

Summary of the UKEB’s Public Session held on 9 December 2021 at 1:30pm via Microsoft Teams

The UKEB met for the public session remotely on 9 December 2021. A video recording of the meeting and the agenda papers discussed during the meeting are available on the UKEB’s website.

The meeting was attended by the following:

Name	Designation
Pauline Wallace	Chair
Amir Amel-Zadeh	Member
Mike Ashley	Member
Phil Aspin	Member
Katherine Cearns	Member
Katherine Coates	Member
Paul Lee	Member
Giles Mullins	Member
Liz Murrall	Member
Sandra Thompson	Member
Michael Wells	Member
Chris Haworth	Observer from Her Majesty’s Revenue and Customs
Andrew Murray	Alternate Observer from the Bank of England
Alexander Owen	Alternate Observer from the Financial Reporting Council
Lee Piller	Observer from the Financial Conduct Authority

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

Administrative matters

Apologies were received from Andrew Death, Observer from the Department for Business, Energy and Industrial Strategy (BEIS).

Declarations of interest

There were no new declarations of interest.

Due Process Handbook – Sweep Issues

The Board considered certain sweep issues, agreed as requiring a further review during its consideration of the draft Due Process Handbook (“Handbook”) at the meeting at the November 2021 meeting. These included:

- Minimum consultation periods for UKEB’s consultation documents;
- Requirements for approving a Research Paper or a Discussion Paper;

- Requirements for carrying out UKEB post-implementation reviews; and
- Membership terms and requirements for appointing members of advisory groups.

The Board reviewed the proposed amendments to the current draft of the Handbook arising from the sweep issued. Further suggestions for amendments to the draft were suggested by the Board. The final draft Handbook will be considered by the Board at its next meeting in January 2022, before its publication for stakeholder consultation.

IFRS 17 Verbal Update

The Board received an update on the ongoing consultation for the [Draft] Endorsement Criteria Assessment (DECA): IFRS 17 *Insurance Contracts*, currently in the fourth week of the twelve-week consultation period.

It was noted that the ICAEW had submitted a paper to the International Accounting Standards Board (IASB) on the alternative approaches to the contractual service margin allocation for annuity contracts under IFRS 17. The ICAEW paper presented two possible interpretations and sought the IASB's views on these. Separately, further work is being carried out on issues related to the treatment under IFRS 17 of reinsurance-to-close transactions in the Lloyd's market. Furthermore, it was noted that the IASB had issued a narrow-scope amendment to the transition requirements in IFRS 17, which would be incorporated within the wider IFRS 17 endorsement project.

Disclosure Requirements in IFRS Standards A Pilot Approach: Approval of final comment letter and Feedback Statement

The Board considered the Draft Final Comment Letter, Draft Feedback Statement, and Due Process Compliance Statement in relation to the final stages of the Disclosure Requirements in IFRS Standards pilot. The Board approved all three, subject to some suggested amendments to be addressed prior to final publication.

Discussion on the Process for Compliance Statements

As this was the first time the Board had the opportunity to consider a compliance statement being presented in accordance with the process set out in the draft Due Process Handbook, the Board was asked to consider whether it was content with the process for the review and approval of compliance statements. The Board agreed that it would be good practice for it to be sighted on the compliance statement at the time of the publication of a final comment letter, to satisfy the Board that there had been compliance with due process. A final version of the compliance statement would then be prepared to reflect the Board's approval of the comment letter, presented to the Board for information purposes and uploaded onto the relevant project page on the website. The Board also agreed that the draft Due Process Handbook would be updated, if necessary, to reflect this process.

Subsidiaries without Public Accountability: Disclosures: Approval of Draft Comment Letter and Invitation to Comment

The Board considered the Draft Comment Letter and accompanying Invitation to Comment in relation to the IASB's Exposure Draft *Subsidiaries without Public Accountability: Disclosures*. The Board also considered recommending the IASB not to require subsidiaries without public accountability to prepare a statement of cash flows.

The Board approved the publication of the Draft Comment Letter and Invitation to Comment Questions for stakeholder consultation, subject to some redrafting prior to publication. As the consultation period proposed by the UKEB Secretariat would have coincided with the winter holiday period for many stakeholders, the Board decided to allow additional time, so that the consultation period on the draft comment letter will close on 31 January 2022. The Board asked the UKEB Secretariat to communicate the late submission of its final comment letter to the IASB, by approximately three weeks, as well as highlighting the Board's draft position as published in the draft comment letter.

PIR: IFRS 9 – Classification & Measurement: Approval of Draft Comment Letter and Invitation to Comment

The Board considered the Draft Comment Letter and accompanying 'Invitation to Comment Questions' on the IASB's Post Implementation Review (PIR) of IFRS 9. The Draft Comment Letter highlights the feedback received from stakeholders, which notes that the IFRS 9 classification and measurement requirements are generally working as intended, although there were some concerns regarding cashflow characteristics assessments.

The Board agreed to include in the Draft Comment Letter a related concern regarding the application of amortised cost accounting and use of the effective interest method. The Board also agreed that a reference to the IFRIC tentative agenda decision (TAD) *Cash Received via Electronic Transfer as Settlement for a Financial Asset* should be included in the comment letter. The Board agreed to extend the consultation deadline, due to the potential impact of the winter holiday period. The Board approved the Draft Comment Letter and Invitation to Comment, subject to suggested amendments prior to publication.

Research on subsequent measurement of goodwill: Approval of response to IASB

The Board considered the Draft UKEB Response to the IASB regarding potential changes to the subsequent measurement of goodwill and the potential effects of transitioning to a hybrid model, including potential impacts on financial position, covenants, tax, distributable profits, and regulatory compliance. The Board approved the draft response to the IASB, subject to minor amendments.

The Board also considered a proposal for further work to develop and field test illustrative examples of transitional arrangements in relation to the subsequent measurement of goodwill. It was agreed that an updated Project Initiation Plan for the research project would be brought to a subsequent UKEB meeting for approval.

Any other business

There was no other business discussed.

The meeting ended at 5:45pm.