

Regulatory Strategy

2022/23

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I Introduction

This has been an exhilarating inaugural year for all of us in the UK Endorsement Board (UKEB). Establishing the Board and taking on our statutory responsibilities has involved a lot of work behind the scenes and I would like to express my thanks to the Board members and Secretariat, who have risen to the challenge admirably.

A significant amount has already been achieved. The Board was appointed in March 2021 and we received our delegated powers from the Secretary of State in May. In the background, recruitment is continuing to ensure that we have the Secretariat resource we need to support us in fulfilling our purpose and delivering on our regulatory strategy as we move into 2022/23.

Real progress has already been made during 2021/22 in a number of areas including:

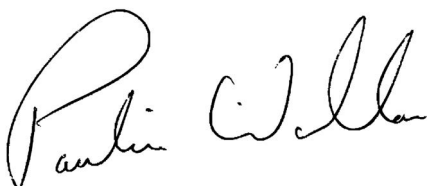
- The publication of our first major Draft Endorsement Criteria Assessment on IFRS 17 *Insurance Contracts*.
- The development of a draft Due Process Handbook, which will be published for consultation shortly.
- The submission of 11 comment letters (as at 4 January 2022) to the International Accounting Standards Board (IASB) reflecting UK stakeholder views on a range of topics.
- The establishment of our thought leadership strategy.

As we move into 2022/23 we will be focusing on those aspects of the IASB agenda that are of highest priority to UK stakeholders, as set out in our 2022/23 workplan. In parallel, we will continue to establish the processes we need to reinforce our ability to achieve our strategic objectives and deliver on our statutory functions.

For operational reasons, the UKEB's 2022/23 budget is incorporated within the [FRC Draft 3-Year Plan 2022-25](#), which is being published for consultation at the same time as this document. This budget is designed to ensure that we have adequate resource to enable us to fulfil our statutory objectives and deliver on our regulatory strategy.

I am proud of what we have achieved this year. There is still much to do, but we have put in place solid foundations that we can build on.

We welcome your comments on our plans for the year ahead. We look forward to continuing to ensure that the UK is seen as a thought leader and key influencer in international financial reporting.



Pauline Wallace
Chair, UKEB

2 Our Purpose

The UKEB was established with a specific mission and vision, to be achieved via a core set of values as outlined below.

2.1 Mission

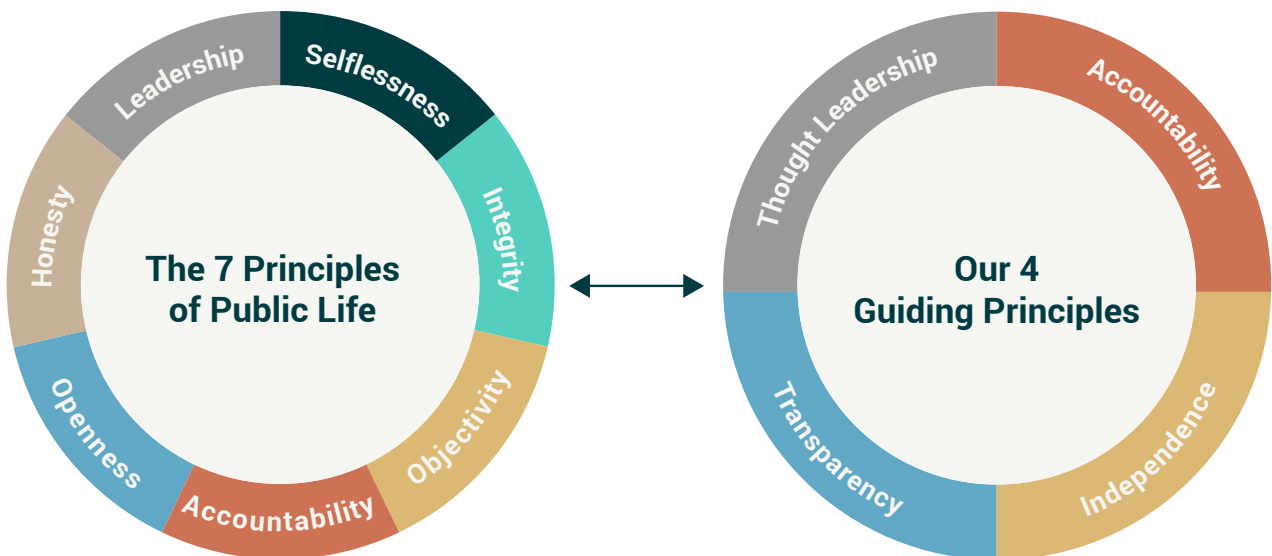
To serve the UK public good by leading the development and synthesis of UK views on financial reporting and representing them in the international arena, ensuring that the UK's voice is influential in the development of high-quality international accounting standards that are suitable for adoption in the UK.

