

Summary of the UKEB's Public Session held on 18 March 2022 at 10:00 at the UKEB Offices, 125 London Wall, London EC2Y 5AS

The UKEB met for the public session on 18 March 2022. 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
Phil Aspin	Member
Kathryn 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. Mike Ashley had to step out of the meeting between 12:00pm-1:30pm.

Declarations of interest

The Board noted the following declarations of interest:

- Katherine Coates provides advice to insurance companies, albeit not specifically on IFRS 17; and
- Paul Lee's employer provides advice to pension schemes on bulk annuities.

IFRS 17: CSM Allocation for Annuities

The Board considered an update on the allocation of contractual service margin (CSM) for annuities, including feedback on the discussion at the IFRS Interpretations Committee (IFRIC) meeting on 15 March 2022. The IFRIC considered a staff paper providing preliminary analysis on a technical paper submitted by the ICAEW, which sought advice regarding the service provided by a life contingent annuity and the application of IFRS 17 principles for recognising that service through the release of the CSM.

The IFRIC concluded that only one of the two interpretations put forward in the ICAEW paper met the principles in IFRS 17. The IFRIC's next step would be to issue a Tentative Agenda Decision for public consultation.

The Board noted that it would like more clarity on the combined impact of investment return service, insurance coverage and risk adjustment on the recognition of profit from annuities, and on the judgements and methodologies applied to these elements. In the context of this issue, the Board also gave preliminary consideration to the principal options open to it in respect of the adoption of IFRS 17.

IFRS 17: Draft of Final ECA

The Board considered a draft of the proposed IFRS 17 final Endorsement Criteria Assessment (ECA). The draft incorporated the amendments agreed by the Board at its previous meeting, based on the consultation feedback received.

In particular, the Board considered the revisions to the true and fair view assessment. The Board was content with the revisions but noted that consideration would need to be given to including a reference in the assessment to the CSM allocation issue.

The Board approved the draft final ECA, subject to minor editorial changes and amendments needed to reflect developments in respect of the allocation of CSM for annuities. The Board's consideration of its final adoption decision for IFRS 17 is scheduled at its April 2022 meeting.

IFRS 17: Draft Feedback Statement and Draft Due Process Compliance Statement

The Board considered the IFRS 17 Draft Feedback Statement and Draft Due Process Compliance Statement. It was noted that the outcome of the Board's further consideration of the CSM allocation for annuities issue would be reflected in the final Feedback Statement.

The Board noted that the IFRS 17 endorsement project had commenced before it was appointed. In addition, the work to develop its Due Process Handbook (published for public consultation on 21 February 2022) had been carried out in parallel to the UKEB's work on endorsement of IFRS 17. This has been reflected in the Due Process Compliance Statement, which highlights the existence of the governance processes in place for oversight of the work throughout the IFRS 17 endorsement project.

The Board approved the Draft Feedback Statement and Draft Due Process Compliance Statement subject to minor editorial changes and any amendments needed to reflect the Board's final position in relation to the CSM allocation for annuities. Revised versions of both documents will be brought back to the meeting in April 2022.

Supplier Finance Arrangements

The Board considered the (1) Draft Final Comment Letter in respect of the IASB Exposure Draft (ED) *Supplier Finance Arrangements*; (2) Draft Feedback Statement; (3) Draft Due Process Compliance Statement; and (4) High Level Summary of Stakeholder Feedback.

The Board approved the Draft Final Comment Letter, Draft Feedback Statement, and Draft Due Process Compliance Statement, subject to some amendments. The final version of the Compliance Statement will be brought back to the meeting in April 2022 for noting.

Non-Current Liabilities with Covenants

The Board considered the (1) Draft Final Comment Letter in respect of the IASB Exposure Draft (ED) *Non-Current Liabilities with Covenants*; (2) Draft Feedback Statement; (3) Draft Due Process Compliance Statement; and (4) High Level Summary of Stakeholder Feedback. The Draft Final Letter supported the broad principles in the IASB's ED and also highlighted some areas of concern.

The Board approved Draft Final Comment Letter (subject to some minor amendments), Draft Feedback Statement, and Draft Due Process Compliance Statement. The final version of the Compliance Statement will be brought back to the meeting in April 2022 for noting.

Items for Noting

The Board noted the Final Due Process Compliance Statement for the UKEB's influencing work on the IASB Exposure Draft (ED) *Subsidiaries without Public Accountability Disclosures*, subject to an amendment.

Any other business

There was no other business discussed.

The meeting ended at 2:45pm.