

Dear DPOC Members,

July 2019

The Board will meet next week. We draw your attention to four papers on three projects:

- **Rate-regulated Activities:** Agenda Paper 9D *The consultation document—an exposure draft or a discussion paper* and Agenda Paper 9F *Due process and permission to begin the balloting process*;
- **Goodwill and Impairment:** Agenda Paper 18 *Due process steps and permission to begin the balloting process*; and
- **Primary Financial Statements:** Agenda Paper 21E *Due process steps and permission to begin the balloting process*.

Rate-regulated Activities: Agenda Paper 9D *The consultation document—an exposure draft or a discussion paper* and Agenda Paper 9F *Due process and permission to begin the balloting process*

The Board is developing a new accounting model to give users of financial statements better information about a company's incremental rights and obligations arising from its rate-regulated activities. The Board is working towards issuing a consultation document in H1 2020 to obtain feedback on the model.

Agenda Paper 9D asks the Board whether that consultation document should be an exposure draft or a second discussion paper. The Board issued a discussion paper in 2014 and subsequently has developed a comprehensive set of tentative decisions. The staff recommend publishing an exposure draft because the Board:

- (a) has gathered sufficient evidence from the 2014 discussion paper and subsequent outreach to understand the problems and potential solutions well enough to proceed to an exposure draft, and
- (b) has developed a sufficiently specific set of requirements for an exposure draft.

Agenda Paper 9F explains the due process steps taken since the 2014 discussion paper and seeks the Board's permission to begin the balloting process for the exposure draft. The staff recommend a 120 day comment period for the exposure draft in line with paragraph 6.7 of the *Due Process Handbook*.

Goodwill and Impairment: Agenda Paper 18 *Due process steps and permission to begin the balloting process*

The Board is investigating improving and simplifying the accounting for goodwill. As reported at your meeting in Munich, in June 2019 the Board reached preliminary views about a package of proposals, including retaining the existing impairment-only model for the subsequent accounting for goodwill rather than reintroducing amortisation of goodwill. However, since only eight of 14 Board members agreed with this latter decision, and six disagreed, the discussion paper will describe the arguments for both approaches and seek stakeholders' input to help the Board consider further how to address the topic.

At the July 2019 meeting, the Board will evaluate the due process steps undertaken to date in order to grant the staff permission to begin the balloting process for the discussion paper. The staff recommend a 120 day comment period for the discussion paper in line with paragraph 4.17 of the *Due Process Handbook*.

Primary Financial Statements: Agenda Paper 21E *Due process steps and permission to begin the balloting process*

The Board is developing an exposure draft of targeted improvements to the structure and content of the primary financial statements, with a focus on the statement(s) of financial performance.

At the July 2019 meeting, the Board will evaluate the due process steps undertaken to date in order to grant the staff permission to begin the balloting process for the exposure draft. The staff recommend a comment period of 180 days for the exposure draft. This is longer than the 120 day minimum required by paragraph 6.7 of the *Due Process Handbook* because of the pervasiveness of the proposals and the fact that the exposure draft will be the first consultation document for the project.

The Agenda Papers discussed above are attached for your information.