

Minutes of the UKEB's Public Meeting held on 19 January 2023 at 10:00 hrs at 1 Victoria Street, London, SW1H 0ET

The UKEB met for the public meeting on 19 January 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
Phil Aspin	Member
Kathryn Cearns	Member
Robin Cohen	Member
Edward Knapp	Member
Paul Lee	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)
Chris Howarth	Observer from His Majesty's Revenue and Customs (HMRC)
Andrew Murray	Observer from the Bank of England (BoE)
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 Katherine Coates and Giles Mullins.

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 14 December 2022 for publication on the website, subject to minor typographical amendments.

IAS 1 Presentation of Financial Statements Narrow-scope Amendments 2020 and 2022: Project Initiation Plan

The Board considered the Project Initiation Plan (PIP) for the project to consider for adoption two narrow-scope amendments to IAS 1 *Presentation of Financial Statements* issued by the IASB:

- a) Amendments to IAS 1 *Classification of Liabilities as Current or Non-current* (the 2020 Amendments) issued in January 2020; and
- b) Amendments to IAS 1 *Non-current Liabilities with Covenants* (the 2022 Amendments) issued in October 2022.

The IASB had set an effective date for both the 2020 and 2022 Amendments of 1 January 2024. It was noted that the 2022 Amendments modify the 2020 Amendments. In addition, the IASB transition requirements effectively require concurrent adoption of both sets of amendments. The paper considered different approaches to assessment of the Amendments for adoption in the UK and proposed that the amendments be assessed for adoption on a joint basis. This was on the basis that the approach is consistent with the intention of the IASB and with legislative framework.

The Board agreed that a joint approach should be taken to the assessment.

The Board discussed the project plan, including the proposed outreach activities, project timeline and next steps. The Board will consider the Draft Endorsement Criteria Assessment (DECA) at its February 2023 meeting.

The Board approved the Project Initiation Plan (PIP).

Discussion regarding due process for PIPs

The Board also discussed the due process requirements relating to revisions of PIPs, in particular what constitutes a significant change, necessitating an amended PIP to be presented to the Board. The Board agreed that unforeseen delays to a project and the resulting timetable adjustments to a PIP (e.g. a one month extension to the project) would not count as a significant change and so would not require an amended PIP to be presented to the Board. However, such changes to the timetable would be noted publicly.

Ongoing Monitoring of IASB Projects

IASB General Update

The Board considered various tentative decisions from IASB projects being monitored by the UKEB Secretariat, including the work of the IFRS Interpretations Committee. The topics identified for discussion were as follows:

- a) **Subsidiaries without Public Accountability: Disclosures**
At its December 2022 meeting, the IASB discussed the feedback and its final approach to certain exposure draft proposals in relation to an entity applying reduced IFRS 17 related disclosures. The UKEB's final comment letter had recommended that reduced disclosures should be available. However, the IASB decided not to permit reduced disclosures for entities applying IFRS 17, as most entities using IFRS 17 would be publicly accountable. The UKEB noted the IASB's deliberations of this issue and agreed to continue to monitor the project.
- b) **International Tax Reform – Pillar Two Model Rules: Amendments to IAS 12 *Income Taxes***
Following stakeholder feedback around the complexities of accounting for income taxes and, in particular, deferred taxes, in respect of the Pillar Two model rules, the IASB had published the Exposure Draft (ED) *International Tax Reform - Pillar Two Model Rules* on 9 January 2023. It was noted that the IASB's ED was issued with an accelerated timetable and that the UKEB has to respond accordingly. This will require a shortened comment period for the UKEB Draft Comment Letter as permitted in the Due Process Handbook. The Board discussed the due process around the proposed timetable in the paper. To mitigate the effects of a shortened consultation period, the Board suggested holding roundtables with interested stakeholders to gather views. The Project Initiation Plan (PIP) and Draft Comment Letter will both be presented at the Board's February 2023 meeting for approval. It was also agreed that it would be appropriate to prepare a single PIP for both the comment letter and the endorsement. An ad-hoc meeting will be scheduled for the Board to approve the Comment Letter in March 2023.
- c) **IFRS Interpretation Committee's new pipeline project: Merger between a parent and its subsidiary in separate financial statements**
The Board noted that the Secretariat had undertaken some initial work and this did not appear to be a prevalent issue in the UK. The Board agreed that this pipeline project did not warrant a response at this time.
- d) **The Board discussed the update on the IASB's continued redeliberations following the feedback on its Exposure Draft *Regulatory Assets and Regulatory Liabilities*. It was noted there were concerns about the interaction between the various components of total allowed compensation, including the possible impact of inflationary adjustments. The UKEB would continue to receive updates on the IASB's redeliberations on this topic at its future meetings.**

Ongoing Monitoring of ISSB Projects

ISSB General Update

The Board considered an update on the ISSB's recent meetings and tentative decisions, including consideration of how these align with UK stakeholder feedback noted in the UKEB Comment Letter on the two ISSB exposure drafts. At the ISSB's December 2022 meeting, the board tentatively agreed to:

- a) expand the objectives of draft IFRS S1, provide clarification on aspects of the illustrative guidance, and introduce a temporary exemption on disclosures relating to greenhouse gas emissions.
- b) include in the ISSB agenda consultation due to be issued in H2 2023 a joint project with the IASB relating to connectivity in reporting.
- c) host three webinars offering deep dives into the first two proposed sustainability disclosure standards, with the aim of supporting companies with their preparations.

Following an invitation from the International Forum of Accounting Standards Setters (IFASS) secretariat, the UKEB Technical Director presented a staff paper relating to the connectivity between sustainability standards and financial reporting standards at the January 2023 IFASS meeting. The paper was well received by the other national standard setters and IFASS agreed to undertake further work in this area.

The UKEB also noted an update in relation to regulatory matters. The UK Government's Green Finance Strategy II will set out how the Government intends to take forward Green Taxonomy legislation. The strategy, which is to be published in spring 2023, is also expected to include proposals for a framework to assess the suitability of IFRS S1 and S2 for adoption in the UK.

Thought Leadership

Intangibles quantitative research: Project update

The Board received an update on the UKEB pro-active research project on intangibles; particularly on the objectives, structure, timeline and output of the quantitative research report.

The aim of the work is to examine and establish quantitative evidence of the prevalence and economic relevance of intangible items for UK reporters, including an analysis of current practices. The focus at this stage of the project was on obtaining additional quantitative information, particularly from larger companies, with a breakdown by industry.

The Board noted the preliminary findings of the research. The Board also discussed the scope of the research, including the possible outreach with a limited number of companies as part of the engagement work and evidence-gathering.

The Board noted the next steps set out in the paper, including that further research from the quantitative research project will be presented to the Board at its April 2023 meeting.

Any other business

Economic impact assessment of narrow-scope amendments – update

The Board considered an update paper outlining the planned next steps for the implementation of the economic impact assessment of narrow-scope amendments (NSAs), including the estimation of a standardised cost model. This follows on from the December 2022 meeting, where the Board asked the Secretariat to consider the next steps. It was noted that the UKEB has endorsed a relatively limited number of NSAs and annual improvements and therefore does not yet have the evidence basis to support further work.

In addition, as the Better Regulation Framework is not legally binding on the UKEB, there was no immediate need to develop the proportionate approach. As such, the paper suggested that the Board may benefit from gathering further experience on the endorsement process for NSAs before it considers how best to streamline the impact assessment processes for such amendments.

The Board agreed that it was not appropriate to carry our further work on this at this stage and to give the matter further consideration in the future.

The meeting ended at 12:50 hrs.