

# Minutes of the UKEB’s Public Meeting held remotely on 14 December 2022 at 10:00 hrs via MS Teams

The UKEB met remotely for the public meeting on 14 December 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
Amir Amel-Zadeh	Member
Mike Ashley	Member
Phil Aspin	Member
Kathryn Cearns	Member
Katherine Coates	Member
Robin Cohen	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 & Industrial Strategy (BEIS)
Joyce Grant	Observer from the Financial Reporting Council (FRC/CRR)
Richard Cannon	Observer from His Majesty’s Revenue and Customs (HMRC)
Lee Piller	Observer from the Financial Conduct Authority (FCA)

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

## Welcome and Apologies

The Chair noted that the meeting was being recorded and the recording would be published on the UKEB website after the meeting.

The Board noted apologies from Edward Knapp. Mike Ashley left the meeting at 12:30 hrs.

## Declarations of Interest

The Board noted the following declarations of interest:

- Phil Aspin’s employer carries out rate-regulated activities.

## **Administrative Matters**

The Board approved the minutes of the last meeting on 17 November 2022.

### ***Lease Liability in a Sale and Leaseback: narrow-scope amendments to IFRS 16*–Draft Endorsement Criteria Assessment**

The Board considered (1) the [Draft] Endorsement Criteria Assessment (DECA) for the narrow-scope amendment *Lease Liability in a Sale and Leaseback* – Amendments to IFRS 16; and (2) the DECA – Invitation to Comment.

The Board noted that the amendments add subsequent measurement requirements for sale and leaseback transactions to IFRS 16 *Leases*. The conclusion in the DECA is that the amendments meet the statutory endorsement criteria and that they will be adopted for use in the UK. The Board considered the contents of the DECA and made various suggestions and comments particularly to clarify some wording; these included areas such as highlighting that a negligible number of entities are expected to be impacted by the amendments, and clarification of the section addressing the true and fair view principle.

The Board approved the publication of the DECA, subject to the comments and suggestions from the Board during the meeting.

The Board received an update on the next steps and noted that the DECA would be published for stakeholder comments on 5 January 2023 for a period of 90 days. A summary of stakeholder feedback will be presented to the Board at the April 2023 meeting. The final adoption package will be presented at the May 2023 meeting.

### **Economic impact assessment of narrow-scope amendments – survey**

The Board had previously agreed an approach to help streamline the economic impact assessment work on the adoption of narrow-scope amendments, which included a survey of costs incurred by stakeholders on implementation of previous narrow-scope amendments. At this meeting, an updated draft of a survey questionnaire was considered by the Board; it had been updated in line with discussion at a previous Board meeting. It was noted that the survey had been piloted with three preparers from the UKEB Preparers Advisory Group (PAG) and updated for their feedback.

Several Board members expressed concern about the effectiveness of the proposed survey and suggested that further work was required. The Board agreed to defer approval to launch the survey pending further consideration by staff.

## **Ongoing Monitoring of IASB Projects**

### ***IASB General Update***

The Board considered various updates on IASB projects that the Secretariat team had been monitoring, including the work of the IFRS Interpretations Committee. The topics identified for discussion were as follows:

- a) Amendments to the Classification and Measurement of Financial Instruments – the IASB continued its discussions of proposed amendments to IFRS 9 *Financial*

*Instruments* and IFRS 7 *Financial Instruments: Disclosures*. The IASB aimed to publish the Exposure Draft on this project in Q2 2023.

- b) Supplier Finance Arrangements – the IASB had decided on how to proceed with the project *Supplier Finance Arrangements: Proposed amendments to IAS 7 and IFRS 7*. The UKEB welcomed the narrow-scope project as a means of providing an urgent solution to stakeholder needs.
- c) Subsidiaries without Public Accountability – the IASB had considered the remaining aspects of the scope of the proposed standard, particularly the eligibility criteria.
- d) Business Combinations under Common Control – the IASB had moved away from their previous approach of considering a conceptual answer to measurement techniques, and would be considering both conceptual and practical issues holistically.

The Board considered the other topics for noting in the paper. One topic related to a new IASB project on international tax reform, which would have an accelerated timetable. Stakeholder concerns have been expressed to the IASB regarding accounting for the impact of the reform on income tax under IAS 12. It was noted that this will be a complex topic and further information would be presented to the Board in due course.

## Ongoing Monitoring of ISSB Projects

### ***Interconnectivity between financial and sustainability reporting – paper for IFASS***

The Board considered a staff paper on Interconnectivity between financial and sustainability reporting for discussion with global National Standard Setters (NSS) at the International Forum for Accounting Standard Setters (IFASS).

IFASS had approached the UKEB Secretariat and requested a paper to be presented on this topic at the IFASS meeting in January 2023. The paper was to be aimed at starting a conversation with other standard setters about the relevant issues relating to connectivity and alignment between sustainability disclosures and financial reporting. As the Board had not commenced its discussions on interconnectivity between financial and sustainability matters, the paper only presented a Secretariat view. However, the team sought the Board's advice on the content of the paper and whether it agreed that the paper could be presented to IFASS. The Board provided comments on the themes covered in the paper and encouraged the Secretariat to present the paper at IFASS.

It was noted that this matter would be brought back to the Board for consideration at future meetings, including an update on the feedback received on the paper.

### ***ISSB General Update***

The Board considered an update on the ISSB's current projects and activities. The following key points were noted from the ISSB's November 2022 meeting:

- a) The ISSB tentatively agreed to amend requirements in IFRS S1 relating to a misalignment with IAS 8, particularly in relation to requirements to disclose comparative information that reflects updated estimates.
- b) The ISSB also discussed proposed requirements in IFRS S1 relating to users being able to assess connections between sustainability risks and how those relate to

information in the financial statements. Recommendations will be developed to address these areas.

- c) The ISSB considered the timings of reporting and agreed to include a requirement for an entity to report its sustainability-related financial disclosures at the same time as its related financial statement, including the introduction of short-term transitional relief.
- d) The ISSB will discuss its consultation on agenda priorities and development of its workplan at its December 2022 meeting. Connectivity in reporting was included in the staff paper as an item for discussion, with the expectation that it would be a joint project between the IASB and ISSB.

The Board noted various other updates regarding international developments on sustainability standards.

## **Thought Leadership**

### ***Draft Report: Intangibles Qualitative Research***

The Board considered the full draft of the report of the UKEB's Qualitative Research Project on Intangibles. The report incorporated the feedback received from the Board on sections of the report at previous meetings. The Board also considered a preliminary stakeholder engagement strategy.

The Board provided comments and feedback, particularly in relation to the structure of the report, terminology and wording, and drawing out key themes within the report's findings. Comments included further clarifying sections relating to the existence of an asset and recognition of an asset in the context of intangibles, and drawing out perspectives from the various stakeholder groups, particularly investor views.

The Board agreed an extension to the timeline for finalisation, so that the final version of the report would be presented to the Board at its February 2023 meeting, incorporating the amendments proposed during the meeting.

## **UKEB Set-up**

### ***Approval of Due Process Handbook – Feedback Statement***

The Board approved the Feedback Statement for the Due Process Handbook.

## **Item for Noting**

### ***Due Process Compliance Statement – 2021 NSA Amendments***

The Board noted the final version of the Due Process Compliance Statement – 2021 NSA Amendments.

The meeting ended at 15:05 hrs.