

# Minutes of the UKEB's Public Meeting held on 16 November 2023 at 10:00 hrs at 125 London Wall, London EC2Y 5AS

The UKEB met for the public meeting on 16 November 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
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)
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 two UKEB Members, Phil Aspin and Edward Knapp.

## 2. Declarations of Interest

- c) There were no declarations of interest.

## 3. Administrative Matters

- d) The Board approved the minutes of the last meeting on 19 October 2023 for publication on the website. **(Decision)**

## Endorsement and Adoption

### 4. Lack of Exchangeability: Amendments to IAS 21 – Project Initiation Plan

- a) The Board considered the Draft Project Initiation Plan (PIP) for the project to assess whether to adopt for use in the UK the narrow-scope amendments *Lack of Exchangeability* (Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates*) issued by the International Accounting Standards Board (IASB) in August 2023. The Amendments have an effective date of 1 January 2025.
- b) The Board noted that the Amendments are narrow in scope and are focused on clarifying how an entity can assess exchangeability and the exchange rate to use when the currency is not exchangeable, including additional disclosures to provide in those circumstances. The Board noted that based on research and initial stakeholder feedback, the issue is only relevant to a few companies in the UK with operations in countries where currencies are exposed to a long-term lack of exchangeability.
- c) The Board considered the proposals and agreed with the approach outlined in the Draft PIP. The Board discussed approaches to seeking feedback from stakeholders, and agreed that an approach based on “negative assurance” would be proportionate. Stakeholders will be asked to inform the UKEB if the impact of the amendments would be material to their business and/or if they have any potential concerns with the amendments.
- d) The Board approved the PIP. **(Decision)**
- e) The Board noted the next steps and that the Draft Endorsement Criteria Assessment (DECA) would be presented to the Board at its January 2024 meeting.

### 5. Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) – Adoption Package

- a) The Board considered the following papers that formed part of the Adoption Package: (1) Final Endorsement Criteria Assessment (ECA); (2) Feedback Statement; (3) [Draft] Due Process Compliance Statement; and (4) [Draft] Adoption Statement.
- b) The Board approved the ‘Adoption Package’ subject to suggested amendments to the Feedback Statement and final sign-off by the Chair. **(Decision)**
- c) The Board considered for adoption *Supplier Finance Arrangements* (Amendments to IAS 7 and IFRS 7) (the ‘Amendments’) issued by the International Accounting Standards Board (IASB) in May 2023 with an effective date of 1 January 2024, with earlier application permitted.
- d) The Board noted that all respondents were supportive of the adoption of the Amendments.

- e) The Board cast an indicative vote with all 11 members present indicating that they would vote in favour of adopting the Amendments. The Board noted the next steps, formal written ballot issued to members after the meeting with a request to cast their written votes. The finalisation of that formal written vote would commence the process for publication of the Amendments in line with the Board's Terms of Reference. **(Decision)**
- f) The final Due Process Compliance Statement will be presented to the Board for noting at its December 2023 meeting.

## Ongoing Monitoring of IASB Projects

### 6. IASB General Update

- a) The Board received an update on various projects being considered by the IASB and IFRS Interpretations Committee:
  - i. Primary Financial Statements – The IASB has started the balloting process for the forthcoming standard IFRS 18 *Presentation and Disclosure in Financial Statements*. The Board discussed the IASB's communications strategy on the project, including comments from two UKEB advisory groups in regard to particular areas that could potentially be confusing to stakeholders, such as: (1) the presentation of the share of profit or loss from associates and joint ventures accounted for using the equity method in the investing category, (2) the distinction between Management-defined Performance Measures (MPMs) and Alternative Performance Measures (APMs), and (3) the collection of data for the required disclosure of specific expenses by nature for entities that use a functional disclosure on the face of the income statement.

The Board agreed that it would be helpful for the IASB's communications strategy to provide a clear basis for various factors considered, along with their conclusions. The IASB is currently expected to issue IFRS 18 in Q2 2024.

- ii. Rate-regulated Activities – the IASB continued its deliberations on feedback received on its Exposure Draft *Regulatory Assets and Regulatory Liabilities*. Proposals on the boundary of regulatory agreement were discussed at its October 2023 meeting; this included the IASB staff analysis from the survey on the direct relationship concept relating to borrowing costs, inflation and other items in the regulatory capital base.

The Board noted that an education session on this topic was scheduled for its December 2023 meeting.

- iii. Climate-related and Other Uncertainties in the Financial Statements – The Board noted that the IASB project team would be requesting feedback from the ASAF meeting in December 2023 regarding the potential development of illustrative examples for materiality and other uncertainties.

It was noted that the UKEB has conducted some initial engagement work with stakeholders and also sought feedback from UKEB advisory groups. Preliminary feedback indicated some stakeholder concerns relating to variations in accounting practice for purchased emission allowances and lack of current IASB activity on pollutant pricing mechanisms. There were also some concerns expressed in the feedback regarding potential challenges in the measurement of carbon credits generated.

- iv. Interpretations Committee Update
- b) The Board noted a new matter under consideration by the Interpretations Committee on Provisions for climate-related commitments (IAS 37). The Committee has been requested to consider whether a Net Zero Transition Commitment meets the definition of a constructive obligation under IAS 37. More information would be brought back on this matter to the Board's December 2023 meeting, when the staff papers and IFRIC discussion are available.
- c) The Board also noted the IASB's recent activities in the following areas:
  - i. Disclosure Initiative - Subsidiaries without Public Accountability
  - ii. Equity Method
  - iii. Amendments to the Classification and Measurement of Financial Instruments
  - iv. List of IASB Projects

## Thought Leadership

### 7. Intangibles Research Project – Survey and Quantitative Report Update

- a) The Board considered some preliminary results of the Intangibles Research Project: Survey and Quantitative Report. The Board noted that the current project timelines were consistent with the Project Initiation Plan (PIP).
- b) The Board noted that the survey had closed on 22 October 2023. A total of 45 responses had been received, including 13 partial responses from users of IFRS financial statements based both within and outside of the UK. The 13 partial responses answered the questions on current accounting for intangibles. The Secretariat believes that the number of responses received is sufficient to provide a reliable and insightful assessment of users' views on intangibles.
- c) The Board discussed the preliminary analysis from the results of the survey. It was noted that the final report would reflect key comments from respondents.
- d) The Board discussed the preliminary results on the quantitative report. The report aims to provide granular evidence and assessment of the following: (1) prevalence of intangible assets among UK-listed companies; (2) relationship between intangibles and M&A activity; (3) relationship between intangibles and

a companies' performance. The report is drawn from an analysis of financial data of all UK listed companies and would be supplemented with an analysis of a sample of UK companies.

- e) The Board noted the next steps on the project: an interim draft report of the survey to be considered at the Board's meeting in January 2024; a draft report of the quantitative research in February 2024; and final version of both reports to be presented at meetings thereafter.

## **8. Advisory Groups Updates**

- a) The Board noted the following updates:
  - i. The Board received an update on the Accounting Firms & Institutes Advisory Group (AFIAG) and Preparers Advisory Group (PAG) meetings held recently. The Board noted that various topics discussed included Subsidiaries without Public Accountability, and also included various topics on the agenda of the current meeting.

## **9. Items for Noting**

- a) The Board noted the following papers:
  - i. Sustainability Update
  - ii. Due Process Compliance Statement: Post-implementation Review of IFRS 15 Revenue from Contracts with Customers

## **10. Any other business**

- a) There was no other business discussed.

The meeting ended at 13:00 hrs.