

Minutes of the UKEB's Public Meeting held on 23 March 2023 at 10:00 hrs at 1 Victoria Street, London, SW1H 0ET

The UKEB met for the public meeting on 23 March 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
Mike Ashley	Member
Phil Aspin	Member
Kathryn Cearn	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)
Richard Cannon	Observer from His Majesty's Revenue and Customs (HMRC)
Joyce Grant	Observer from the Financial Reporting Council (FRC/CRR)
Michael Gaull	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 Amir Amel-Zadeh.

2. Declarations of Interest

- c) Phil Aspin's employer carries out rate-regulated activities.
- d) There were no other declarations of interest.

3. Administrative Matters

- a) The Board approved the minutes of previous meetings held on 23 February 2023 and 7 March 2023 (ad hoc virtual meeting) for publication on the website, subject to a minor amendment to the wording on item 8.b. to highlight that a compiled report (deliverable 4) would only be produced subject to the outcomes of deliverable 1 and 2 of the PIP, and availability of staff resources. **(Decision)**

Influencing

4. International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12): Feedback Statement and Due Process Compliance Statement

- a) The Board considered the Feedback Statement and Due Process Compliance Statement (DPCS) for the influencing project on International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12).
- b) The Board discussed the Feedback Statement, which had been updated for the Board decisions taken at the 7 March 2023 meeting. The Board approved publication of the Feedback Statement, subject to including more detail on the extent of outreach conducted and the rationale for proposing that a general disclosure requirement should continue throughout the life of the temporary exception. **(Decision)**
- c) The Board considered the DPCS. The Board recommended that the DPCS should refer to the separate news alert relating to the late circulation of the papers for the additional 7 March meeting, in addition to the usual news alert sent out five days in advance of the meeting. The Board noted that the late delivery of the papers had been agreed at the previous Board meeting so that the papers could be drafted once the comment period had concluded and communicated to stakeholders via a news alert. The Board approved publication of the DPCS on the website, subject to its comments being addressed. **(Decision)**

Ongoing Monitoring of IASB Projects

5. IASB General Update

The Board considered recent tentative decisions on IASB projects being monitored by the UKEB Secretariat. The Board discussed the following topics and provided feedback on relevant topics in the agenda for the ASAF meeting in March 2023:

- a) **Primary Financial Statements:** The Board discussed the following areas in relation to the forthcoming IFRS Accounting Standard General Presentation and Disclosures:
 - i. Transition period effective date and early application of the forthcoming standard. The Board noted that it did not see a reason to delay early application.

- ii. Expected costs and benefits to preparers and users. The Board discussed the likely costs and benefits identified by IASB staff, including the UKEB's feedback. The Board noted that it would be useful to see some illustrative examples in future.
 - iii. New information that may be required from entities to apply the requirements in the forthcoming standard. The Board noted that the Secretariat has identified some information already disclosed in existing standards as well as some additional provisions in Companies Act 2006.
 - iv. Digital Reporting – The Board noted that the Secretariat agreed with the benefits highlighted by the IASB.
- b) **Rate-regulated Activities:** The IASB is continuing its redeliberations following feedback on its Exposure Draft (ED) *Regulatory Assets and Regulatory Liabilities*, particularly on two key areas relating to scope and total allowed compensation.
 - c) **Business Combinations:** Disclosures, Goodwill and Impairment: The Board discussed and provided feedback on the IASB's proposed disclosure requirements in relation to this topic, particularly on the comparison of past forecasts, assumptions for cash flow forecasts and the segments in which goodwill is included.
 - d) **Subsidiaries without Public Accountability: Disclosures:** The Board discussed the potential effect of applying the forthcoming standard. The Board noted that a detailed assessment of the costs and benefits has not been undertaken by the Secretariat at this stage, but the current view is that costs will depend on the current accounting framework used by the subsidiary.

Ongoing Monitoring of ISSB Projects

6. ISSB activities and other jurisdictions activities relating to sustainability standards

- a) The Board noted various updates regarding the ISSB's February and March 2023 meetings and their alignment with UK stakeholder feedback on the two ISSB exposure drafts IFRS S1 *General Sustainability-related Disclosures* and IFRS S2 *Climate-related Disclosures*.
- b) At the March 2023 meeting, the ISSB tentatively decided to expand the scope of the potential project on connectivity to focus on integration in reporting. Stakeholders will be asked whether the potential project should be a formal joint project with the IASB, or an ISSB project that could draw on input from the IASB.
- c) The ISSB staff had obtained a due process exception from the IFRS Foundation Due Process Oversight Committee regarding the upcoming Request for Information (RFI), expected to be issued in May. The option will allow the ISSB to reduce the minimum consultation period from 120 days to 90 days, if it considers that appropriate.

- d) The UKEB noted that a 90-day consultation period would be a major concern for the UKEB due process commitments and timelines, especially as so much of it was likely to coincide with half year reporting and the August summer break in the UK.
- e) The Board received an update on various international developments relating to sustainability standards, as outlined in the paper.

7. Potential connectivity issues between Sustainability Disclosure Standards and Accounting Standards: Assets

- a) The UKEB considered a preparatory paper, focussing on connectivity between draft IFRS S1 and IFRS S2 and IASB Accounting Standards regarding asset recognition and impairment.
- b) The UKEB noted that a linkage between ISSB disclosures and financial statements would be vital for stakeholders and that investors in particular placed significant importance on it. Communication regarding future financial benefits and costs of companies' sustainability plans and targets was also a key consideration in relation to connectivity in reporting. The UKEB will be considering and discussing connectivity themes in a series of preparatory papers at future meetings, aimed at increasing the Board's understanding of the related issues as well as helping it prepare for future work in this area. The Board noted the next steps and timeline for the presentation of future papers on connectivity topics.
- c) The UKEB noted that a Project Initiation Plan (PIP) would not be required for these papers due to their educational and fact-finding purpose. A PIP would be prepared when the UKEB is at the stage of preparing a formal response to the ISSB or IASB as part of its influencing work.

Thought Leadership

8. Intangibles: Survey Update

- a) The Board considered an update on the third research output on the research project on intangibles – the survey research report. The report would have a particular focus on investor's views on accounting for intangibles.
- b) The Board considered the proposed approach to the survey questionnaire, including the structure of the subsequent survey research report. The objective of the investor survey was to build on findings from the qualitative research report and further investigate some of the concerns and solutions identified in previous research.
- c) The Board noted the importance of ensuring that the survey is robust and captures high quality data from investors. No details of the questions to be included in the survey would be made public, so as not to prime survey respondents. The Board asked that a small group of Board members and the

UKEB Academic Advisory Group (AAG) be involved in the development of the questionnaire. The Board noted the timeline and next steps.

- d) It was noted that the Qualitative Research Report on Intangibles was published on 22 March 2023.

9. Any other business

a) Climate-related Matters – Research Project Initiation Plan (PIP)

The Board considered the updated PIP on the Climate-related Matters Research Project, incorporating changes requested by the Board at its February 2023 meeting. The Board approved the updated PIP subject to suggested wording amendments to reflect the tentative ISSB developments, (i.e. the proposed project on integrated reporting). **(Decision)**

The meeting ended at 13:50 hrs.