

Summary of the UKEB’s Public Session held on 20 January 2022 at 9:30am via Microsoft Teams

The UKEB met for the public session remotely on 20 January 2022. A video recording of the meeting and the agenda papers discussed during the meeting are available on the UKEB’s website.

The meeting was attended by the following:

Name	Designation
Pauline Wallace	Chair
Amir Amel-Zadeh	Member
Mike Ashley	Member
Phil Aspin	Member
Katherine Cearns	Member
Katherine Coates	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 and Industrial Strategy (BEIS)
Joyce Grant	Observer from the Financial Reporting Council (FRC)
Chris Haworth	Observer from Her Majesty’s Revenue and Customs
Andrew Murray	Alternate Observer from the Bank of England (BoE)
Lee Piller	Alternate Observer from the Financial Conduct Authority (FCA)

The topics discussed at that meeting, in order of discussion, were:

Administrative matters

There were no apologies received.

Declarations of interest

The Board noted Katherine Coates’ executive role in providing advice to insurance companies, albeit not specifically on IFRS 17, and that Paul Lee’s employer provided advice to pension schemes on bulk annuities.

Due Process Handbook

The Board considered the Final Draft of the Due Process Handbook. The comments and amendments from the previous Board meeting have been included in the Draft Handbook circulated. The Board provided further clarifying comments on the process to demonstrate UKEB’s independence when discharging its statutory functions, the scope of mandatory

milestones for projects, the scope of outreach activities, influencing process, and the adoption process for standards.

Subject to those amendments, the Board approved the publication of the Draft Handbook for stakeholder consultation. Publication of the Draft Handbook for consultation is expected during the week commencing 31 January 2022.

IFRS 17: Update on Consultation

The Board received an update on the ongoing IFRS 17 consultation, which closes on 3 February 2022. The early responses received indicated support for adoption of IFRS 17 for use in the UK. The project team expected further stakeholder responses nearer the consultation deadline.

Update on CSM Allocation for Annuities

The Board received an update on the interpretation of IFRS 17's requirements in regard to the service provided by a life contingent annuity and the recognition of that service through the release of the contractual service margin (CSM). The issue is being considered by the IFRS Interpretations Committee. The Interpretations Committee's view on the issue would be communicated to the Board at its meeting on 18 March 2022.

Update on the Application of IFRS 17 to Lloyd's Market RITC Transactions

The Board discussed the potential impact of IFRS 17 on reinsurance to close (RITC) transactions in the Lloyd's market. The Board noted that it needed further clarity on the issue. The Secretariat will provide further updates at a future meeting which included some practical examples with the potential impact under different scenarios mapped out against the adoption criteria.

Non-current Liabilities with Covenants

The Board considered the Project Initiation Plan (PIP), Draft Comment Letter and Draft Invitation to Comment in respect of the IASB's Exposure Draft (ED) *Non-current Liabilities with Covenants*.

The Board made various comments and suggestions and approved the Draft PIP. The Board also made various comments on the Draft Comment Letter and, subject to a redraft, approved its publication for stakeholder consultation.

Supplier Finance Arrangements

The Board considered the Draft Project Initiation Plan (PIP), Draft Comment Letter and Draft Invitation to Comment in respect of the IASB Exposure Draft (ED) *Supplier Finance Arrangements*, issued to address user feedback that the information currently provided falls short of their needs.

The Board noted that the proposals in the IASB's ED could be further enhanced, broadly agreeing with the recommendations presented in the draft comment letter. The Board suggested some amendments to the Draft Comment Letter and the Draft Invitation to Comment. Subject to those amendments, both documents were approved for publication for

stakeholder consultation. They are expected to be published for consultation during week commencing 24 January 2022.

PIR: IFRS 9 – Classification & Measurement

The Board considered the Draft Final Comment Letter, Draft Feedback Statement, and Due Process Compliance Statement on the IASB's Post-Implementation Review (PIR) of IFRS 9 *Financial Instruments*, focused on the classification and measurement requirements.

During the meeting concerns were noted on the recommendation related to the IFRIC tentative agenda decision on *Cash Received via Electronic Transfer as Settlement for a Financial Asset* and the Board suggested amendments to the Final Comment Letter to address those concerns.. The Board requested further changes to the Feedback Statement to indicate the significant role played by stakeholder input in shaping the Board's Comment Letter. Subject to those amendments, the Board approved the publication of the Final Comment Letter and Feedback Statement.

The Due Process Compliance Statement was approved subject to final amendments. The updated final version will be tabled at the February 2022 Board meeting to reflect the approval of the Final Comment Letter.

Intangible Assets Research

The Board considered the Draft Project Initiation Plan (PIP) on Intangible Assets Research Project. The Board noted that a pro-active thought leadership project on intangible assets will enable the UKEB to fulfil its responsibility to proactively participate in the development of high-quality accounting standards on accounting and reporting of intangible assets.

The Board discussed the proposals and requested that the required resources for the delivery of this project should be kept under review throughout the project, to allow flexibility to fine-tune the scope if needed.

The Board discussed the proposed outputs for the project. It was agreed that in the first instance, focus should be placed on three key areas: (1) a report on the UKEB outreach work on the EFRAG intangibles report, (2) an investor survey to gather their views on intangible assets, and (3) an analysis of intangible reporting in the UK.

The Board approved the Draft PIP, subject to redrafting and final review by the Chair.

Subsequent Measurement of Goodwill

The Board considered the updated Project Initiation Plan (PIP) on the Subsequent Measurement of Goodwill Research Project. The PIP has been updated to include the proposed field-testing of potential transitional arrangements to a hybrid model for subsequent measurement of goodwill. It noted that stakeholder engagement would commence in February 2022 and a research paper would be presented to the Board in May 2022.

The Board approved the PIP.

Documents for Noting

The Board noted the Final Due Process Compliance Statement on the UKEB's influencing work on the IASB's Exposure Draft *Disclosure Requirements in IFRS Standards – A Pilot Approach (Proposed Amendments to IFRS13 and IAS 19)*.

Any other business

There was no other business discussed.

The meeting ended at 2:05pm.