

Minutes of the UKEB's Public Meeting held on 23 February 2023 at 10:30 hrs at 1 Victoria Street, London, SW1H 0ET

The UKEB met for the public meeting on 23 February 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
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, Energy & Industrial Strategy (BEIS)
Karen Gardner	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. Edward Knapp left the meeting at 13:00 (after item 5).

2. Declarations of Interest

- a) There were no declarations of interest to note.

3. Administrative Matters

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

Endorsement and Adoption

4. IAS 1 *Presentation of Financial Statements* Narrow-scope Amendments 2020 and 2022: Draft Endorsement Criteria Assessment

- a) The Board considered the Draft Endorsement Criteria Assessment (DECA) and Invitation to Comment for the project to consider for adoption two narrow-scope amendments to IAS 1 *Presentation of Financial Statements* issued by the IASB (the Amendments):
 - i. Amendments to IAS 1 *Classification of Liabilities as Current or Non-current* (the 2020 Amendments) issued in January 2020; and
 - ii. Amendments to IAS 1 *Non-current Liabilities with Covenants* (the 2022 Amendments) issued in October 2022.
- b) The Board noted that the effective date of the Amendments would be 1 January 2024. It was noted that neither the 2020 Amendments nor the 2022 Amendments had previously been adopted for use in the UK. At its January 2023 meeting, the Board had agreed that: the Amendments should be assessed and adopted on a joint basis; and this would be consistent with the intention of the IASB and the statutory requirements.
- c) As the UK-adopted international accounting standards comprise only the mandatory sections of the standards, the amendments to the Basis for Conclusions to IAS 1 and IFRS Practice Statement 2 would not be adopted by the Board and had been excluded from the DECA.
- d) Feedback on the Amendments had been sought from two UKEB advisory groups: Preparers Advisory Group (PAG) and Investors Advisory Group (IAG). Both groups support the proposed Amendments and noted that implementation costs were not expected to be material.
- e) The Board noted that the Amendments would potentially affect most companies. However, they are not expected to lead to a significant change in accounting practice as they are largely a clarification of existing guidance and are narrow in scope.
- f) The Board considered the content of the DECA and whether it reflected their views on whether the Amendments met the statutory criteria. The Board tentatively concluded that, subject to some changes to the detailed text, the Amendments meet the statutory endorsement criteria as set out in the DECA.
- g) The Board received an update on the next steps and noted that the DECA would be published in March 2023 for a consultation period of not less than 90 days. A

summary of stakeholder feedback is expected to be presented to the Board at the June 2023 meeting.

- h) The Board approved for public consultation both the DECA and Invitation to Comment, subject to the comments provided by the Board and final sign-off by the Chair prior to publication. **(Decision)**

Influencing

5. International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12): influencing, endorsement and adoption Project Initiation Plan (PIP) and Draft Comment Letter (DCL)

- a) The Board considered the Draft Project Initiation Plan (PIP). It noted the IASB's accelerated timeline on this project and the challenges this presented to the UKEB's influencing and endorsement timelines.
- b) The Board approved the PIP, including the fact that it covered both phases of influencing and adoption, subject to comments from the Board below. **(Decision)**
 - i. The Board considered two options for the influencing phase: to publish a Draft Comment Letter (DCL) with a 7-day comment period, or not to publish but to reach out for bilateral discussions with stakeholders with an interest in the topic. The Board decided to publish the draft comment letter for public consultation with a 7-day comment period. It also agreed that, upon its publication, the DCL should also be highlighted to the advisory groups and those who signed up to the roundtables. **(Decision)**
 - ii. The Board considered two options for the proposed target date for an endorsement decision: (1) in July 2023 following a 14-day comment period, or (2) in September 2023 following a 72-day comment period. The Board noted that feedback from stakeholders was that the Amendments' proposed exception from accounting for deferred tax in relation to Pillar Two taxes was urgently required due to the impracticability and risk of diversity in practice arising from applying IAS 12 to Pillar Two taxes. The Board agreed tentatively to proceed with a 14-day comment period leading to a final decision on adoption in July 2023. However this will be subject to any further developments in the IASB's timetable and further consultation with the Advisory Groups to confirm that the urgency remains. **(Decision)**
- c) The Board considered the DCL to the IASB and provided its comments. The Board approved the DCL for publication in draft form, subject to the comments provided by the Board being incorporated and final sign-off by the Chair prior to publication. **(Decision)**
- d) The Board noted that it was holding an ad hoc public meeting on 7 March 2023 that would consider the approval of the Final Comment Letter (FCL). As the 7-day comment period for the DCL is due to end on 3 March 2023, after the usual Board paper deadline, the Secretariat requested a later Board paper publication

date to enable the incorporation of feedback received into the proposed FCL. The Board approved an extension to 6 March 2023 for the publication of the relevant Board papers, including the draft FCL. **(Decision)**

