

Minutes of the UKEB's Public Meeting held on 18 July 2024 at 10:02 hrs at 125 London Wall, London EC2Y 5AS

The UKEB met for the public meeting on 18 July 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
Tony Clifford	Member
Katherine Coates	Member
Robin Cohen	Member
Owen Glaysher	Member
Edward Knapp	Member
Paul Lee	Member
Giles Mullins	Member
Liz Murrall	Member
Sandra Thompson	Member
Michael Wells	Member
Daniel Makevic	Observer from the Department for Business and Trade (DBT)
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)
Jessica Stoll	Observer from HM Revenue and Customs (HMRC)

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) With regards to agenda item 6 of this meeting, the Board received an education session on Climate-related and Other Uncertainties in the Financial Statements before the meeting.
- c) The Board noted apologies from Phil Aspin.

2. Declarations of Interest

- a) There were no declarations of interest.

3. Administrative Matters

- a) The Board approved the minutes of the previous meeting held on 28 June 2024 for publication on the website, subject to minor amendments. **(Decision)**

Endorsement and Adoption

4. Rate-regulated Activities

Draft letter to the International Accounting Standards Board

- a) The Board considered the draft letter to the International Accounting Standards Board (IASB), that outlined the UKEB's views on certain aspects of the forthcoming standard on regulated assets and regulated liabilities.
- b) The Board agreed that the letter should explicitly state that the Board has discussed but not yet reached any conclusions on the viability of the UKEB Secretariat's top-down approach included in the consolidated report, which will be attached to the letter.
- c) The Board approved the draft letter for submission to the IASB subject to the amendments suggested during the meeting and final approval by the Chair. **(Decision)**

Consolidated report on the UKEB Secretariat's top-down approach

- d) The Board considered the draft report to be enclosed with the letter to the IASB. The report outlined the UKEB Secretariat's work on the top-down approach to address the IASB's current proposals on certain aspects of the accounting by rate-regulated entities with no direct relationship between their regulatory capital base and property, plant and equipment.
- e) The Board approved the inclusion of this report with the letter, subject to addressing the comments from Board members and approval by the Chair. **(Decision)**

Influencing

5. Exposure Draft *Business Combinations – Disclosures, Goodwill and Impairment (Proposed Amendments to IFRS 3 and IAS 36)* – Final Comment Letter

Final Comment Letter

- a) The Board considered its Final Comment Letter (FCL) in response to the IASB's Exposure Draft *Business Combinations – Disclosures, Goodwill and Impairment (Proposed Amendments to IFRS 3 and IAS 36)* (the ED). The ED

proposes new disclosure requirements in IFRS 3 *Business Combinations* and changes to the impairment test in IAS 36 *Impairment of Assets*.

- b) The Board noted that feedback received since the publication of UKEB's Draft Comment Letter (DCL) has resulted in some minor proposed changes to the FCL. The key change highlighted was the recommendation that the IASB clarify that quantitative information on expected synergies should not be developed only for inclusion in financial statements and should only be required to be disclosed where expected synergies were used to assess the purchase price paid, since there may be drivers other than synergies for an acquisition.
- c) The Board discussed the use of the seriously prejudicial exemption and suggested that reference be made in the covering letter to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.
- d) Subject to addressing the suggested amendments during the meeting and final approval by the Chair, the Board approved the FCL for issue to the IASB and publication on the UKEB website. **(Decision)**

Feedback Statement

- e) The Board noted that the suggested amendments made to the FCL should be incorporated into the Feedback Statement. Subject to these changes, the Board approved the Feedback Statement for publication on the UKEB website. **(Decision)**

Due Process Compliance Statement (DPCS)

- f) The Board noted the Due Process Compliance Statement, and that the final version will be presented at the September 2024 Board meeting.

6. Climate-related and Other Uncertainties in the Financial Statements – Draft Project Initiation Plan

- a) The Board considered a draft Project Initiation Plan to influence the IASB's forthcoming Exposure Draft (ED) to improve the reporting of Climate-related and Other Uncertainties in the Financial Statements (CROUFS).
- b) The ED was anticipated by the end of July 2024 and was likely to explore targeted actions to improve reporting of CROUFS by means of illustrative examples on how an entity can apply IFRS Accounting Standards to report their effects in the financial statements. It was noted that the IASB had advised that the ED is not intended to develop an accounting standard on climate related risks, broaden the objective of financial statements, change the definitions of assets or liabilities, or develop accounting requirements for Pollutant Pricing Mechanisms. The IASB may consider standard setting, but this would be dependent on feedback received on the ED.

- c) The Board noted that, while illustrative examples were not in scope for adoption in the UK, they were likely to have a wide-ranging effect on how climate related matters are disclosed in financial statements.
- d) The Board requested that, in addition to seeking feedback on the illustrative examples included in the ED, the Secretariat should also seek feedback on any wider strategic areas of interest to stakeholders, such as connectivity with accounting standards. The Board also noted that, due to timing of the IASB and UKEB meetings, a request for a limited extension to the IASB comment period deadline may be necessary.
- e) The Board approved the draft PIP subject its comments. **(Decision)**

Ongoing Monitoring of IASB Projects

7. IASB General Update

- a) The Board noted updates on various projects being considered by the IASB: Provisions – Targeted Improvements, Climate-related Matters; Equity Method; and Post-implementation Review of IFRS 16 *Leases*. The Board also noted an update on the IASB Work Plan.

Provisions – Targeted Improvements

- b) The Board noted the IASB's tentative decisions made in June 2024 on the Provisions – Targeted Improvements project. The current scope of IAS 37 (*Provisions, Contingent Liabilities and Contingent Assets*) will be retained instead of explicitly widening it to include levies whose timing and amount are certain. The tentative decisions also included consequential amendments to IFRS 19 (*Subsidiaries without Public Accountability: Disclosures*) and to IFRS 3 (*Conceptual Framework for Financial Reporting*). An entity will be required to apply the proposed amendments retrospectively, subject to two exceptions. The IASB plans to publish an exposure draft in Q4 2024 with a 120-day comment period.

Interpretations Committee Update

- c) The Board agreed that the UKEB would not undertake any further work on the matters under consideration by the Interpretations Committee in relation to (i) recognition of revenue from tuition fees, and (ii) accounting for corporate guarantee contracts issued by the investor entity in relation to obligations of its joint venture in its separate financial statements. **(Decision)**

IASB Work Plan

- d) The Board noted the list of IASB Projects.
- e) Consideration was given to the IASB's pipeline project on statement of cash flows and related matters and whether the UKEB should commence research in this area, subject to resource constraints. Consideration was also given to the

potential timing for an education session for the Board on dynamic risk management.

8. 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

9. Technical Advisory Committee Update

- a) The Board noted a verbal update by the member representing the UKEB at the UK Sustainability Disclosure Technical Advisory Committee (TAC) meeting held on 15 July 2024. The TAC had discussed materiality; sustainability related-risks and opportunities; sources of guidance; and value chain requirements for IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*. No decisions were taken at the meeting.

10. Items for Noting

- a) The Board noted the following papers:
 - i. Sustainability Update.
 - ii. Due Process Compliance Statement: Lack of Exchangeability (Amendments to IAS 21)

11. Any other business

- a) There was no other business.

The meeting ended at 12:45 hrs.