

Minutes of the UKEB's Public Meeting held on 23 February 2024 at 10:00 hrs at 125 London Wall, London EC2Y 5AS

The UKEB met for the public meeting on 23 February 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
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
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.

2. Declarations of Interest

- a) The Board noted the following declarations:
 - i. Michael Wells' spouse is a shareholder of AstraZeneca, GSK and Unilever.
 - ii. Phil Aspin's employer is involved in rate-regulated activities.

3. Administrative Matters

- a) The Board approved the minutes of the last meeting on 30 January 2024 for publication on the website, subject to minor typographical amendments. **(Decision)**

Endorsement and Adoption

4. Primary Financial Statements – Project Initiation Plan

- a) The Board approved the Project Initiation Plan (PIP) for the project to assess whether to adopt the forthcoming International Accounting Standards Board (IASB) standard IFRS 18 *Presentation and Disclosure in Financial Statements* for use by companies in the UK, subject to the Board's comments. This includes a review of the PIP being built into the project timeline. **(Decision)**
- b) IFRS 18 is expected to be published by the IASB in April 2024 and will be effective for annual reporting periods beginning on or after 1 January 2027 with earlier application permitted.
- c) The Board asked the Secretariat to:
 - i. Make more explicit the list of concurrent activities that will be carried out as part of the endorsement work, and to identify the list of potential additional activities and consequential effects (e.g. on the timetable) if critical evidence emerges from the feedback received from outreach activities;
 - ii. Include an explicit review point to assess the feedback received and to ask the Board whether the identified additional activities should be carried out;
 - iii. Organise additional educational activities with UK stakeholders (with a particular emphasis on small and medium-sized listed entities), concurrent to the publication of IFRS 18, to allow those stakeholders an opportunity to familiarise themselves with the main requirements of IFRS 18; and
 - iv. Consider whether it is possible to accelerate the proposed original timeline to finish the adoption of IFRS 18 earlier (i.e. by Q4 2025).

Influencing

5. UKEB letter to IASB on connectivity matters

- a) The Board agreed that the draft letter to the IASB on connectivity matters will be brought back to a future meeting for consideration. **(Decision)**

Ongoing Monitoring of IASB Projects

6. IASB General Update

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

Post-implementation Review (PIR) of IFRS 15 Revenue from Contracts with Customers

- b) The Board noted various updates in relation to the PIR following discussions at the IASB's January and February 2024 meetings, including upcoming topics for discussion at the IASB's March 2024 meeting. The IASB had discussed the overall feedback received on its Request for Information and started to discuss detailed feedback on specific application matters. The IASB will continue its discussions and will meet with FASB in June, before deciding what, if any, actions to take as a result of the PIR. The IASB will then publish its report and feedback statement, expected in Q3 2024.

Exposure Draft Regulatory Assets and Regulatory Liabilities (ED)

- c) IASB staff will be providing a project update on the ED at the ASAF meeting in March 2024 to seek views on the IASB's tentative decisions from Q3 and Q4 2023.
- d) The UKEB is in the process of developing a top-down approach to address its concerns on the direct (no direct) relationship concept and recognition of adjustments that go directly to the RCB. It was noted that there are two other jurisdictions that have similar issues to the UK. It was noted that IASB staff are aware of the UKEB's concerns.

Amendments to the Classification and Measurement of Financial Instruments

- e) The Board noted various updates in relation to the Exposure Draft (ED) *Amendments to the Classification and Measurement of Financial Instruments*. In particular, the Board considered the recent tentative agenda decisions made at the IASB's January 2024 meeting, as outlined in the paper. It also considered a verbal update on the tentative agenda decisions made at the IASB's February 2024 meeting, which covered the topics of disclosure, effective date and impact on the subsidiaries without public accountability project. The IASB will now be commencing its balloting process on the ED.

Post-implementation Review (PIR) of IFRS 9 – Impairment

- f) The Board noted an update in regard to the PIR. The Board noted that the IASB is at present considering feedback received on the project, and is not yet at the stage of making any decisions with regard to the project.

IFRS Interpretations Committee topic – Presentation of cashflows from margin calls for certain contracts for the sale or purchase of commodities

- g) The Board noted that the Interpretations Committee has received, for consideration, a new topic relating to the 'presentation of cashflows from margin calls for certain contracts for the sale or purchase of commodities'. The Board agreed that no further work would be carried out by the UKEB on this matter at this point in time. **(Decision)**

7. Draft Report – Accounting for Intangibles: A Quantitative Analysis

- a) The Board considered the draft quantitative report on the intangibles research project.
- b) The Board noted the results of the analysis carried out in the report, including the approach and methodology used. The key focus of the analysis is on the prevalence of intangible assets in UK-listed companies, including accounting for intangibles in financial statements and evolution over a ten-year period from 2011-2021.
- c) The Board considered the key findings in the analysis. It was noted that the recognition of intangible asset appears to be highly correlated with the value of mergers and acquisitions during the ten-year period reviewed. Furthermore, the findings also present an estimate on unrecognised intangible assets, which lie in the low hundreds of billions.
- d) The Board provided feedback on the structure of the report. A number of suggestions were made to enhance the report and it was suggested that a regression analysis be considered for inclusion.
- e) The Board noted the next steps and that the final drafts of the quantitative report and survey report will be presented at the March 2024 meeting.

8. IFRS Interpretations Committee Tentative Agenda Decision – Due Process Compliance Statement

- a) The Board approved the publication on the website of the Due Process Compliance Statement in relation to the UKEB's influencing work on the IFRS Interpretations Committee's Tentative Agenda Decision: *Climate-related Commitments (IAS 37)*. **(Decision)**

9. Advisory Groups Updates

- a) The Board noted the advisory groups update.

10. Items for Noting

- a) The Board noted the following papers:
 - i. Sustainability Update

11. Any other business

- a) The Board noted that this was Kathryn Cearn's last UKEB Board meeting before her term ends on 14 March. The Board conveyed its appreciation for her valuable contribution to UKEB's achievements to date.

The meeting ended at 12:50 hrs.