

# Minutes of the UKEB’s Public Meeting held on 26 April 2024 at 10:00 hrs at 125 London Wall, London EC2Y 5AS

The UKEB met for the public meeting on 26 April 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
Robin Cohen	Member
Edward Knapp	Member
Paul Lee	Member
Liz Murrall	Member
Sandra Thompson	Member
Michael Wells	Member
Mark Chandler	Observer from HM Revenue and Customs (HMRC)
Andrew Death	Observer from the Department for Business and Trade (DBT)
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 the following members:
  - i. Owen Glaysher
  - ii. Giles Mullins
- c) Robin Cohen left the meeting after agenda 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

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

## Influencing

### 4. Power Purchase Agreements – Project Initiation Plan

- a) The Board considered a Project Initiation Plan for the influencing phase of the project relating to the IASB's proposed amendments to IFRS 9 *Financial Instruments*.
- b) The Board noted that the IASB was expected to issue an Exposure Draft (ED) setting out its proposed amendments in May 2024, with a shorter than usual 90-day comment period.
- c) The Board noted the project timeline and potential challenges with development of a UKEB comment letter arising due to the interaction between the IASB's timetable and the timing of the UKEB June and July 2024 Board meetings.
- d) The Board considered two options for the timing of the publication of a UKEB Draft Comment Letter (DCL):

**Option one:** If the ED is published by 13 May 2024, consideration of a UKEB DCL at the Board's May 2024 meeting, followed by publication of the DCL for stakeholder comment for a 30-day comment period, and approval of the Final Comment Letter (FCL) at the July 2024 Board meeting. However, if the ED is not published by 13 May 2024, consideration of a UKEB DCL at the UKEB June 2024 meeting, followed by publication for a 30-day comment period, and approval of the FCL at an ad-hoc August 2024 meeting; and

**Option two:** Publication of a UKEB DCL in June 2024 for a 30-day comment period, with the FCL to be approved at an ad-hoc August 2024 Board meeting.

- e) The Board agreed to proceed with option one – publication of a UKEB draft comment letter (DCL) following the Board's May 2024 meeting for a 30-day comment period, with the final comment letter (FCL) to be approved at the July 2024 Board meeting. The Board noted that delays in expected publication by the IASB may mean that the May 2024 Board meeting paper, incorporating the UKEB's proposed DCL, is delivered later than the usual 5 working days in advance (as per paragraph 8.3 of the UKEB Terms of Reference). **(Decision)**

- f) The Board requested that the Secretariat check availability for a short, virtual Board meeting in August 2024 in case it becomes necessary to extend the 30-day comment period. **(Action)**
- g) Subject to its comments and incorporation of the agreed timeline, the Board approved the PIP. **(Decision)**

## **5. Exposure Draft: Business Combinations—Disclosures, Goodwill and Impairment – Initial Technical Paper**

- a) The Board considered some of the key proposals contained in the IASB Exposure Draft *Business Combinations—Disclosures, Goodwill and Impairment* (the 'ED'), including proposed amendments to IFRS 3 *Business Combinations* and IAS 36 *Impairments of Assets*. In addition, the Board considered some initial feedback received from the UKEB Advisory Groups (obtained before the ED was published, based on the IASB tentative decisions).
- b) The Board carefully considered the proposed amendments to IFRS 3. In addition, Board members noted that further consideration was necessary as to how the proposed disclosure requirements compare to the obligations of UK listed companies under the UK listing rules.
- c) The Board discussed the proposed simplifications to the 'value in use' calculation in the impairment test in IAS 36, including the proposal to remove certain restrictions.
- d) The Board noted the potential benefits of joint outreach with both users and preparers together. The Secretariat was asked to consider the feasibility of inviting some preparers to attend the user roundtable scheduled for 7 May.
- e) The Board noted that the Secretariat is planning to present a DCL for discussion and approval at the May 2024 Board meeting. In the meantime, the Secretariat will continue with the planned outreach, incorporating the feedback from the Board meeting.

## **6. Rate-regulated Activities—Update**

- a) The Board received feedback from UKEB's Technical Director's presentation as part of a panel at the International Forum of Accounting Standard Setters (IFASS) April 2024 conference. The key objective was to raise the profile of the UK-specific concerns with the IASB's proposals for recognition of regulatory assets and liabilities for entities undertaking rate regulated activities. The panel discussion focused on:
  - i. The issues identified in the UK context and the UKEB Secretariat's top-down approach proposed to address those concerns.
  - ii. Whether the issues experienced in the UK were prevalent in other jurisdictions and, if so, whether the UKEB Secretariat's proposed top-

down approach would address the needs of the entities in those jurisdictions. A number of other jurisdictions had indicated that they may have similar issues to the UK and had committed to considering the UKEB Secretariat's proposals.

