

Summary of the UKEB's Public Session held on 28 October 2021 at 9.30am via Microsoft Teams

The UKEB met for the public session remotely on 28 October 2021. A video recording of the meeting and the agenda papers discussed during the meeting are available to view on the UKEB's website.

The meeting was attended by the following:

Name	Designation
Pauline Wallace	Chair
Amir Amel-Zadeh	Member
Mike Ashley	Member
Katherine Cearns	Member
Katherine Coates	Member
Paul Lee	Member
Giles Mullins	Member
Liz Murrall	Member
Sandra Thompson	Member
Michael Wells	Member
Richard Cannon	Observer from Her Majesty's Revenue and Customs
Andrew Death	Observer from Department for Business, Energy and Industrial Strategy
Joyce Grant	Observer from the Financial Reporting Council
Andrew Murray	Observer from The Bank of England
Lee Pillar	Observer from Financial Conduct Authority

The topics discussed at that meeting, in order of discussion, were:

Administrative matters

Apologies were received from Phil Aspin. All other Board members were in attendance.

Declarations of interest

The Board noted Katherine Coates' executive role providing advice to insurance companies, albeit not specifically on IFRS 17, and that Paul Lee's employer provided advice to pension schemes on bulk annuities.

Due Process Handbook

The Board discussed certain sections of the draft Due Process Handbook, including those relating to Advisory Groups, Influencing the work of the IFRS Interpretation Committee, and the Due Process Compliance Statement. It made a number of comments and suggestions for drafting improvements.

The Board noted the project plan for finalising the draft Due Process Handbook and its subsequent public consultation. It was agreed that the Secretariat would present a consolidated draft of the Due Process Handbook for approval for public consultation at the UKEB's November meeting.

FRS 17 - DECA

The Board discussed the draft Endorsement Criteria Assessment (DECA) for IFRS 17, discussing sections of the DECA separately before considering the DECA as a whole.

FRS 17 – UK long term public good assessment

The Board noted that the long term public good assessment considered the improvements introduced by IFRS 17, the associated costs and benefits and wider economic impact likely to result from its use. The public consultation would seek feedback on each of these areas.

The Board discussed the treatment of costs that had already been incurred and which would not be affected by any adoption decision ('sunk costs'). In the Board's view, the analysis in the DECA should reflect the overall total costs and benefits. The cut-off date for ascertaining the implementation costs that should be regarded as 'sunk' was a matter of judgement, and specific feedback on this point would be sought.

The Board was content with the balance and completeness of the long term public good assessment and supportive of the tentative conclusion that the standard was likely to be conducive to the long term public good in the UK.

IFRS 17 – Technical accounting criteria assessment

The Board noted that the potential issue relating to the accounting treatment under IFRS 17 of reinsurance-to-close transactions in the Lloyd's market would be discussed with stakeholders and an update would be presented to the Board at the December 2021 meeting. A question would also be included in the consultation to receive specific feedback on this point.

The Board also noted that the technical paper on CSM allocation for annuities being prepared by the industry had not been finalised so could not be reflected in the DECA.

Subject to drafting amendments to the assessment, the Board was supportive of the tentative conclusion that IFRS 17 is likely to improve the quality of financial reporting and meets the technical accounting criteria.

IFRS 17 – DECA package

The Board noted that advice was being sought from legal counsel in respect of the Board's approach to assessment of the true and fair adoption criterion included in legislation. The

Board was supportive of the tentative conclusion that IFRS 17 was not contrary to the true and fair view principle.

The Board raised a few points for clarification and drafting improvements. The Board advised that the DECA should include specific reference to the Exposure Draft ED/2021/8 *Initial Application of IFRS 17 and IFRS 9 – Comparative Information* (Proposed amendment to IFRS 17), and that a specific question relating to the amendment be included in the Invitation to Comment.

The Board was supportive of the tentative conclusion that the endorsement criteria were met and that IFRS 17 should be adopted for use in the UK.

IFRS 17 – Approval to publish for consultation

The Board agreed to approve the DECA for publication, subject to the changes and additions discussed at the meeting. The Secretariat agreed to circulate an amended DECA to the Board for comments.

The Board agreed that the Secretariat should provide for a consultation period such that the final ECA together with a feedback statement and a statement of compliance with due process would be presented to the Board at its March 2022 meeting.

The Chair and the Technical Director thanked the Team and the UK stakeholders for their contribution towards the work of the project.

Subsidiaries without Public Accountability: Disclosures (Approve Project Implementation Plan)

The Board considered the Project Initiation Plan (PIP) for the project and noted that work will be mainly focused on outreach with stakeholders, and in particular preparers, to better understand the benefits of reduced disclosures and assess the appetite for the draft Standards. The Board noted the timeline for the planned work and that the comment period would fall during Christmas. To mitigate the risk of low responses to the draft comment letter, the Board recommended that the Secretariat undertake proactive outreach activities including:

- one to one meetings with stakeholders to better quality feedback.
- reach out to users to understand their information needs.
- given the importance of the topic from UK perspective, ongoing liaison with the FRC to ensure alignment of views between the UKEB and the FRC.

Subject to the above comments, the Board approved the draft Project Initiation Plan.

Research on Subsequent Measurement of goodwill (Approve Project Initiation Plan)

The Board considered a paper that outlined a Project Initiation Plan (PIP) for a research project to help the IASB analyse the potential impact of transitioning to an amortisation model for subsequent measurement of goodwill. The Board recognised the importance of collaboration with FRC on the aspect of the work relating to UK GAAP, i.e. determining the useful life of goodwill for amortisation purposes under UK GAAP.

The Board suggested incorporating the resource requirement for this and future research projects in the relevant PIPs.

The Board supported the content of the work planned to respond to the research project and approved the PIP.

Any other business

There was no other business discussed.

The meeting ended at 13:16 pm.