UK Endorsement Board

IASB General Update

Executive Summary

Project Type	Monitoring
Project Scope	Various
Purpose of the paper	
This paper provides the Board with an update on projects the Secretariat is currently monitoring, including the work of the IFRS Interpretations Committee. As agreed with the Board, the Secretariat proactively monitors a range of projects being undertaken by the IASB and IFRS Interpretations Committee. This is undertaken to inform the Board about the progress and decisions being made by the IASB on active projects. Discussion by the Board may also help inform interactions with international standard setter meetings, including the IASB's Accounting Standards Advisory Forum.	
Summary of the Issue	
This paper provides updates on relevant IASB projects the Secretariat is currently monitoring. Comments or questions are welcomed on any topic. The paper presents separately the topics the Secretariat suggests are prioritised for discussion from those presented as for noting. **Topics identified for discussion** are listed below: • Subsidiaries without Public Accountability: Disclosures • International Tax Reform—Pillar Two model rules: Amendments to IAS 12 Income Taxes **Topics identified for noting are listed below:** • Rate-regulated Activities • Post-implementation Review of IFRS 9 – Classification and Measurement • Lack of Exchangeability • Financial Instruments with Characteristics of Equity (FICE) • Equity Method • Goodwill and Impairment **IFRS Interpretations Committee** • New pipeline project: Merger between a parent and its subsidiary in separate financial statements.	

Decisions for the Board
The Board is not asked to make any decisions. Board members are asked the following questions: 1. Do Board members have any questions or comments on the Subsidiaries without Public Accountability update? 2. Do Board members have any questions or comments on the update on International Tax Reform – Pillar Two Model Rules? 3. Would Board members find an additional Education session on the requirements in the Exposure Draft useful? Do Board members have any questions or comments on the other updates for noting provided in this paper? In respect of the **Interpretations Committee update**: 4. Do Board members agree that the new pipeline project does NOT warrant a response at this time?
Recommendation
N/A
Appendices
Appendix A List of IASB projects

UK Endorsement Board

Topics for Discussion

Subsidiaries without Public Accountability: Disclosures

UKEB Project Status: Active Monitoring **IASB Next Milestone:** IFRS Accounting Standard	UKEB project page UKEB Final Comment Letter **(Published February 2022)**

1. At its December 2022 meeting, the IASB discussed the Exposure Draft's proposals[1] on the following topics:

   a) IFRS Accounting Standards without reduced disclosure requirements.

   b) Proposed reduced disclosure requirements in IAS 34 *Interim Financial Reporting*.

   c) Proposed statement of compliance.

IFRS Accounting Standards without reduced disclosure requirements

2. The Exposure Draft (ED) proposed:

   The disclosure requirements in IFRS 8 Operating Segments, *IFRS 17* Insurance Contracts *and IAS 33* Earnings per Share *remain applicable and are, therefore, not included in Appendix A. The application of the disclosure requirements in IFRS 8, IFRS 17 or IAS 33 is unchanged for an entity applying this [draft] Standard.*

3. The IASB received mixed feedback on the proposal not to reduce the disclosure requirements of IFRS 17. Many respondents (a small majority) were supportive of the IASB's proposal noting:

   a) IFRS 17 introduces a new accounting model for insurance contracts supported by its disclosure requirements.

   b) Reducing disclosure requirements in IFRS 17 would result in limited benefit and could be detrimental to users of subsidiaries' financial statements.

   c) Subsidiaries who issue insurance contracts within the scope of IFRS 17 are likely to be considered as having public accountability and therefore not eligible to apply the proposed standard.

[1] The IASB's Exposure Draft can be found here.

d) The IASB could consider reducing disclosures when the experience of applying IFRS 17 has been assessed.

4. The UKEB Final Comment Letter (FCL) disagreed with the ED's proposal not to reduce the disclosure requirements of IFRS 17 because the undue costs for preparers and users' information needs rationale is similarly applicable for subsidiaries that issue insurance contracts within the scope of IFRS 17, and which are not publicly accountable. In addition, taking this approach to a recently issued standard, i.e., observing its application before arriving at a reduced disclosure framework, could create a precedent for any new IFRS the IASB issues in the future.

