

Minutes of the UKEB's Public Meeting held on 28 June 2024 at 10:00 hrs at 125 London Wall, London EC2Y 5AS

The UKEB met for the public meeting on 28 June 2024. The recording of the meeting and the agenda papers have been made available on the UKEB's website.

PRESENT:

Name	Designation
Pauline Wallace	Chair
Amir Amel-Zadeh	Member
Mike Ashley	Member
Phil Aspin	Member
Tony Clifford	Member
Katherine Coates	Member
Owen Glaysher	Member
Edward Knapp	Member
Paul Lee	Member
Giles Mullins	Member
Liz Murrall	Member
Sandra Thompson	Member (items 6, 7, 9 and 10)
Michael Wells	Member
Mike Ashby	Observer from the Department for Business and Trade (DBT)
Mark Chandler	Observer from HM Revenue and Customs (HMRC)
Andrew Murray	Observer from the Bank of England (BoE)
Alexander Owen	Observer from the Financial Reporting Council (FRC/CRR)
Lee Pillar	Observer from the Financial Conduct Authority (FCA)

1. Welcome and Apologies

- a) The Chair noted that the meeting was being recorded and the recording would be published on the UKEB website after the meeting.
- b) The Board noted apologies from Robin Cohen. Sandra Thompson joined the meeting at 11:20 hrs (from item 6).

2. Declarations of Interest

- a) The Board noted the following declaration:
 - i. Phil Aspin's employer is involved in rate-regulated activities.

3. Administrative Matters

- b) The Board approved the minutes of the previous meeting held on 24 May 2024 for publication on the website, subject to minor amendments. **(Decision)**

Endorsement and Adoption

4. Amendments to the Classification and Measurement of Financial Instruments – Project Initiation Plan

- a) The Board considered a draft Project Initiation Plan (PIP) to assess whether to adopt, for use in the UK, Amendments to IFRS 9 and IFRS 7: *Amendments to the Classification and Measurement of Financial Instruments (Amendments)* issued by the International Accounting Standards Board (IASB) in May 2024. The amendments include changes and clarifications to the recognition and derecognition requirements of IFRS 9; the classification requirements of IFRS 9, and a limited number of disclosures in IFRS 7.
- b) The Board discussed the proposed project timeline included in the PIP that would mean the UKEB would decide on whether to adopt the Amendments in April 2025. It was noted that this timeline would support UK companies with June interim reporting periods, if they wish to early adopt the Amendments.
- c) There was a discussion on the proposed level of stakeholder outreach, including the proportionality analysis documented in the PIP. The Board concluded that the proposed level of engagement was appropriate for this project. The Board requested an amendment to the PIP to clarify the channels to be used to raise awareness of the Draft Endorsement Criteria Assessment.
- d) The Board approved the PIP and the timeline presented therein. **(Decision)**

Influencing

5. Updating the Subsidiaries without Public Accountability: Disclosures Standard – Project Initiation Plan

- a) The Board considered the draft Project Initiation Plan (PIP) for the project to respond to the IASB's forthcoming Exposure Draft Amendments to IFRS 19 *Subsidiaries without Public Accountability: Disclosures* (the 'catch-up' ED). The IASB is expected to issue its catch-up ED during July 2024, with an expected comment deadline in late November 2024. The catch-up ED is expected to propose reductions to the disclosure requirements in new or amended IFRS Accounting Standards issued or exposed between 28 February 2021 and May 2024.

- b) The Board noted that the UKEB project team has commenced outreach activities with various UKEB Advisory Groups.
- c) The Board noted a potential misalignment between the IASB's likely comment deadline and the timing of UKEB Board meetings. The Board discussed two options regarding the timeline for approval of its Draft Comment Letter (DCL) and the Final Comment Letter (FCL). The Board agreed that the DCL should be presented at the meeting on 19 September 2024 and the FCL at the meeting on 28 November 2024. **(Decision)**
- d) The Board approved the PIP. **(Decision)**

Ongoing Monitoring of IASB Projects

6. IASB General Update

- a) The Board noted updates on various projects being considered by the IASB: Financial Instruments with Characteristics of Equity; Rate-regulated Activities; Post-implementation Review of IFRS 9 – Impairment; Post-implementation Review of IFRS 15 *Revenue from Contracts with Customers*; and a list of IASB projects.

