

Minutes of the UKEB's Public Meeting held on 18 May 2023 at 10:00 hrs at 125 London Wall, London EC2Y 5AS

The UKEB met for the public meeting on 18 May 2023. 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 |
| Kathryn Cearns | Member |
| Katherine Coates | Member |
| Robin Cohen | Member |
| Edward Knapp | Member |
| Paul Lee | Member |
| Giles Mullins | Member |
| Liz Murrall | Member |
| Sandra Thompson | Member |
| Michael Wells | Member |
| Andrew Death | Observer from the Department for Business and Trade (DBT) |
| Chris Haworth | Observer from His Majesty's Revenue and Customs (HMRC) |
| Joyce Grant | Observer from the Financial Reporting Council (FRC/CRR) |
| Andrew Murray | Observer from the Bank of England (BoE) |
| Lee Piller | 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 the passing of Ian Mackintosh, former Vice-Chair of the International Accounting Standards Board (IASB) and former Chair of the UK Accounting Standards Board, and extended its condolences to his family and friends.
- c) The Board noted apologies from Phil Aspin. Amir Amel-Zadeh joined the meeting at 11:30 hrs (item 6). Sandra Thompson stepped out of meeting at 10:50 (item 5) and returned at 13:10 hrs (item 9). Edward Knapp left the meeting at 12:30 hrs (Item 8).

2. Declarations of Interest

- a) The Board noted the following declarations of interest:
 - Michael Wells' spouse holds shares in IAG (International Airlines Group) and Rolls Royce.
 - Robin Cohen is a member of a Competition and Markets Authority (CMA) panel that considers adjudications on regulatory price appeals.

3. Administrative Matters

- a) The Board approved the minutes of the last meeting on 27 April 2023 for publication on the website, subject to some minor amendments. **(Decision)**

Endorsement and Adoption

4. Supplier Finance Arrangements – Project Initiation Plan

- a) The Board considered the draft Project Initiation Plan (PIP) for the project to consider the International Accounting Standards Board (IASB)'s narrow-scope amendments *Supplier Finance Arrangements* (Amendments to IAS 7 and IFRS 7) ('the Amendments') for adoption for use in the UK.
- b) The Board noted that the Amendments were expected to be issued by the IASB in May 2023, with an effective date of 1 January 2024. It was noted that the plan was being presented ahead of the IASB's publication of the Amendments to ensure that the adoption package could be presented to the Board at its November 2023 meeting.
- c) The Board noted that the IASB had decided to accelerate the timeline for these Amendments, bringing forward the effective date by 12 months. The UKEB endorsement and adoption project plan took account of this accelerated timeline. The Board noted the next steps and that the Draft Endorsement Criteria Assessment (DECA) would be presented at its July 2023 meeting.
- d) The Board approved the PIP. **(Decision)**

Influencing

5. IFRS 9 Amendments to Classification & Measurement – Draft Comment Letter

- a) The Board considered the Draft Comment Letter (DCL) and the accompanying invitation to comment questions on the International Accounting Standards Board's (IASB) Exposure Draft (ED) *Amendments to the Classification and Measurement of Financial Instruments: Proposed Amendments to IFRS 9 and IFRS 7*. The Board noted that outreach was ongoing and any additional relevant findings would be included in the final comment letter.

- b) The Board considered two options for the UKEB's approach to its feedback in the DCL regarding some of the key issues identified in the IASB proposals:
 - i. Option 1 – to have a small number of critical changes made to the standard that would be sufficient to allow stakeholders to arrive at a common interpretation of the requirements. This would avoid delaying the process.
 - ii. Option 2 – to undertake a redraft of the proposals to provide greater clarity over underlying principles. This would delay the project and risk potential consequences of a wider re-opening of the standard, but may result in a more robust standard that can withstand further future developments.
- c) The Board agreed with the approach described under option 1 of the paper. The Board decided that the DCL should recommend a small number of critical changes to the standard that would be sufficient to allow stakeholders to arrive at a common interpretation of the requirements. However, it should be highlighted that this approach may require the IASB to make subsequent amendments for future market developments. **(Decision)**
- d) The Board discussed matters within the IASB proposals relating to accounting for liabilities settled through electronic payment systems and the classification of financial instruments; the discussions focused on how these would be reflected in company accounts.
- e) The Board approved the DCL and Draft Invitation to Comment, subject to comments and final sign-off by the Chair. **(Decision)**

Ongoing Monitoring of IASB Projects

6. IASB General Update

- a) The Board considered recent IASB projects currently monitored by the UKEB Secretariat. The topics presented in the paper were for noting only. The Board discussed the topic in relation to accounting for provisions. The IASB had considered potential changes to IAS 37 Provisions, Contingent Liabilities and Contingent Assets. It was noted that, if the changes were made, the resulting clarifications would be likely to be generally helpful. However, the IASB has not yet made any tentative decisions on this matter and further consideration of any proposed amendments to IAS 37 would be necessary.

Ongoing Monitoring of ISSB Projects

7. Update on Analysis of 2022 Annual Reports

- b) The Board considered the second update on the research work analysing connectivity between sustainability disclosure standards and accounting standards. It was noted that the objective of the research was to understand

the current landscape in the UK regarding connectivity between sustainability and financial reporting. Individual entities had not been identified as the aim was not to judge the state of reporting nor to comment on areas of improvement for individual entities.

- c) The Board noted that the full report would be presented at its June 2023 meeting.

8. Connectivity – UKEB Staff Paper Fair Value

- a) The Board considered the staff paper on potential connectivity issues between Sustainability Disclosure Standards and Accounting Standards: Fair Value Measurement. This was the third staff paper in a series of preparatory papers for Board discussion ahead of the International Sustainability Standards Board (ISSB) Request for Information (RfI).
- b) The objective of the paper was to highlight any connectivity issues that have been identified from the deep dive work undertaken by the Secretariat team. The Board noted the connectivity issues in relation to accounting for fair value. It was noted that the issues were not as significant as those highlighted by the previous deep dive papers in the series.

9. ISSB RFI – Project Initiation Plan

- a) The Board considered the Draft Project Initiation Plan (PIP) for the response to the ISSB RfI. The objective of the RfI was to seek feedback on the ISSB's workplan for the next two years.
- b) The Board discussed the approach for outreach. The Board noted the timelines of the project and the approach in the PIP, particularly noting that the ISSB's consultation period would close on 1 September 2023. It was noted that this may cause challenges in relation to the availability of UKEB stakeholders as the consultation period ran through the summer holidays.
- c) The Board discussed various options regarding the timeline for its approval of the Final Comment Letter for the ISSB RfI and agreed that this should be considered at the one-hour ad hoc Board meeting on 2 August 2023. **(Decision)**
- d) The Board approved the ISSB RFI PIP, subject to its comments being addressed. **(Decision)**

10. Items for Noting

- a) The Board noted the following papers:
 - i. ISSB General Update
 - ii. Climate-related Matters: Updated Project Initiation Plan – the updated PIP was amended to reflect the discussions at the April 2023 meeting.

11. Any other business

- a) There was no other business discussed.

The meeting ended at 13:45 hrs.