5. Most IASB members supported the proposal not to reduce the disclosure requirements of IFRS 17 because:

a) IFRS 17 is a significant change with limited implementation experience.

b) Only a small proportion of subsidiaries eligible to apply the proposed standard would be impacted.

c) The interest of users of the financial statements may be best served by full IFRS 17 disclosures, to facilitate users' understanding of the new model for insurance accounting.

d) There is a lack of feedback on how the disclosure requirements in IFRS 17 can be reduced for eligible subsidiaries.

e) Proposing reduced disclosure for IFRS 17 at this stage of the project may introduce the risk of re-exposure and possibly delay issuance of the Standard. A few IASB members also highlighted that stakeholder (particularly preparers) are busy with the implementation of IFRS 17 and that it would be difficult therefore for the IASB to conduct meaningful outreach at this stage.

6. One IASB member said that this topic is linked to the scope of the proposed standard. In his view, it would be important to understand which subsidiaries issue insurance contracts within the scope of IFRS 17 and are eligible to apply the proposed standard i.e. do not have public accountability and the users' information needs of those subsidiaries.

7. Some IASB members disagreed with the rationale included in the staff paper for not reducing the disclosure requirements for IFRS 17 and recommended the staff place less emphasis on those, in particular:

a) IFRS 17 is still in its implementation phase—this argument will set a precedent for new standards that will be considered in the future.

b) IFRS 17 introduces a new accounting model for insurance contracts which is supported by its disclosure requirements—recognition, measurement and presentation remain unchanged under the proposed standard and therefore the new model will be implemented regardless of whether the disclosures are reduced.

c) Deferring proposing reduced disclosure requirements for IFRS 17 in the Standard for a period of time would enable the IASB to assess the effectiveness of IFRS 17 disclosure requirements—the IASB considered reducing the disclosures for IFRS 17 in developing the ED and the approach suggested by this argument is not cost effective.

8. One IASB member disagreed with the feedback that insurance regulators perform their regulatory function without significant reliance on the disclosure requirements in IFRS 17 and that their information needs are satisfied through regulatory reports. That IASB member reminded the Board that feedback on the 2019 ED proposing amendments to IFRS 17 indicated that insurance regulators and securities regulators were very supportive of the amendments—they felt that IFRS 17 will improve transparency and comparability.

9. The IASB Chair, whilst supporting the staff recommendation and the rationale of IASB Board members for not reducing the disclosures for IFRS 17, had concerns about whether that rationale held for captive insurers. Other IASB Board members, whilst appreciating the Chair's concern, were of the view that:

a) It would be difficult to conduct outreach in considering reduced disclosures, given preparers are busy with the implementation of IFRS 17. This would delay the project which is at finalisation stage.

b) It would be challenging for the IASB to identify the population of captive insurers, given only a small population of entities is eligible to apply the proposed standard.

c) Most insurance companies do not provide only captive insurance services.

10. Most IASB members agreed that the IASB should continue to assess the effectiveness of disclosure requirements in IFRS 17 and consider proposing reduced disclosure requirements for IFRS 17 at a future date, specifically when sufficient evidence and feedback surrounding the implementation of IFRS 17 have been obtained.

11. The IASB tentatively decided to confirm that the disclosure requirements in IFRS 8, IFRS 17 and IAS 33 remain applicable for a subsidiary applying the proposed standard.

12. The UKEB Secretariat's initial view is that further research and outreach should be carried out by the IASB to get a broader understanding of those subsidiaries that issue insurance contracts within the scope of IFRS 17 and are also eligible to

apply the proposed standard. Whilst captive insurer is the frequent example of such subsidiaries, we think there may be non-insurance subsidiaries that issue insurance contracts within the scope of IFRS 17 and but are not publicly accountable.

Proposed reduced disclosure requirements in IAS 34 *Interim Financial Reporting*.

13. In developing the ED proposals, the IASB observed that a subsidiary applying the proposed standard should not be required to provide disclosures in its interim financials that are not required in its annual financials. Consequently, the ED included reduced disclosure requirements for IAS 34 *Interim Financial Reporting*.

