

# Minutes of the UKEB's Public Meeting held on 21 September 2023 at 10:00 hrs at 125 London Wall, London EC2Y 5AS

The UKEB met for the public meeting on 21 September 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
Phil Aspin	Member
Kathryn Cearns	Member
Katherine Coates	Member
Robin Cohen	Member
Edward Knapp	Member
Paul Lee	Member
Giles Mullins	Member
Sandra Thompson	Member
Michael Wells	Member
Andrew Death	Observer from the Department for Business and Trade (DBT)
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 Liz Murrall.

## 2. Declarations of Interest

- a) The Board noted the following declarations of interest:
  - Phil Aspin's employer carries out rate-regulated activities.

### 3. Administrative Matters

- a) The Board approved the minutes of the last meeting on 02 August 2023 for publication on the website. **(Decision)**

### Influencing

#### 4. Final Comment Letter: Post-implementation Review of IFRS 9 *Financial Instruments* - Impairment

- a) The Board considered the Final Comment Letter (FCL) on the IASB's Post-implementation Review of IFRS 9 *Financial Instruments* - Impairment.
- b) The Board noted that no fatal flaws had been identified in IFRS 9's requirements in relation to impairment. The Board considered the stakeholder feedback received. In particular, it discussed the feedback regarding procyclicality arising from the application of the requirements of the standard. It was noted, however, that no clear evidence of procyclicality had been noted and that other stakeholders strongly disagreed that the application of the requirements had this effect.
- c) The Board discussed recommendations made in the FCL, particularly regarding the need for further guidance to clarify the process of assessing a significant increase in credit risk (SICR). The Board noted that this further guidance should be reflected in the letter as 'helpful' rather than being 'required'.
- d) The Board approved the FCL, subject to some minor amendments and final sign-off by the Chair. **(Decision)**
- e) The Board considered the (Draft) Feedback Statement and provided its comments. The Board noted that it was satisfied with the level of stakeholder feedback received. In addition to the comment letters received, a good level of feedback had been received from stakeholders, for example via the Financial Instruments Working Group (FIWG). The Board approved the Feedback Statement, subject to amendments being made to incorporate feedback from stakeholders that was not addressed in the FCL, together with the Board's rationale for non-inclusion and final sign-off by the Chair. **(Decision)**
- f) The Board approved the (Draft) Due Process Compliance Statement (DPCS) **(Decision)**. The final DPCS would be brought back for noting at the October 2023 meeting.

### Ongoing Monitoring of IASB Projects

#### 5. IASB General Update (ASAF papers only)

- a) The Board received an update on IASB projects being monitored by the Secretariat, including the work of the IFRS Interpretations Committee. The Board considered the following topics that were due for discussion at the Accounting Standards Advisory Forum (ASAF) meeting in September 2023:

- i. Rate-regulated Activities – the IASB had made some tentative decisions on how an entity would be required to recognise a regulatory asset/liability if there is a direct relationship between its property, plant and equipment (PPE) and regulatory capital base .
- ii. Primary Financial Statements – the IASB had tentatively decided to start the balloting process of the forthcoming IFRS Accounting Standard 18 *Presentation and Disclosure in Financial Statements*. The IASB also made some decisions on the effective date and transition requirements. The forthcoming standard would be expected to be published in H1 2024 and is planned to replace IAS 1 *Presentation of Financial Statements*. Following a request for comments from the IASB, the UKEB had provided its comments to the first draft of the forthcoming standard.

The Board considered the proposed UKEB responses to questions from ASAF, particularly on whether there were any laws/regulations in the UK that required entities to provide comparative information for more than one comparative period in financial statements. The Board noted that there were no requirements for this in the UK.

- iii. Application of the ‘own use’ exception to power purchase agreements – The Board noted that the IASB would be seeking views on the prevalence of these type of agreements, including the effects of PPAs within financial statements. The UKEB’s initial findings are that PPAs are becoming more common in the UK, although more information would be required to assess the effects on accounts. The Board also discussed diversity in practice in this area and potential disruption to the accounting for existing longer term contracts. The Board recommended the IASB adopt an approach to developing requirements for PPAs based on the specific characteristics of the underlying items.
- iv. Equity method – the IASB would be seeking views on the implications of its tentative decisions in relation to subsidiaries in separate financial statements that are accounted for using the equity method. The IASB would be discussing two alternative approaches to the application of this method in such cases. The Board noted that it would support the application of the equity method as set out in IAS 1, as amended by the IASB’s tentative decisions in this project (alternative 1 in the IASB staff paper).
- v. IAS 12 Pillar Two implementation – the IASB would be seeking feedback on the implementation of the tax reform and of the IAS 12 amendments. The Board noted that practice has been mixed in terms of disclosures in June 2023 interim financial statements but that there was nothing to indicate anything contrary to the requirements.
- vi. IFRIC Agenda Decisions Update – the Board decided that the UKEB would not respond to a new matter that had been added to the IFRIC pipeline in regard to ‘Payments Contingent on Continued Employment during Handover Periods (IFRS 3)’. **(Decision)**

## **6. Items for Noting**

- a) The Board noted the following papers:
  - i. ISSB General Update
  - ii. Amendments to the Classification and Measurement of Financial Instruments DPCS
  - iii. Amendments to IAS 1 (2020 and 2022) DPCS
  - iv. International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12) DPCS
  - v. ISSB RFI DPCS
  - vi. ISSB General Update
  - vii. Intangibles Research Project – Survey Update

## **7. Advisory Groups Updates**

- a) Academic Advisory Group (AAG)
  - i. The Board received an update on the topics discussed at the recent UKEB AAG meeting, which included the investor survey, IAS 37, and links between ISSB S1 and the IASB’s conceptual framework.
- b) Investor Survey
  - i. The Board received an update regarding the investor survey. The survey was pilot-tested with the UKEB Investors Advisory Group and Academics Advisory Group. The Board noted that the intention was to publish it on 25 September 2023. The aim would be to raise the profile with investors by promoting it via various different routes. The team had already received requests from three other national standard setters to share the survey with them so they could undertake similar exercises within their own jurisdictions. The team intended to share as soon as the survey was launched in the UK.

## **8. Any other business**

- a) There was no other business discussed.

The meeting ended at 12:15 hrs.