IFRS 9 took effect in 2018. The revenue model of 1998 is retained in the 2024 text of NAS 2, which keeps the risks-and-rewards conditions and the expensing of later uncollectible amounts [15, paras 16–17], a lag of eight years that is still open. NFRS 2 brings the ECL reserve into national rules from 2027, nine years after IFRS 9, as an accounting estimate without measurement rules [3, para 37]. For tariff balances the national texts examined contain no accounting standard: the tariff rules adjust prior-period costs only for fuel, purchased electricity and credit servicing and leave the risk of other costs with the regulated organization [18], while IFRS 20 applies from 2029. The comparison is relative to full IFRS: the IFRS for SMEs (third edition, 2025) adopted the five-step revenue model but kept the incurred-loss model [19], so a move to SME-type rules would leave the credit-loss concept open. At company level, the revenue policy in Note 2 of HET's statements states no collectability criterion, and unbilled consumption of individuals is recognized at the average of the previous two months [1, Note 2].

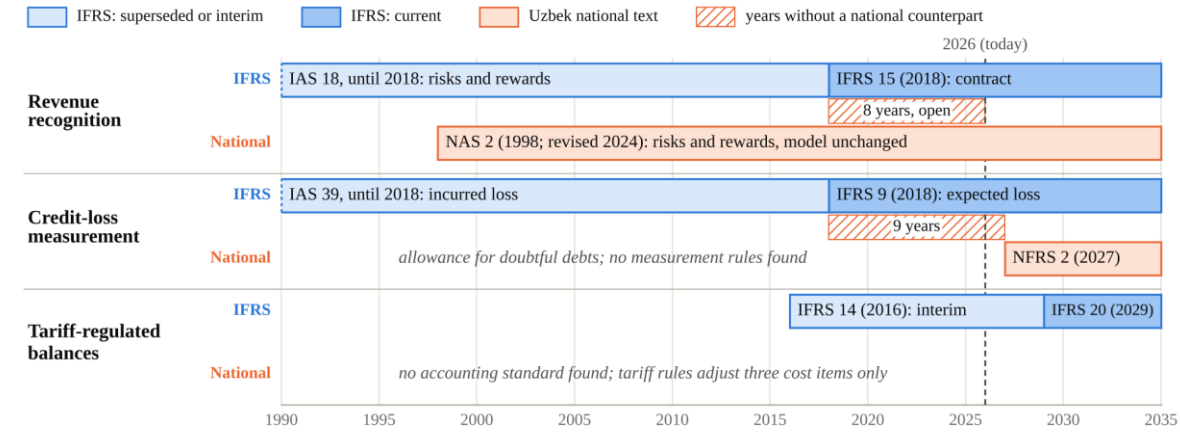


Fig. 1. Concept families in IFRS and in Uzbek national standards: key dates and lags

Note: bars start in the year of entry into force (NAS 2: of issue); earlier IFRS texts (dashed left edge) run up to their replacement. Hatched band – years from the IFRS effective date to a national counterpart (to 2026 if none); not computed for tariff balances. Source: author's compilation from the acts cited in Table 1.

Conclusion

For an electricity distributor the gap lies in the concepts that separate revenue from credit loss and a receivable from a regulatory balance: one of seven tests ends in an aligned national rule, while four find no counterpart and two a different solution. National rules lag eight years on revenue and nine on expected losses, and the texts examined contain no accounting rule for tariff balances. Implementation is therefore needed at three levels: HET's accounting policy (the collectability judgment and tariff deviations), tariff regulation (whether a deviation is a recoverable right) and national standards for entities outside IFRS. The findings are limited by the author's classification of national texts, by ordinal year counts and by HET figures that illustrate rather than test the gap.



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