14. All IASB members agreed with including reduced disclosure requirements for IAS 34, mainly because:

    a) This is consistent with the objective of the project i.e., reducing disclosures.

    b) It would avoid a subsidiary providing more disclosures in their interim financial statements.

    c) IAS 34 is different from IFRS 8 and IAS 33— because IAS 34 does not mandate which entities are required to publish interim financial statements.

    d) It is unlikely a subsidiary eligible to apply the proposed standard will prepare interim financial statements.

15. The IASB tentatively decided to retain its proposal to include in the proposed standard reduced disclosure requirements for IAS 34.

Proposed statement of compliance.

16. In developing its proposals, the IASB observed that the financial statements of two similar subsidiaries that applied IFRS Accounting Standards could be different if only one subsidiary applied the proposed standard. The two subsidiaries' financial statements were unlikely to provide the same disclosures, but both subsidiaries would still be able to assert compliance with IFRS Accounting Standards.

17. Paragraph 22 of the ED proposed:

    An entity applying this [draft] Standard shall disclose that fact together with the statement of compliance required by paragraph 110 of this [draft] Standard.

18. Paragraph 110 of the ED (which replaces paragraph 16 of IAS 1 *Presentation of Financial Statements*) states:

> *An entity whose financial statements comply with IFRS Standards shall make an explicit and unreserved statement of such compliance in the notes. An entity shall not describe financial statements as complying with IFRS Standards unless they comply with all the requirements in IFRS Standards. An entity shall make this statement together with the fact that it has applied this [draft] Standard as required by paragraph 22 of this [draft] Standard.*

19. Feedback received by the IASB supported paragraph 22 of the ED — some respondents noted that this provides useful information to users and provides comfort that recognition and measurement requirements of IFRS Accounting Standards have been applied with reduced disclosures.

20. Most IASB members agreed with the staff recommendation that the ED proposal to disclose the fact that a subsidiary has applied the proposed standard together with the statement of compliance should be retained as this would be useful to users in understanding the financial statements.

21. Some respondents expressed concerns and said taken together paragraph 22 and paragraph 110 could be confusing or conflicting. For instance, the subsidiary would not in fact apply 'all' requirements in IFRS Accounting Standards because the proposed disclosure requirements in the proposed standard are reduced.

22. During the meeting some IASB members discussed the similarities and differences with the statement of compliance in IAS 34[2]. One IASB member found the second sentence in paragraph 110 of the ED confusing, misleading and contradicting, in particular it states: 'An entity shall not describe financial statements as complying with IFRS Standards unless they comply with all the requirements in IFRS Standards'. As noted above, the subsidiary would not in fact apply 'all' requirements in IFRS Accounting Standards. It was agreed that the second sentence of paragraph 110 of the ED would need to be re-drafted to ensure there are no inconsistencies.

23. One IASB member said the preferred approach would be to require the subsidiary to state that it has complied with the recognition, measurement and presentation requirements of IFRS Accounting Standards and the disclosure requirements of the proposed standard. However, that IASB member acknowledged the risk that this approach would not capture differences in the information reported by similar entities applying IFRS Accounting Standards that already exist in practice. In addition, it could give the impression that the financial statements were prepared under a different financial reporting framework.

2 See IAS 34 paragraph 19.

24. Most IASB members disagreed with the argument in the staff paper that the concern raised relating to how to refer to the proposed standard in audit reports is a matter best addressed by auditing regulatory bodies. Instead, these IASB members recommended the IASB staff liaise with the International Auditing and Assurance Standards Board (IAASB) because the auditors will include a reference to the framework used in the auditor's report.

Next steps

25. The IASB staff plan to present the following papers in January 2023 to continue the IASB's redeliberation of the ED proposals:

a) Interaction with IFRS 1 *First-time Adoption of International Financial Reporting Standards*.

b) Transition to the proposed standard including interaction with IAS 8 and other transition-related issues i.e., comparatives.

c) Maintenance of the proposed standard.

Summary of all tentative decisions to date

26. The table below summarises the IASB's proposals contained in the ED, the recommendations made by the UKEB in its comment letter and the IASB's tentative decisions made to date.

ED proposal	UKEB comment letter[3]	IASB tentative decision
Objective of the proposed standard		
Permit eligible subsidiaries to apply the disclosure requirements in the proposed standard and the recognition, measurement and presentation requirements in IFRS Accounting Standards.	We supported the IASB's effort to develop a reduced disclosure framework, permitting subsidiaries without public accountability to prepare their financial statements by applying the recognition and measurement requirements of IFRS but with reduced disclosures.	The IASB tentatively decided to confirm the objective of the proposed standard.