2.2 Vision

To maintain the high quality of UK financial reporting that underpins confidence in the UK's capital markets and reinforces its reputation for transparency.

2.3 Values

The UKEB operates in the public interest, following the seven principles of public life and our four guiding principles.



3 Strategic Objectives 2022/2025

The UKEB's strategic objectives emanate from its statutory functions, as delegated to it by the Secretary of State for the Department for Business, Energy and Industrial Strategy (BEIS) in May 2021.

3.1 Statutory functions

The statutory functions of the UKEB are:

- a) to participate in, and contribute to, the development of a single set of international financial reporting standards; and
- b) to adopt international accounting standards when they meet the criteria in Statutory Instrument 2019/685 'The International Accounting Standard and European Public Limited-Liability Company (Amendments etc.)(EU Exit) Regulations 2019'.

The objectives for adoption of IFRS for use in the UK are to ensure:

- a) a high degree of transparency and international comparability of financial statements; and
- b) the efficient allocation of capital, including the smooth functioning of capital markets in the UK.

3.2 Strategic objectives 2022/25

The strategic objectives will enable the UKEB to deliver against its statutory functions, in accordance with its stated mission, vision and values during this three-year period.

3.2.1 Influencing

The UKEB will take a principles-based, proactive and pragmatic approach to influencing the IASB and other global players, to help ensure the development of high-quality financial reporting standards that promote transparency and comparability of financial information, and the smooth functioning of capital markets. In particular, it will:

- a) aim to influence the IASB at the beginning of its standards development cycle, providing evidence-based recommendations and thought leadership on emerging issues from a UK perspective;
- b) conduct stakeholder engagement with key stakeholder groups on a flexible and proportionate basis, aimed at ensuring the quality and persuasiveness of information shared;
- c) raise the UKEB's domestic and international profile by:
 - i. setting up advisory groups to ensure regular and timely input and interaction with UK stakeholders;
 - ii. developing our relationship with the IASB through active participation in the IASB's Accounting Standards Advisory Forum;
 - iii. participating in other international financial reporting groups and collaborate with those who share our goal of high-quality financial reporting;
 - iv. developing a communications strategy and a website that can help deliver to the UKEB's accountability and transparency principles.

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- d) showcase UK thought leadership and research by:
 - i. ensuring research is a key component of the UKEB's evidence-based and persuasive influencing and thought leadership activities to identify the key issues to be addressed during the development of a standard on a particular topic, allowing for more focused deliberations;
 - ii. developing an active research programme aimed at addressing new and emerging issues in international accounting, with a particular focus on topics included in (or likely to be included in) the IASB's long-term agenda;
 - iii. amplifying the research outcomes by sharing them with the IASB and other international partners.

3.2.2 Adoption of standards for use in the UK

The UKEB will aim to assess all new and amended international standards for adoption in the UK on a timely basis. In particular, it will:

- a) assess new standards and amendments against the statutory adoption criteria;
- b) conduct proportionate stakeholder engagement to ensure that the practical implications of implementation of those standards and amendments for UK companies, their investors and other stakeholders have been appropriately established and assessed;
- c) liaise with IASB staff and board members to ensure a full understanding of the technical issues and basis of conclusions;
- d) monitor the endorsement work of other national standard setters to ensure that all issues relevant to the assessment of the impact of the standard on the long-term UK public good have been identified.

3.2.3 Operations framework

Establishing and maintaining a robust operations framework is key to ensuring the requisite level of support to facilitate achievement of the influencing and adoption objectives detailed in sections 3.2.1 and 3.2.2 above. The core objectives are as follows:

- a) provide the UKEB with the support it requires to fulfil its statutory functions and to continue to embed the culture and values of the organisation;
- b) continue to embed and refine the governance framework designed and implemented in 2021/22;
- c) collaborate effectively with the FRC, the UKEB's outsourced services provider;
- d) design and implement an enhanced stakeholder engagement capability, including a comprehensive communications strategy and plan, and enhanced digital output;
- e) maintain tight budgetary control, aligned to the principles of managing public money.

