Message

From: Kim.Marshall@ieso.ca [Kim.Marshall@ieso.ca]
Sent: 2018-02-22 12:00:06 PM
To: Carole Workman [carole.workman@bell.net]
CC: John Rattray [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=0c3134c1c2744b1ea8ff0e5ddd13dfe4-John Rattra]
Subject: Fwd: IASB meeting of February 2018

Just fyi - when a formal communication comes out from the IASB we will circulate with some context, thanks

Sent from my iPad

Begin forwarded message:

> **From:** "Picard, Michel" <mpicard@kpmg.ca>
> **Date:** February 22, 2018 at 11:04:43 AM EST
> **To:** John Rattray <John.Rattray@ieso.ca>
> **Cc:** Kim Marshall <Kim.Marshall@ieso.ca>, "Betik, Matthew" <mbetik@kpmg.ca>
> **Subject: RE: IASB meeting of February 2018**
>
> Thanks John. This is reinforcing IESO and KPMG's views that regulatory assets and liabilities meet the definitions of Asset and Liability.
>
> Regards,
>
> **Michel Picard, CPA, CA**
>
> Partner, Accounting Advisory Services
>
> KPMG LLP
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> Toronto, Ontario, M5H 2S5
> T 416 777 8414
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>
> ---
>
> **From:** John Rattray [mailto:John.Rattray@ieso.ca]
> **Sent:** Thursday, February 22, 2018 10:16 AM
> **To:** Picard, Michel <mpicard@kpmg.ca>
> **Cc:** Kim Marshall <Kim.Marshall@ieso.ca>; Betik, Matthew <mbetik@kpmg.ca>
> **Subject:** Re: IASB meeting of February 2018
>
> Excellent Michel
>
> Sent from my iPhone
>
> On Feb 22, 2018, at 9:48 AM, Picard, Michel <mpicard@kpmg.ca> wrote:
>
> > **Today is a great day! All of the Board members voted in favor of the three questions raised in the staff's Agenda Paper 9A.**

In line with my predictions, the IASB Board has agreed that regulatory assets and liabilities meet the definitions of assets and liabilities in the new Conceptual Framework.

Questions raised during the meeting and the results of the vote are as follows:

1) <!--[if !supportLists]--><!--[endif]-->Do you agree to use the individually identifiable timing differences as the unit of account for recognizing the incremental rights and obligations created by the Rate Adjustment Mechanism? 14 out of 14 members agreed.

2) <!--[if !supportLists]--><!--[endif]-->Considering the unit of account recommended in slide 16, do you agree the present regulatory right to charge a rate increased by an incremental amount as a result of past events is an asset? 14 out of 14 members agreed.

3) <!--[if !supportLists]--><!--[endif]-->Considering the unit of account recommended in slide 16, do you agree the present regulatory obligation to provide goods or services at a rate reduced by an incremental amount as a result of past events is a liability? 14 out of 14 members agreed.

4) <!--[if !supportLists]--><!--[endif]-->The Board will then be asked whether to develop proposals for an Exposure Draft (ED) or, instead, to develop a higher level overview of the model for consultation through a Discussion Paper (DP). This question was not addressed at this meeting.

Stay tuned for future discussions which will address the scope, measurement, presentation and disclosures.

Regards,

Michel Picard, CPA, CA

Partner, Accounting Advisory Services

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From: Picard, Michel
Sent: Monday, February 12, 2018 5:52 PM
To: Picard, Michel <mpicard@kpmg.ca>
Subject: IASB meeting of February 2018

The contents of this email do not represent the official views of KPMG or the International Accounting Standards Board (IASB). It represents my personal views. KPMG accepts no responsibility to anyone for the information contained in this email.
Please find enclosed the Agenda Paper 9 *Units of account and asset / liability definitions*, which will be discussed at the IASB meeting of February 22, 2018.

The Board will be asked to take decisions on the following fundamental questions for the project:

1) <!--[if !supportLists]--><!--[endif]-->Do you agree to use the individually identifiable timing differences as the unit of account for recognizing the incremental rights and obligations created by the Rate Adjustment Mechanism?
2) <!--[if !supportLists]--><!--[endif]-->Considering the unit of account recommended in slide 16, do you agree the present regulatory right to charge a rate increased by an incremental amount as a result of past events is an asset?
3) <!--[if !supportLists]--><!--[endif]-->Considering the unit of account recommended in slide 16, do you agree the present regulatory obligation to provide goods or services at a rate reduced by an incremental amount as a result of past events is a liability?
4) <!--[if !supportLists]--><!--[endif]-->The Board will then be ask whether to develop proposals for an Exposure Draft (ED) or, instead, to develop a higher level overview of the model for consultation through a Discussion Paper (DP).

<image002.jpg>

The question as to *Whether regulatory assets and liabilities meet the definitions of Asset and Liability under IFRS?* has been the key contentious issue over the past decade.

The decisions to be taken by the Board on February 22 will be fundamental for the continuation of the IASB project on rate-regulated activities.

Based on the reading of my Crystal Ball:

- <!--[if !supportLists]--><!--[endif]-->The majority of the Board members will agree that regulatory assets and liabilities meet the definitions of Asset and Liability
- <!--[if !supportLists]--><!--[endif]-->An ED is likely to be issued instead of a DP
- <!--[if !supportLists]--><!--[endif]-->Timing of the project
    - <!--[if !supportLists]--><!--[endif]-->ED - Mid-2019
    - <!--[if !supportLists]--><!--[endif]-->Final Standard - 2020
    - <!--[if !supportLists]--><!--[endif]-->Effective date - calendar year 2021 or 2022
    - <!--[if !supportLists]--><!--[endif]-->Early application - calendar year 2020
- <!--[if !supportLists]--><!--[endif]-->If the Board were to conclude that regulatory assets and liabilities **do not** meet the definitions of Asset and Liability then the project would likely be stopped and IFRS 14 repealed!

I am looking forward to preparing a summary of the Board decisions for your information.

Should you have any questions, please do not hesitate to contact me.

ps: If you would like to add any of your colleagues on my distribution list, please ask them to send me an email. If you want to be removed from the distribution list, please send me an email.

Regards,

Michel Picard, CPA, CA

Partner, Accounting Advisory Services

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