

Minutes of the UKEB's Public Meeting held on 19 October 2023 at 10:10 hrs at 125 London Wall, London EC2Y 5AS

The UKEB met for the public meeting on 19 October 2023. 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
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 apologies from Phil Aspin (UKEB Member). Paul Lee joined the meeting at 11:35.

2. Declarations of Interest

- a) There were no declarations of interest.

3. Administrative Matters

- a) The Board approved the minutes of the last meeting on 21 September 2023 for publication on the website. **(Decision)**

Influencing

4. Annual Improvements – Project Initiation Plan & Draft Comment Letter

- a) The Board considered the draft Project Initiation Plan (PIP), Draft Comment Letter (DCL) and Invitation to Comment for the International Accounting Standards Board (IASB) Exposure Draft (ED) *Annual Improvements to IFRS Accounting Standards – Volume 11*.
- b) The Board noted the eight amendments that are included in the IASB's Annual Improvements cycle. The UKEB had undertaken desk-based research on the amendments and carried out outreach with relevant stakeholders for feedback. It was noted that the amendments should not cause a change in accounting principles or introduce new accounting principles.
- c) The Board considered the draft PIP, including two options for the consultation period for the DCL: (1) a shorter 14-day period; and (2) a longer 30-day period. The Board agreed that the DCL should be published for a 30-day consultation period to ensure sufficient time for stakeholders to provide feedback. **(Decision)**
- d) Board noted the consequence of this agreed timeline is that the Final Comment Letter would not be ready in time for consideration at the UKEB November 2023 meeting and would instead be considered at its December 2023 meeting. The Board noted that this would also result in a slight delay to the submission of the FCL to the IASB. However, the Board agreed that it was important for stakeholders to be given sufficient time to provide their input.
- e) The Board approved for publication the draft PIP, DCL and Invitation to Comment. **(Decision)**

5. Financial Instruments with Characteristics of Equity – Project Initiation Plan

- a) The Board considered the draft Project Initiation Plan (PIP) on the IASB's proposed Amendments *Financial Instruments with Characteristics of Equity* to IAS 32 *Financial Instruments: Presentation* ("the Amendments"), which are expected to be published by the IASB in November 2023.
- b) The Board considered two options for the publication timeline of the Draft Comment Letter (DCL): (1) publication in January 2024 for a 30-day consultation period; or (2) publication in December 2023 for a 40-day period. The Board agreed to proceed with option 1 to publish the DCL in January 2024. **(Decision)**

- c) The Board discussed the option of potentially adding more time for stakeholders to provide input under option 1 and noted that it would be content to extend the comment period slightly if required.
- d) The Board noted that some stakeholder outreach may be carried out in advance of the publication of the DCL.
- e) The Board approved the PIP. **(Decision)**

6. Post-Implementation Review of IFRS 15 – Final Comment Letter

- a) The Board considered the Final Comment Letter (FCL) on the IASB's Request for Information as part of its Post-implementation Review (PIR) of IFRS 15 *Revenue from Contracts with Customers*.
- b) The Board noted that the UKEB recommendations made in the FCL were largely the same as the original DCL, with the addition of two recommendations: (1) clarifying guidance on the determination of transaction price, specifically in relation to consideration payable to a customer and net negative revenue; and (2) in the context of principal versus agent considerations, elevating paragraph B385H from the Basis of Conclusions to the Standard to highlight the importance of the primary assessment of the transfer of control relevant to the indicators of control which are secondary in the assessment.
- c) The Board also considered two potential options on a recommendation to the IASB to consider a narrow-scope amendment to IFRS 3 Business Combinations regarding the measurement of accounting for contract assets acquired and contract liabilities assumed in a business combination. Making such an amendment would align IFRS 3 with a similar recent amendment to US GAAP made by the FASB. The Board agreed this recommendation should be excluded from the FCL. **(Decision)**
- d) The Board approved the FCL, subject to amendments and final sign-off by the Chair. **(Decision)**
- e) The Board approved the Feedback Statement, subject to amendments to reflect any changes agreed to the FCL, and final sign-off by the Chair. **(Decision)**
- f) The Board approved the [draft] Due Process Compliance Statement (DPCS). **(Decision)**

Ongoing Monitoring of IASB Projects

7. IASB General Update

- a) The Board received an update on various projects being considered by the IASB and the IFRS Interpretations Committee:
 - i. Climate-related and Other Uncertainties in the Financial Statements: The IASB met in September 2023 to discuss the project objectives and

possible standard setting relating to the disclosures of information about estimates. The IASB decided against any further standard setting and instead directed staff to consider exploring additional illustrative examples in relation to connections within the financial statements, the concept of materiality, and the 'catch-all' disclosure requirement of paragraph 31 of IAS 1. The UKEB discussed the matters being submitted to the Interpretations Committee in relation to this project, and raised questions about the implications of those submissions with other live standard setting projects, such as the ongoing project on IAS 37.

- ii. Business Combinations – Disclosures, Goodwill and Impairment: The IASB made its final tentative decisions on this topic in September 2023. The IASB is expected to publish an Exposure Draft (ED) in H1 2024. It was noted that the proposals would potentially impact the disclosure requirements in IFRS 3 *Business Combinations* and the impairment test in IAS 36 *Impairment of Assets*. The Board was provided with a summary of all the relevant IASB tentative agenda decisions to date on this matter for information.
 - iii. Interpretations Committee update: The Board noted that the UKEB had received an IFRS Interpretations Committee request for information on a matter relating to the application of IFRS 8 on the disclosure of revenues and expenses for reportable segments. The Board agreed that the UKEB would not undertake any work on this matter. **(Decision)**
- b) The Board also noted IASB's recent activities in the following areas:
- i. Rate-regulated Activities
 - ii. Equity Method
 - iii. Amendments to IFRS 9 – Classification & Measurement
 - iv. Business Combinations under Common Control
 - v. Subsidiaries without Public Accountability: Disclosures

Thought Leadership

8. Intangibles Survey Update

- a) The Board received an update on the Intangibles Survey for investors, which went live in September 2023 with a deadline of 22 October 2023. The survey was distributed to various investor groups and was also promoted via the UKEB various communication channels. On the day, 26 complete and 5 partial responses had been received. It was noted that this was a good result, particularly from investors. The Board agreed that the survey deadline did not need to be extended and that the Secretariat should commence the analysis of the responses.

9. Items for Noting

- a) The Board noted the following papers:
 - i. Sustainability Update
 - ii. Draft Endorsement Criteria Assessment Supplier Finance Arrangements – Update on feedback received
 - iii. Due Process Compliance Statement: Post-implementation Review of IFRS 9 Impairment

10. Advisory Groups Updates

- a) The Board noted the following updates:
 - i. Rate-regulated Activities Technical Advisory Group (RRA TAG) – the RRA TAG considered at its September 2023 meeting an illustrative example on the type of adjustments that rate-regulated entities would carry out. The RRA TAG plans to include unit of account issues and inflation as topics on its agenda for its December meeting.

11. Any other business

- a) There was no other business discussed.

The meeting ended at 13:45 hrs.