

Summary of the UKEB's Public Session held on 18 July 2022 at 10:00 via Microsoft Teams

The UKEB met remotely for the public session on 18 July 2022. The video recording of the meeting and the agenda papers have been made available on the UKEB's website.

PRESENT:

Name	Designation
Pauline Wallace	Chair
Mike Ashley	Member
Phil Aspin	Member
Kathryn Cearns	Member
Katherine Coates	Member
Paul Lee	Member
Giles Mullins	Member
Liz Murrall	Member
Sandra Thompson	Member
Michael Wells	Member
Andrew Death	Observer from The Department for Business, Energy and Industrial Strategy (BEIS)
Joyce Grant	Observer from the Financial Reporting Council (FRC)
Andrew Murray	Alternate Observer from the Bank of England (BoE)

The topics discussed at that meeting, in order of discussion, were:

Welcome and Apologies

The Board noted that Mike Ashley had to leave the meeting at 1:00pm.

Declarations of interest

There were no conflicts of interest declared.

Draft Due Process Handbook – Review of Comments Received

The Board received an update on the comments received from the consultation process for the Draft Due Process Handbook (the "Handbook"), which was published for consultation from 21 February 2022 to 6 June 2022. There were six comment letters from UK stakeholders. The UKEB received additional comments from the Financial Reporting Council (FRC) (the UKEB's oversight body) which are not publicly available but will be shared with Board members.

The Board provided comments on the Secretariat's preliminary assessment of some of the key matters identified from the consultation feedback received on the Handbook and on the Secretariat's proposed drafting amendments.

The Board will continue its discussions on the key matters identified from the consultation

feedback at its next meeting in September 2022. It was noted that the publication of the final version of the Handbook remains on schedule and currently planned for mid-November 2022.

Ongoing Monitoring of IASB Projects

Other Topics

The Board considered updates on a number of IASB projects monitored by the Secretariat, which included:

- Primary Financial Statements – the Board noted the five topics identified for targeted outreach and agreed that the UKEB should support outreach initiatives led by the IASB.
- Business Combinations under Common Control – the Board noted that practical considerations relating to the selection of the measurement methods for BCUCCs should be considered by the UKEB when more information is available on this.
- Contractual Cash Flow Characteristics of Financial Assets (Amendments to IFRS 9) and Post Implementation Review (PIR) of IFRS 9 – latest ASAF discussions focused on proposed standard setting projects to clarify the treatment of ESG-related features and contractually linked instruments, and certain detailed application questions. The UKEB's response was that it was supportive of the standard setting project, however it was not aware of any significant diversity in practice in the UK relating to the detailed application questions.
- Subsidiaries without Public Accountability: Disclosures – the IASB has decided to proceed with the project and will discuss remaining issues in Q4 2022.
- Non-Current Liabilities with Covenants – the Board noted the details relating to the tentative decisions made by the IASB on redeliberating the proposals in light of the feedback it has received. Many of the decisions align with the UKEB recommendations. The amendments were expected to be issued in Q4 2022.
- Supplier Finance Arrangements – further details of the IASB's feedback analysis on its proposed amendments would be brought back to the Board at its meeting in September 2022.
- Financial Instruments with Characteristics of Equity (FICE) – the IASB's discussions in June 2022 on the topic of reclassifications between financial liabilities and equity focused on changes in the substance of contractual terms when there was no modification to the contract. The Board noted the potential value of conducting targeted outreach with UK stakeholders on the issues being discussed by the IASB.
- Equity Method Project – the Board discussed the IASB's preferred and alternative approaches to applying the equity method of accounting, along with its implications.

ISSB Exposure Drafts – Final Comment Letter

The Board considered the UKEB's Final Comment Letter on the International Sustainability Standards Board's (ISSB) Exposure Drafts (EDs) IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate Related Disclosures*, Feedback Statement, and Draft Due Process Compliance Statement.

It was noted that the scope of the Final Comment Letter related to the potential overlap

between the IASB and the ISSB standards for [draft] IFRS S1 and [draft] IFRS S2. The Letter included the findings from extensive stakeholder outreach. The Board noted that stakeholders have consistently communicated their enthusiasm for the work of the ISSB and appeared very keen to engage with the UKEB project and encourage the ISSB to establish a globally consistent baseline for sustainability disclosures standards.

The Board considered specific and detailed feedback on [draft] IFRS S1 and [draft] IFRS S2 respectively, within the Final Comment Letter. The Board approved the Final Comment Letter, subject to the suggested amendments from the Board and final approval by the Chair.

The Board considered and approved the Feedback Statement, subject to minor amendments. The Board also considered the Draft Due Process Compliance Statement and noted that the final draft will be presented at its next meeting in September 2022.

Research Project on Intangibles – Update

The Board considered an update on the research project on intangibles. It was noted that the UKEB Secretariat has been working on a report into stakeholder views on accounting intangibles, drawing mainly on qualitative research from interviews with stakeholders and supporting key literature.

It was noted that one of the key findings to date was that stakeholders are looking for a substantial change to accounting for intangibles from IAS 38 *Intangible Assets*, with the objective of providing greater recognition of, and enhanced information about, intangible items.

Following the approval of the Project Implementation Plan (PIP) at the Board's May meeting, the UKEB Secretariat has increased the number of stakeholder interviews conducted, which has allowed for greater engagement particularly with users of financial statements. This has meant that there has been a substantial increase in the data requiring analysis. Therefore, the Board agreed an amended PIP that adjusted the timeline to allow greater time to complete the research. It was noted that this should not impact the UKEB's ability to influence on the IASB project. The amended PIP also included minor clarifications.

Draft Report: Subsequent Measurement of Goodwill: A Hybrid Model

The Board considered the Draft Research Report on the Subsequent Measurement of Goodwill: A Hybrid Model. The Board also considered a high-level promotional plan on how to publicise the final report.

It was noted that timelines on the project are constrained as the IASB is expected to discuss this in Q4 2022 and potentially make a decision at that stage. There is a high level of interest in this area from national standard setters, including EFRAG. The UKEB has secured a slot at the ASAF's September 2022 meeting to present the report. It was noted that the UKEB Secretariat is currently updating the report to include feedback from investors.

The Board provided its comments and proposed amendments to the draft report. The Board was updated on the next steps and it was noted that the paper would be finalised in July/August. The final draft report would be presented to the Board at its September 2022 meeting, with the intention to publish the final version immediately after.

Any other business

There was no other business discussed.

The meeting ended at 2:55pm.