Provisions – Targeted Improvements

- b) The Board considered the IASB tentative decisions on potential amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.
- c) The Board discussed the proposed clarification to the requirements for the 'present obligation recognition criterion' which would introduce three conditions: a strength condition – where the entity had an obligation (legal or constructive) that it had no practical ability to avoid; a nature condition – the obligation to transfer an economic resource; and a timing condition – a present obligation that existed as a result of a past event. Overall, the Board welcomed the IASB's efforts to clarify the existing requirements in IAS 37.
- d) The Board noted the IASB's proposal to withdraw IFRIC 21 *Levies* and replace it with guidance on the obligations to transfer an economic resource subject to certain conditions or thresholds. Board members noted some concerns and the risk of potential unintended consequences. The Board highlighted the importance of illustrative examples that are complex enough to test the robustness of the IASB's proposals, and suggested the IASB should include them in its exposure draft.
- e) The Board noted the IASB's tentative decision to propose additional clarifications and to add specific disclosure requirements to discount rates. In discussion there were mixed views as to whether discount rates should exclude non-performance risk.

Intangibles

- f) Board members were asked to provide initial comments on the scope considerations for the IASB's intangibles project. Board members made the following points during the discussion:
- i. The line between tangible and intangible assets is becoming increasingly difficult to define.
 - ii. There are two important characteristics that will need to be considered when classifying and accounting for intangible assets – the purpose for which they are held, and their nature.
 - iii. Stewardship remains an important element of accounting and should be part of the considerations.
 - iv. There is an issue regarding comparability with respect to acquired intangible assets versus those which are internally generated.
- g) IAS 38 *Intangible Assets* as it is currently structured might not be the best place to deal with some types of intangible assets such as cryptoassets and carbon certificates – these have a ready market and are often held for investment.
- h) The Board discussed three potential approaches outlined by the IASB to undertake the intangibles project: an All-in-One Approach; an Early Evaluation Approach; and a Phased Approach:
- i. Board members were of the view that a hybrid between the Early Evaluation and the Phased approaches seemed appropriate, given the research UKEB had already undertaken and stakeholder views.
 - ii. The initial IASB consultation should be broad, with subjects and areas identified and then addressed in a prioritised, and sensible, order.
 - iii. It is not clear that a 'disclosure first' phased approach would be best, because recognition and measurement are so linked to disclosure.
 - iv. The project should be principles-based rather than aiming to produce a suite of standards for each type of asset, as this would not be "future-proof".

Climate-related matters

- i) The Board noted the update on the IASB project *Climate-related and Other Uncertainties in the Financial Statements* (CROUFS) and Pollutant Pricing Mechanisms (PPMs) which would be discussed at the July 2024 Accounting Standards Advisory Forum (ASAF) meeting.

- j) The Board considered the ASAF questions. Board members noted that consideration should be given to reducing optionality in accounting standards and that the purpose of accounting standards was not to encourage or discourage certain activities.

Interpretations Committee Update

- k) The Board agreed that UKEB would not undertake any further work on the IFRS Interpretation Committee's tentative agenda decision on *the Classification of Cash Flows related to Variation Margin Calls on 'Collateralised-to-Market' Contracts*. **(Decision)**

7. Advisory Groups Update

- a) The Board received an update from the chairs of various UKEB advisory groups and an overview of discussions at recent meetings for which the minutes had yet to be published.

Connectivity

8. Technical Advisory Committee Update

- a) The Board noted the update following the UK Sustainability Disclosure Technical Advisory Committee (TAC) meetings held in May and June 2024.
- b) There were three areas of importance discussed in relation to connectivity at the June meeting. These related to the location and timing of sustainability disclosures, consideration of the concept of control for consolidation purposes, and the treatment of confidential information.
- c) The TAC also looked at potential inconsistencies and priorities between IFRS S1 and S2 in the context of the timeframe of financial reporting. It was observed that it would be impossible to report on greenhouse gas emissions the same financial reporting period as the information would be unavailable. It was noted that there was concern already around the increasing number of disclosures in the annual report and accounts.

9. Items for Noting

- a) The Board noted the following paper:
 - i. Sustainability Update.

10. Any other business

- a) There was no other business discussed.

The meeting ended at 12:55 hrs.