3 Final UKEB Comment letter

ED proposal	UKEB comment letter[3]	IASB tentative decision
Scope		
An entity is permitted to apply the proposed standard in its consolidated, separate or individual financial statements if and only if, at the end of its reporting period, it: a) is a subsidiary; b) does not have public accountability; and c) has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Standards	We broadly agreed with the scope. We also recommended extending the scope to include an ultimate parent's individual financial statements, that does not itself have public accountability.	The IASB tentatively decided to confirm the scope as proposed in the ED. The IASB also tentatively decided to review the scope after the proposed standard has been finalised, possibly during the post-implementation review.
Definition of public accountability		
An entity has public accountability if: a) its debt or equity instruments are traded in a public market; or b) it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses.	• We supported the ED's definition of public accountability. • We also recommended additional guidance on 'fiduciary capacity' be incorporated in the proposed standard.	The IASB tentatively decided that if the proposed standard is finalised, it will: a) clarify the description of 'public accountability' as set out in the Exposure Draft Third edition of the *IFRS for SMEs* Accounting Standard. b) clarify, using similar wording to that of paragraph 1.7 of the *IFRS for SMEs* Accounting Standard, that an intermediate parent is required to

ED proposal	UKEB comment letter[3]	IASB tentative decision
		assess its eligibility to apply the proposed standard to its separate and individual financial statements on the basis of its own status. That is, the intermediate parent would be required to make this assessment without considering whether other group entities have public accountability, or the group as a whole has it.
Approach to developing the proposed disclosure requirements		
Uses the disclosure requirements in the *IFRS for SMEs* Standard as a starting point (the "bottom up" approach).	We disagreed with IASB's 'bottom-up approach' and recommend the 'top-down approach' similar to FRS 101.	The IASB tentatively decided to modify its approach to ensure that the language used in the disclosure requirements is the same as the language in IFRS Accounting Standards. The IASB also tentatively decided to explain in the Basis for Conclusions on the proposed standard: a) why the disclosure requirements in the *IFRS for SMEs* Accounting Standard are the appropriate starting point; b) how 'cost–benefit' is considered; and

ED proposal	UKEB comment letter[3]	IASB tentative decision
		c) the reason for the exceptions made to the approach to developing the proposed disclosure requirements (i.e., disclosure objectives— See paragraphs BC40-BC52 of Basis for Conclusions on ED)
IFRS Accounting Standards without reduced disclosure requirements		
The disclosure requirements in IFRS 8 *Operating Segments*, IFRS 17 *Insurance Contracts* and IAS 33 *Earnings per Share* remain applicable and unchanged.	We disagreed with the ED's proposal not to reduce the disclosure requirements of IFRS 17 for subsidiaries that are not publicly accountable.	The IASB tentatively decided to confirm that the disclosure requirements in IFRS 8, IFRS 17 and IAS 33 remain applicable for a subsidiary applying the proposed standard.
Proposed reduced disclosure requirements in IAS 34 *Interim Financial Reporting*		
Proposed reduced disclosure requirements for IAS 34.	The UKEB comment letter did not provide any specific feedback on this topic.	The IASB tentatively decided to retain its proposal to include in the proposed standard reduced disclosure requirements for IAS 34.
Proposed statement of compliance		
Proposed that an eligible subsidiary disclose the fact that it has applied the proposed standard together with the statement of compliance.	The UKEB comment letter did not provide any specific feedback on this topic.	The IASB tentatively decided to retain its proposal that a subsidiary applying the proposed standard be required to disclose that it has applied the

ED proposal	UKEB comment letter[3]	IASB tentative decision
		proposed standard in the same note as its explicit and unreserved statement of compliance with IFRS Accounting Standards.

27. The UKEB Secretariat will continue to monitor IASB discussions, particularly around the proposed disclosure requirements.

Question for the Board
1. Do Board members have any questions or comments on the Subsidiaries without Public Accountability update?