4 Measuring Success

The UKEB will monitor progress in implementing its strategic objectives via key performance indicators in the following core areas:

- compliance with the governance framework, based upon requirements set out in the Memorandum of Understanding, Terms of Reference and Service Level Agreement;
- compliance with the Due Process Handbook in delivering to the technical workplan;
- effective management of outsourced services;
- actual costs in line with agreed budget/ forecast and adhering to Managing Public Money principles.

The Board will also ensure that its risk landscape is understood and managed appropriately. This will involve identifying, mitigating and monitoring key risks that would otherwise impede the UKEB's ability to achieve its strategic objectives and, therefore, to effectively perform its statutory functions.



5 Workplan 2022/23

As the UKEB's statutory functions relate to influencing the IASB during the development of new and amended International Financial Reporting Standards (IFRS) and the subsequent adoption of those standards, the work plan is necessarily focused on the projects on the IASB's current and future agenda, or those issued standards and amendments requiring adoption for use in the UK.

To enable UK companies to prepare for use of a new standard by the effective date, the endorsement and adoption process must commence in good time. This is particularly critical for companies that have dual-listed status (in the US, for example) where the listing authorities require foreign registrants to use full IFRS as issued by the IASB. The UK legislative framework prescribes the process for the adoption of new standards. It is multi-faceted, requiring consideration from accounting, technical, economic and legal perspectives. In addition, it stipulates consultation with stakeholders. As a result, the adoption process is labour-intensive, requiring significant stakeholder outreach and input as well as regular engagement at Board level. The UKEB is expecting to commence the work of assessing for adoption certain significant international accounting standards for use in the UK during the 2022/23 financial year. It is likely that a larger number will require formal adoption for use in the UK during the following financial year, 2023/24.

The IASB has recently consulted on its agenda as part of its Third Agenda Consultation. The outcome of the IASB's Agenda Consultation will become clear only later in 2022. As such, the UKEB's planned influencing activities for 2022/23 will need to be agile to address any changes to the IASB's workplan. The proposed UKEB workplan below includes both projects currently on the IASB workplan and the key new projects expected to be added over the coming months.

The workplan also includes some activities relating to research. These are necessary to fulfil the UKEB's thought leadership guiding principle and relate to priority areas of future development, i.e. research relating to goodwill, intangible assets and reporting climate-related matters in financial statements. In addition, some capacity to support the IASB in ad hoc, country-specific research is also necessary as it is key to effective, early influencing of the IASB's projects.

Finally, some activities relating to the establishment of the UKEB will be undertaken during this financial year, including finalisation of the UKEB's Due Process Handbook and the setting up of advisory groups. The latter will help the UKEB to ensure that the statutory requirement to consult with stakeholders who have an interest in financial reporting is met on a timely basis.

UKEB Expected Workplan 2022/23

Adoption Projects	
1	Rate-regulated activities
2	Primary financial statements
3	Other narrow scope amendments
Influencing Projects	
4	Post-implementation review of IFRS 15 <i>Revenue from Contracts with Customers</i>
5	Post-implementation review of IFRS 16 <i>Leases</i>
6	Post-implementation review of IFRS 9 <i>Financial Instruments</i> – Classification and Measurement
7	Post-implementation review of IFRS 9 <i>Financial Instruments</i> – Expected Credit Losses
8	Post-implementation review of IFRSs 10–12 Consolidation Standards (monitoring)
9	IFRS 17 <i>Insurance Contracts</i> (monitoring)
10	Business combinations under common control
11	Targeted standards level review of disclosures – approach
12	Targeted standards level review of disclosures – IAS 19 <i>Employee Benefits</i>
13	Targeted standards level review of disclosures – IFRS 13 <i>Fair Value Measurement</i>
14	Disclosures for subsidiaries without public accountability (monitoring)
15	Goodwill and impairment
16	Financial instruments with characteristics of equity
17	Dynamic risk management
18	Pension benefits
19	Equity method
20	Supplier finance arrangements (monitoring)
21	Classification of debt covenants as current or non-current (monitoring)
22	Provisions – Targeted Improvements
23	Extractive activities
24	Climate risk-related changes to IFRS
25	Intangible assets
26	IFRS and International Sustainability Standards Board's (ISSB) standards – overlap
Research	
27	Ad hoc narrow-scope research projects
28	Intangible assets
29	Reporting climate-related matters in financial statements
Wider Corporate Reporting	
30	IFRS Foundation - ISSB standards and materiality
31	Changes to UK Corporate Reporting Framework
UKEB Establishment	
32	Due Process Handbook - publication and monitoring
33	Set up standing advisory groups
34	Other ongoing wider stakeholder engagement approach
35	Develop a proportionate approach to impact assessment for narrow-scope amendments

