

1 Q. **Depreciation**

2 Exhibit 11, page 39 of 628. Please provide a full description of the excerpt:  
3 “Additionally, the impacts of the conversion to traditional group accounting will also  
4 require the tracking of gains or losses on retirements through the reporting as  
5 directed under IFRS 147.” Please provide all references and necessary excerpts from  
6 IFRS 147 in support of this conclusion.

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9 A. This response has been provided by Concentric Advisors.

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11 Please refer to Hydro’s response to IC-NLH-021. Additionally, it is noted that  
12 Appendix B to IFRS 14 specifically deals with the issue of gains and losses in B4(b) as  
13 follows:

14 *B4: In some cases other Standards explicitly prohibit an entity from*  
15 *recognising, in the statement of financial position, regulatory deferral*  
16 *account balances that might be recognized, either separately or*  
17 *included with other line items such as property, plant and equipment in*  
18 *accordance with previous GAAP accounting policies. However, in*  
19 *accordance with paragraph 11 of this Standard, an entity that elects to*  
20 *apply this Standard in its first IFRS financial statements applied the*  
21 *exception from paragraph 11 of IAS 8 in order to continue to apply its*  
22 *previous GAAP accounting policies for the recognition, measurement,*  
23 *impairment, and derecognition of regulatory deferred account balances.*  
24 *Such accounting policies may include, for example, the following*  
25 *practices:*

26 *(b)recognising, as a regulatory deferral account debit or credit balance,*  
27 *an amount that is equivalent to any loss or gain on the disposal or*

1            *retirement of both items of property, plant and equipment and of*  
2            *intangible assets, which is expected to be recovered or reversed through*  
3            *future rates.*