International Tax Reform—Pillar Two Model Rules: Amendments to IAS 12 *Income Taxes*

UKEB Project Status: Influencing **IASB Next Milestone:** IFRS Accounting Standard amendment (Q2 2023)	UKEB project page

28. The Pillar Two model rules introduce a minimum tax rate for entities and groups with turnover of €750m or above. In jurisdictions where an entity or group's effective tax rate is below 15%, the model rules require the entity or group to top up the tax it pays to that rate

29. Stakeholders have expressed concern around the complexities of accounting for income taxes in respect of the Pillar Two model rules, and especially around accounting for deferred taxes.

30. In response to this stakeholder feedback, the IASB published the Exposure Draft (ED) I*nternational Tax Reform–Pillar Two Model Rules* on 9 January 2023.

31. The ED proposes that entities must apply a temporary exception from accounting for deferred tax arising from the Pillar Two model rules and should disclose that they are applying the exception.

32. The ED further proposes that, in the period when legislation has been enacted but is not yet effective, entities should make the following disclosures on taxes arising from the Pillar Two model rules:

    a) information about legislation enacted or substantively enacted in jurisdictions where they have operations;

    b) the jurisdictions in which their average effective tax rate for the current period is below 15%, the aggregate accounting profit and tax expense or income for those jurisdictions, and the resulting weighted average tax rate;

    c) where they consider they will and will not be exposed to paying additional tax under the Pillar Two model rules.

33. Once the Pillar Two model rules are effective, entities must present their Pillar Two current tax expense or income separately from other current tax expense or income.

34. Stakeholders highlighted to the IASB that there is an urgent need for clarity due to the expected enactment of the Pillar Two model rules in 2023 across multiple jurisdictions, including the UK. The IASB therefore plans to introduce the

amendments to IAS 12 on an accelerated timetable. The ED is open for comment for 60 days until 10 March 2023, and the IASB aims to finalise any amendments, which would be effective immediately, in Q2 2023.

35. Information on the background to the ED was included in Paper 6 for the December 2022 Board meeting on the IASB General Update[4]. An education session on the tax reform itself will be provided to the Board as part of the private session. We will bring more detail on the ED proposals to the Board in February when the Board discusses the Project Initiation Plan. If the Board wishes, we can also organise a detailed education session on the IASB proposals to supplement the tax reform education session.

36. We expect to bring a Project Initiation Plan and Draft Comment Letter to the Board to the February 2023 meeting, having sought advice from the Preparers and Investor advisory groups. An indicative timetable for the Influencing Process to develop a UKEB comment letter on the IASB's ED is included below. A more detailed timetable will be included in the Project Initiation Plan.

Expected date	Milestones
9 January 2023	IASB published Exposure Draft – 60 day comment period
19 January 2023	**UKEB Board:** Education session on tax reform
23 February 2023	**UKEB Board:** Discusses and approves PIP and DCL
24 February 2023	**UKEB Secretariat:** Publishes DCL (perhaps **14 day** comment period 24/2–9/3)
Early March 2023	**Additional UKEB Board meeting to be scheduled: Approval final comment letter**
Early-mid March 2023	IASB comment period ends UKEB submits final comment letter
23 March 2023	**UKEB Board:** Discusses and approves FBS and DPCS
April–May 2023	IASB redeliberates

4 UKEB December 2022 meeting, Agenda Paper 6 – link here

Expected date	Milestones
May 2023	IASB publishes final Amendment

Questions for the Board
2. Do Board members have any questions or comments on the update on International Tax Reform – Pillar Two Model Rules? 3. Would Board members find an additional Education session on the requirements in the Exposure Draft useful?

Topics for Noting

Rate-regulated Activities

UKEB Project Status: Active Monitoring **IASB next milestone:** IFRS Accounting Standard (not before 2024)	UKEB project page UKEB Final Comment Letter **(August 2021)**

37. The IASB is continuing its redeliberations following feedback on its Exposure Draft Regulatory Assets and Regulatory Liabilities[5] (RRA ED).

38. The table below summarises the IASB's proposals contained in the ED, the recommendations made by the UKEB in its comment letter and the IASB's tentative decisions made at its December 2022 meeting.

