

# FEEDBACK STATEMENT

IASB Exposure Draft ED/2021/8

Initial Application of IFRS 17 and IFRS 9 – Comparative Information  
(Proposed Amendment to IFRS 17)

September 2021

The UK Endorsement Board (UKEB) fulfills the statutory functions of influencing the development of and subsequently adopting International Accounting Standards for use in the UK. This feedback statement forms part of those influencing activities.

The views expressed by the UKEB in this feedback statement are separate from, and will not necessarily affect the conclusions in, any endorsement and adoption assessment of new or amended International Accounting Standards.

# Contents

Purpose of this feedback statement	4
Overview	5
Outreach approach	6
UKEB's Comment Letter overview	7

# Purpose of this feedback statement

This feedback statement presents the views of UK stakeholders received during the UKEB's outreach activities on the IASB's Exposure Draft *Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Proposed Amendment to IFRS 17)* and explains how the UKEB's comment letter addressed those views.



# Overview

In July 2021 the IASB published Exposure Draft ED/2021/8 *Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Proposed Amendment to IFRS 17)*.

It proposes a narrow-scope amendment to the IFRS 17 transition requirements for entities that first adopt IFRS 17 and IFRS 9 at the same time.

The proposed amendment applies to financial assets for which comparative information presented on initial application of IFRS 17 and IFRS 9 has not been restated for IFRS 9.

It would permit an entity to present comparative information about such financial assets as if the classification and measurement requirements of IFRS 9 had been applied to those financial assets.

The IASB's ED proposes no change to the transition requirements in IFRS 9.

The UKEB published its final response on 23 September 2021.

In developing its response the UKEB took into account any feedback received from UK stakeholders.

The UKEB's response expressed support the IASB's proposals but suggested further enhancements to the detailed proposals.

# Outreach approach

The UKEB expected a limited number of UK stakeholders to be impacted materially by the proposed amendment and conducted outreach activities directly with those likely to be impacted by the IASB's ED.

The outreach approach was underpinned by the UKEB's guiding principles of thought leadership, transparency, independence, and accountability.

To develop our response, we undertook a desk-based review and reached out to those insurance entities likely to be impacted by the IASB's proposals.

We also discussed the expected amendment with the UKEB's Insurance Technical Advisory Group (TAG).

The UKEB's draft comment letter was posted for public consultation. It was advertised via the usual channels and also shared directly with the Insurance TAG, the Association of British Insurers, insurers likely to be impacted by the proposed amendment and specialist users of insurers' accounts.

We received feedback from two stakeholders (a membership organisation and an accounting firm), both supporting the IASB's proposals and agreeing with the views presented in our draft comment letter.

As no substantive dissenting comments were received, the final comment letter remains unchanged from the draft comment letter, with the exception of some minor editorial refinements.

# UKEB's Comment Letter Overview

## IASB question and UKEB position

IASB Question	UKEB draft and final position
<p>Do you agree with the proposed amendment in this Exposure Draft? Why or why not? If not, what alternative do you propose and why?</p>	<p><i>Classification</i></p> <ul style="list-style-type: none"><li>• We do not expect the classification overlay to be widely used in the UK. Nevertheless, we support the IASB's ED proposals.</li><li>• The classification overlay will enable insurers to increase the relevance and understandability of comparative information on transition to IFRS 17.</li><li>• We agree the classification overlay should be optional, on an instrument-by-instrument basis.</li><li>• We agree presenting comparative information as if IFRS 9 C&amp;M<sup>1</sup> had been applied to financial assets within the scope, based on reasonable and supportable information available at the transition date.</li></ul> <p><i>Impairment</i></p> <ul style="list-style-type: none"><li>• We support permitting, but not requiring, the application of IFRS 9 ECL<sup>2</sup> to financial assets within the scope.</li><li>• We recommend clarifying that the chosen approach to the application of IFRS 9 ECL<sup>2</sup> is an accounting policy choice consistently applied (not on an instrument-by-instrument basis).</li></ul> <p><i>Disclosures</i></p> <ul style="list-style-type: none"><li>• We recommend additional minimum disclosure requirements to provide greater transparency for users of financial information.</li></ul>

1 IFRS 9 Classification and Measurement requirements.

2 IFRS 9 Expected Credit Losses impairment requirements.

# Disclaimer

This feedback statement has been produced in order to set out the UKEB's response to stakeholder comments received on IASB's Exposure Draft *Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Proposed Amendment to IFRS 17)* and should not be relied upon for any other purpose.

The views expressed in this feedback statement are those of the UK Endorsement Board at the point of publication.

Any sentiment or opinion expressed within this feedback statement will not necessarily bind the conclusions, decisions, endorsement or adoption of any new or amended IFRS by the UKEB.

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