Ongoing Monitoring of IASB Projects

6. IASB General Update

The Board considered recent tentative decisions on IASB projects being monitored by the UKEB Secretariat. The topics identified for discussion were as follows:

- a) **Primary Financial Statements**
The Board noted an update regarding the IASB's tentative decisions at its January 2023 meeting in relation to principles of disaggregation, other comprehensive income and statement of cash flows, as well as an overview of the proposals that are yet to be redeliberated by the IASB.
- b) **Supplier Finance Arrangements**
The IASB plans to issue final amendments to IAS 7 and IFRS 7 in Q2 2023. At the IASB's February 2023 meeting, it agreed an effective date of annual reporting periods beginning on or after 1 January 2024, bringing it forward by a year ahead of the originally intended effective date. The Board noted that this could potentially present some logistical and resourcing challenges to the UKEB's project to endorse and adopt the final amendment.
- c) The Board noted updates regarding the following IASB projects being monitored by the UKEB:
 - i. Reduced disclosure framework for Subsidiaries without Public Accountability
 - ii. Equity Method
 - iii. Business Combinations: Disclosures, Goodwill, etc.
- d) The Board noted a verbal update regarding the items on the ASAF agenda for April 2023, which would include rate regulated activities, equity method, and connectivity between sustainability and financial reporting.

Ongoing Monitoring of ISSB Projects

7. ISSB General Update

- a) The Board noted an update regarding the ISSB's January and February 2023 meetings. The Board also noted an update regarding the ISSB's tentative decisions made at its January 2023 meeting, including how these aligned with UK stakeholder feedback on the two ISSB exposure drafts IFRS S1 *General Sustainability-related Disclosures* and IFRS S2 *Climate-related Disclosures*.
- b) It was noted that the ISSB held a multi-part Corporate Reporting Webinar Series between January and March 2023. The webinars provided a deep dive into how companies could prepare for reporting under IFRS S1 and IFRS S2.

- c) It was noted that the ISSB would begin a balloting process for IFRS S1 and IFRS S2.

Thought Leadership

8. Climate Related Risks – Research Project PIP

- a) The Board considered the draft Project Initiation Plan (PIP) for a limited-scope research project to consider the reporting of climate-related risks in financial statements. The research would help provide the Board with evidence-based responses to the IASB’s project on climate-related risks in financial statements and ISSB’s RFI project regarding connectivity in reporting.
- b) The Board considered and tentatively approved the PIP, subject to its consideration and decisions regarding the four main deliverables of the PIP as follows (**Decision**):
 - i. Deliverable 1: An assessment of current research – Board agreed to retain this deliverable.
 - ii. Deliverable 2: An analysis of 2022 annual reports – Board agreed to retain this deliverable.
 - iii. Deliverable 3: An assessment of operational readiness of small UK companies to adopt IFRS S1 and S2 – Board considered this deliverable and agreed that this was not within the remit of the UKEB and decided not to proceed with the proposal.
 - iv. Deliverable 4: Compilation of the final report for the Board – Subject to the outcomes of deliverables 1 and 2 and staff resources being available, the Board would decide at a later stage whether a report should be produced.
- c) The revised PIP incorporating Board’s comments would be presented for noting at the March 2023 meeting. (**Decision**)
- d) The Board noted that the government requested the output from this research project, as part of its work in setting up the endorsement and adoption mechanisms for ISSB standards in the UK.

9. Final Report: Intangibles Qualitative Research

- a) The Board considered the draft final report for the qualitative research on UK stakeholders’ views on accounting for intangibles. The final report incorporated feedback received from the Board at previous meetings.
- b) It was noted that the report would provide an evidence base for any future UKEB recommendations to the IASB as it incorporated useful insights from stakeholders as well as economic data regarding the significant increase of the value intangibles in the UK.

- c) The Board noted the next steps and that publication of the report was scheduled for mid-March 2023.
- d) The Board approved the publication of the report, subject to comments from Board. **(Decision)**

10. Advisory Groups Updates

- a) The Board noted an update regarding its advisory groups. The Financial Instruments Working Group (FIWG) had been set up to provide advice to the UKEB Secretariat in respect of IASB financial instrument-related projects. The Rate-regulated Advisory Group (RRAG) was expected to hold its inaugural meeting in April 2023.

11. Any other business

- a) There was no other business discussed.

The meeting ended at 15:15 hrs.