Inflation adjustment to the regulatory capital base – target profit		
ED proposal	**UKEB comment letter**	**IASB tentative decision**
A significant component of an entity's target profit (which is a component of total allowed compensation) often consists of regulatory returns. Regulatory agreements typically determine the regulatory return for a period by specifying a return rate and a base to which that return rate applies. Common terms for such a base are 'regulatory capital base' or 'regulatory asset base', although other terms are also used. Some regulatory agreements specify more than one base, each with its own return rate. The items for which amounts are included in such a base are not necessarily	We have no comment with regards to any further guidance on applying the concept of total allowed compensation. However, we have concerns about the interaction between the various components of total allowed compensation. In our outreach we have heard that, in practice, there may be an overlap between these components, which the ED does not appear to address. To provide an example, allowable expenses could be forecast at the beginning of a price control period using an assumed level and be recovered as part of the rates charged during the	The IASB tentatively decided that the Standard specify that an entity is neither required nor permitted to recognise as a regulatory asset inflation adjustment to the regulatory capital base.

5 The IASB's exposure draft can be found here

recognised as assets or liabilities applying IFRS Standards, and a regulatory agreement does not necessarily measure assets or liabilities on the same basis as IFRS Standards. For example, the regulatory capital base might measure property, plant and equipment on a basis including an allocation of administrative overheads recognised as an expense by applying IAS 16 or including an inflation adjustment not reflected in an entity's financial statements prepared by applying IFRS Standards.	period subject to a true-up at the end of the price control period to reflect the actual inflation. To the extent that true inflation differs from that which was assumed at the beginning of the price control period, the true-up could be recovered through the rates charged by being added or deducted from the regulatory base on which regulatory returns for future periods are calculated. We therefore recommend that the standard should address these interactions by providing guidance and or illustrative examples to reflect how these interactions should be treated by preparers.	

Other items included in the regulatory capital base

ED proposal	UKEB comment letter	IASB tentative decision
The Exposure Draft defines allowable expense as an expense, as defined in IFRS Standards, that a regulatory agreement entitles an entity to recover by adding an amount in determining a regulated rate. If an expense is allowable under the terms of a regulatory agreement, that fact establishes that the expense relates to the supply of goods or services in some period. In applying this [draft] Standard, an entity shall treat	The UKEB comment letter did not provide any specific feedback on this topic.	The IASB tentatively decided that the Standard specify that: An entity is required to recognise a regulatory asset or a regulatory liability relating to an allowable expense or performance incentive included in its regulatory capital base when: The entity's regulatory capital base and its property, plant and equipment have a direct relationship; and

that allowable expense as relating to the supply of goods or services in the period when the entity recognises the expense applying IFRS Standards. Thus, the amount that recovers that allowable expense forms part of total allowed compensation for goods or services supplied in that period.		The entity has an enforceable present right (obligation) to add (deduct) the allowable expense or performance incentive to (from) future regulated rates. An entity is neither required nor permitted to recognise a regulatory asset or a regulatory liability relating to an allowable expense or performance incentive included in its regulatory capital base when the entity's regulatory capital base and its property, plant and equipment have no direct relationship.

39. The ED did not explicitly include proposals on the issue of inflation. Instead, this issue arose based on feedback provided by stakeholders. On this topic, the UKEB comment letter had expressed concerns about the interaction between the various components of total allowed compensation, including the possible impact of actual inflationary adjustments that may occur during a period, and had recommended guidance or illustrative examples to reflect how the interactions should be treated by preparers. The IASB tentatively decided to specify in the Standard whether and how to recognise inflationary adjustments. This is an improvement to the UKEB comment letter recommendation.

40. The IASB also discussed advice from the Consultative Group for Rate Regulations on the topic of Inflation adjustment to the regulatory capital base, and the use of direct relationship concept [6]. The IASB was not asked to make decisions on either topic.

[6] A direct relationship between an entity's regulatory capital base and its property, plant and equipment arises when the regulatory requirements are closely aligned with the accounting requirements. In such schemes, regulators typically require entities to reconcile their regulatory capital base to there property, plant and equipment and to track any differences.

41. **Next steps** —the IASB will continue its redeliberations on the feedback received on the ED at future meetings. Future redeliberations by the IASB will focus on the following topics:

a) unit of account, recognition and derecognition;

b) discount rate;

c) items affecting regulated rates only when related cash is paid or received;

d) presentation;

e) disclosure;

f) interaction with other IFRS Accounting Standards, including amendments to other IFRS Accounting Standards; and

g) effective date and transition.