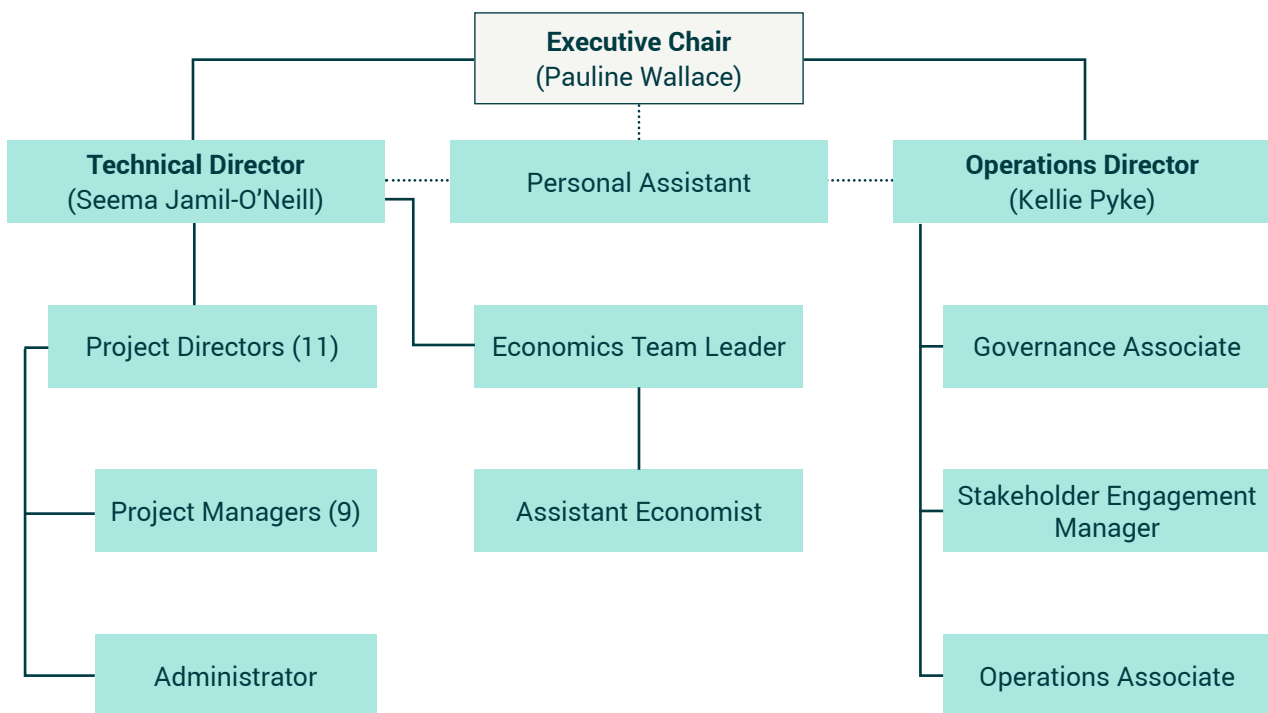
Appendix I Organogram 2022/23

UK Accounting Standards Endorsement Board (UKEB)

Executive Chair
Pauline Wallace

Non-Executive Members

Mike Ashley	Amir Amel-Zadeh
Phil Aspin	Michael Wells
Paul Lee	Kathryn Cearns OBE
Liz Murrall	Katherine Coates
Giles Mullins	TBC (open position)
Sandra Thompson	TBC (open position)



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