

IFRS 17

UK endorsement project

Initial preparer outreach

May 2020



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Context – The UK endorsement framework

2018 - Government consultation with stakeholders

SI 2019/685 –
establishes the
framework for
UK endorsement
of IAS

- Context and overriding objectives
- Role of the Secretary of State
- Criteria for endorsement
- Power for the Secretary of State to delegate the function

Transition from
EU-adopted IAS
to UK-adopted
IAS
SI 2020/335

Special rules for ‘straddling’ financial years:

- Apply EU-adopted IAS ‘frozen’ as at the end of the TP; or
- Apply IAS adopted by the UK after the TP in addition to ‘frozen’ EU-adopted IAS



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The SI 2019/685 endorsement criteria

1	Standard is not contrary to the principle that the accounts must give a true and fair view
2	Use of the standard is likely to be conducive to the long term public good in the UK
3	Standard meets the criteria of understandability, relevance, reliability and comparability

Long term public good assessment must have regard to:

a)	Whether likely to improve quality of financial reporting
b)	Costs and benefits from use of the standard
c)	Whether likely to have adverse effect on UK economy

A time of transitions

The UK Endorsement Board

- Until the EB is established the FRC is helping to oversee the development of advice for consideration by the Secretary of State – and supporting the EB secretariat
- Government plans to consult on the set up of the EB – put on hold due to COVID-19

The UK's Transitional Period (TP)

- During the TP the UK continues to use EU-adopted IAS – some 'parallel running' to address uncertainty over the timing of EU endorsements
- IFRS 9 deferral for insurers – will this be part of 'frozen' EU-IAS at the end of the TP or will it require separate UK assessment?

The overall IFRS 17 timetable

- Starting UK IFRS 17 endorsement process towards the end of the standard's development: time and resources are limited
- Deferral of effective date to 2023: what does that mean for our overall timetable?
- What direction will EU endorsement take?

The IFRS 17 endorsement project is therefore set in the context of a number of significant uncertainties



Components of our outreach

- The legal framework determines the questions to be addressed
- We expect to use a range of types of outreach to help us gather the robust evidence needed to support the assessment

Online survey

Request for information from preparers – qualitative and quantitative responses

Other preparer outreach

Webinar for preparers; structured interviews with preparers

Investor outreach

Event (webinar) for investors and other users; structured interviews with investors

Other stakeholder outreach

Meetings with other stakeholders, audit firms and regulators

Economic study

Data gathering and analysis by external consultants

Technical Advisory Group

Insurance specialist TAG to provide expert input and support



Next steps

Implement plans as best we can given the transitional phase and given current restrictions due to COVID-19

- Current FRC policy: avoid the demands of formal consultations where possible
- Flexibility: adapt plans flexibly and sympathetically to what entities can reasonably contribute at this time

An iterative process

- Early discussions will help shape the course of further work we do

A real opportunity: to ensure the EB's assessment is based on a full and deep understanding of the impact of IFRS 17 for the UK

- We need the evidence to support that assessment: clear, focused, specific and balanced

We welcome engagement – we will be reaching out to you but in the meantime we invite you to contact us



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Contact us

IFRS 17 UK endorsement project

For more information and to engage in the project contact:



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Any questions?

Thank you for participating!



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