

## Summary of the UKEB's Public Session held on 21 April 2022 at 10:30 at 125 London Wall, London EC2Y 5AS

The UKEB met for the public session on 21 April 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)
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

Kathryn Cearns joined the meeting at 1:55pm. Katherine Coates left the meeting at 2:00pm. The Board noted apologies from Chris Haworth (Observer from Her Majesty's Revenue and Customs).

### 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 received an update on the issues relating to the allocation of the contractual service margin (CSM) for annuities, following the issue of a Tentative Agenda Decision (TAD)

by the IFRS Interpretations Committee (IFRIC) and further discussions with stakeholders. The Board received further information, including some illustrative examples, on the following areas: (1) the investment-return service, (2) the relative significance and interaction of the components of CSM and the risk adjustment, and (3) potential wider impacts on the UK annuity business.

The Board discussed the findings and noted that all their questions in regard to the CSM issue and the IFRIC's TAD had been addressed satisfactorily. It was noted that the UKEB would issue a response to the consultation on the IFRIC's TAD. Furthermore, the Board noted that the IASB's Post Implementation Review (PIR) of IFRS 17 would provide an opportunity to assess the impact of the transition to the standard.

The Board considered and approved the draft text on the issue relating to the CSM allocation for annuities, for inclusion in the IFRS 17 Endorsement Criteria Assessment (ECA) and Feedback Statement.

### IFRS 17: ECA, Feedback Statement, and Final Draft Due Process Compliance Statement

The Board considered the IFRS 17 ECA included in the paper and agreed that it appropriately reflected their assessment of the standard against the statutory criteria. The Board approved the IFRS 17 ECA, subject to suggested amendments agreed at the meeting.

The Board considered and approved the final draft Feedback Statement, subject to suggested amendments agreed at the meeting.

The Board considered the final draft Due Process Compliance Statement (DPCS). The Board requested that the DPCS clearly articulate the long-term nature of the endorsement project, its commencement before the Board had been appointed, and the fact that the project was being undertaken in parallel with the development of its Due Process Handbook (Handbook). It went on to request that the DPCS for the IFRS 17 project clarifies that certain steps were deemed mandatory only after they had been carried out as part of the IFRS 17 project.

The Board noted that it will be convening an ad hoc Public meeting at 11:45 am on 9 May 2022 for Board members to provide their tentative vote on the adoption of IFRS 17. A final Adoption Package, including the ECA, Feedback Statement, the DPCS, and the Adoption Statement would be published ahead of that meeting. Formal written voting will take place subsequent to the ad-hoc meeting on 9 May, and the final result will be made public thereafter, in line with the UKEB Terms of Reference.

### Research Project: Subsequent Measurement of Goodwill (Update)

The Board considered an update on the limited-scope research project on the subsequent measurement of goodwill, including the initial findings from field-testing, desk-based research, and the proposed next steps.

The Board noted the positive feedback from investors, who anticipated that the hybrid model for the subsequent measurement of goodwill would deliver valuable information. The Board noted the next steps on the project – roundtable discussions with stakeholders followed by the final research paper being presented to the Board at its June 2022 meeting.

## ISSB Exposure Draft (PIP)

The Board considered the draft Project Initiation Plan (PIP) in regard to the UKEB's work on the International Sustainability Standards Board's (ISSB) exposure drafts (EDs) IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* (IFRS S1) and IFRS S2 *Climate Related Disclosures* (IFRS S2).

The Board noted that there were currently no organisations in the UK that have a delegated statutory function to consider the adoption of ISSB-issued standards; this would require some changes to current UK legislation. The Department for Business, Energy and Industrial Strategy (BEIS) sets the reporting requirements for Environmental, Social and Governance (ESG) matters for UK-registered entities and had committed to carrying out public consultations on any proposals in this area. The Companies Act 2006 does require the reporting of some sustainability matters. However, the introduction of ISSB-issued standards would ensure standardisation and lead to legislative changes.

As part of the UKEB's statutory remit, and following a request from BEIS, the Board agreed that it would assist the Government in considering the overlap between IASB and ISSB issued standards as well as sharing with the ISSB any additional insights into the impact of international standards on stakeholders in national jurisdictions. The initial work would involve outreach with stakeholders, which is likely to include a webinar with representatives of the various UK regulatory bodies and ISSB members. The Board noted that various authorities and bodies would also be engaged in this area of work, such as the Financial Reporting Council (FRC) and Financial Conduct Authority (FCA); it requested that the project team coordinate its engagement work with the relevant bodies, in the first instance via their nominated observers on the UKEB Board.

The Board noted that, given the changing nature of the landscape, amendments to the workplan and the approach taken in the PIP were expected during the course of the project. Updated PIPs would be included in future Board agendas, as relevant. The Board approved the draft Project Initiation Plan.

## Items for Noting

The Board noted the (1) Due Process Compliance Statement for ED *Non-current Liabilities with Covenants*, (2) Due Process Compliance Statement for ED *Supplier Finance Arrangements*, (3) Due Process Compliance Statement for Endorsement of May 2020 Amendments, and (4) Project Initiation Plan: Intangibles Research.

## Any other business

There was no other business discussed.

The meeting ended at 2:50pm.