- iii. Whether the IASB should consider further field testing of its proposed standard. It was noted that IFASS members were supportive of this.
- b) The Board considered the paper including feedback to-date relating to the top-down approach for recognition of regulatory assets and liabilities for entities undertaking rate regulated activities.
- c) The Board considered the key questions the UKEB Secretariat plan to address and present to the Board to help further develop the approach. together with the timeline attached. Board members agreed that the questions highlighted in the paper were ones they would like prioritised. Board members also noted that unit of account is a key consideration, whilst others requested an earlier consideration of the questions related to measurement.
- d) During discussion, the Board also requested further education sessions on the topic as discussions progress.
- e) The Board supported the general direction of the top-down approach proposed by the Secretariat to the recognition of timing differences that are reflected in the regulatory capital base (RCB) for entities that have no direct relationship between property, plant and equipment (PPE) and RCB. The Board confirmed that it agreed with the set of questions to be analysed, together with the expected timeline to further develop the top-down approach. **(Decision)**

## Ongoing Monitoring of IASB Projects

### 7. IASB General Update

- a) The Board noted updates on various projects being considered by the IASB:

#### **Rate-regulated Activities**

- b) The Board noted the next steps, namely that the IASB would continue its redeliberations on the feedback received on the Exposure Draft at future meetings.

#### **Updating the Subsidiaries without Public Accountability: Disclosures Standard**

- c) The Board considered an update on the IASB's discussions at its March 2024 meeting for proposals on reduced disclosure requirements to be included in the catch-up Exposure Draft (ED) to update IFRS 19 *Subsidiaries without Public Accountability: Disclosures*.

- d) The Board was content with the IASB's approach to replace the disclosure requirements relating to management-defined performance measures in IFRS 19, with a cross-reference to those disclosure requirements in IFRS 18.
- e) The Board noted the IASB's approach not to develop reduced disclosures for the forthcoming IFRS *Regulatory Assets and Regulatory Liabilities* (forthcoming RRA standard) at this stage. The Board's view was that some entities in the UK may be in the scope of the forthcoming RRA standard and be eligible to apply IFRS 19. The Board's preferred approach was for the IASB to include reduced disclosures for eligible subsidiaries in the final RRA standard.
- f) The Board also noted that the IASB had commenced its balloting process for the catch-up ED.

#### **Power Purchase Agreements**

- g) The Board considered IASB's tentative decisions taken at the March 2024 IASB meeting in relation to the forthcoming Exposure Draft addressing Power Purchase Agreements.
- h) The Board noted that illustrative examples on how the proposals are expected to work in practice would be helpful to better understand the hedge accounting proposals in the Exposure Draft.

#### **Other topics for noting included:**

- a) Climate-related matters
- b) Equity Method
- c) Post-implementation Review of IFRS 15 *Revenue from Contracts with Customers*
- d) Post-implementation Review of IFRS 9 – Impairment
- e) Interpretations Committee update – it was noted that there were no new IFRIC updates to share with the Board.

### **8. Advisory Groups Update**

- a) The Board received an update from the chair of the UKEB Academic Advisory Group (AAG) meeting held on 12 April 2024. The group discussed a range of topics including the IFRS 18 *Primary Financial Statements* preparer survey and the Exposure Draft *Business Combinations–Disclosures, Goodwill and Impairment*. It was noted that AAG members had identified a number of academic papers relevant to work being undertaken by the UKEB.

**9. Items for Noting**

- a) The Board noted the following papers:
  - i. Sustainability Update
  - ii. Due Process Compliance Statement – Financial Instruments with Characteristics of Equity project, which was approved at the last meeting, subject to requested updates.

**10. Any other business**

- a) It was noted that a busy international schedule and staff absence had impacted the planned publication timeline of the UKEB's research reports on intangibles at the end of April 2024. It was anticipated that the report would be published in mid-May and that the delay would not impact the ability to engage with the IASB, including the planned presentation at the July 2024 meeting of the IASB's Accounting Standards Advisory Forum (ASAF).

The meeting ended at 13:55 hrs.