42. The UKEB Secretariat will continue to monitor the IASB discussions.

Post-implementation Review of IFRS 9 – Classification and Measurement

UKEB Project Status: Active Monitoring **IASB next milestone:** N/A	**UKEB project page** **UKEB Final Comment Letter (Published January 2022)**

43. At its November 2022 meeting the IASB decided that adequate work had been completed to conclude its Post-implementation Review (PIR) of the classification and measurement requirements in IFRS 9 *Financial Instruments*. On 21 December 2022 the IASB published its Project Report and Feedback Statement PIR IFRS 9 Financial Instruments—Classification and Measurement.

44. The IASB's Project Report notes that feedback from stakeholders and research undertaken as part of the PIR show that the requirements set out in IFRS 9 are working as intended and provide useful information to the users of financial statements.

45. In response to feedback received, the IASB has also identified areas for standard-setting (see IFRS - Amendments to the Classification and Measurement of Financial Instruments) and research (Amortised Cost Measurement[7]) to further enhance information provided to users of financial statements.

46. The IASB work on its ongoing standard-setting project *Amendments to the Classification and Measurement of Financial Instruments*, in combination with its future research project *Amortised Cost Measurement*, is expected to address the areas of concern reported in the UKEB Final Comment Letter (i.e. financial instruments with sustainability-linked features, contractually linked instruments and non-recourse finance, amortised cost and the effective interest method and cash received via electronic transfers).

47. The Exposure Draft *Amendments to the Classification and Measurement of Financial Instruments* is expected to be published by the IASB in March 2023. The timing for the IASB research project Amortised Cost Measurement is yet to be determined.

[7] See IFRS - IASB pipeline projects.

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Lack of Exchangeability

UKEB Project Status: Active Monitoring **IASB Next Milestone**: IFRS Accounting Standard Amendment Q2 2023	**UKEB project page** **UKEB Final Comment Letter** (Published September 2021)

48. In April 2021, the IASB published the Exposure Draft *Lack of Exchangeability*. The Exposure draft proposed to add requirements to IAS 21 *The Effects of Changes in Foreign Exchange Rates* for a company to determine whether a currency is exchangeable into another currency and the exchange rate to use when it is not.

49. The UKEB published its final response in September 2021. The UKEB's response concluded that the proposed amendments achieved their objectives. It also included some minor drafting suggestions for the IASB to consider.

50. At its December 2022 meeting, the IASB discussed how the Lack of Exchangeability project should proceed.

Summary of tentative decisions to date

51. The table below summarises the IASB's proposals contained in the ED, the recommendations made by the UKEB in its comment letter and the IASB's tentative decisions made to date.

ED proposal	UKEB comment letter	IASB tentative decision
Assessing exchangeability between two currencies		
The draft amendments specify that a currency is exchangeable into another currency when an entity is able to exchange that currency for the other currency. Specifically, a currency is exchangeable into another currency at a measurement date when an entity is able to exchange that currency for the other currency within a timeframe that includes a normal administrative delay and through a market or	We agree the proposed amendments provide preparers with guidance regarding the definition and assessment of a lack of exchangeability that is not temporary.	The IASB deliberations have focussed on specific elements of how an entity determines the spot rate. They have tentatively decided the following changes: • on markets or exchange mechanisms ○ to clarify that an entity would not consider 'unofficial markets' in assessing exchangeability; but, when exchangeability is lacking, the entity may use exchange

ED proposal	UKEB comment letter	IASB tentative decision
exchange mechanism in which the exchange transaction would create enforceable rights and obligations. They also set out factors an entity considers in assessing exchangeability and specify how those factors affect the assessment.		rates from such markets to estimate the spot exchange rate; ○ to refer to 'rates from exchange transactions that do not create enforceable rights and obligations' rather than 'unofficial rates' or 'black market rates'; • on ability to obtain only limited amounts of the other currency—to develop an example of the 'aggregate method' either as application guidance or an illustrative example; and • to clarify that an entity is required to consider all factors when assessing exchangeability, and that the absence of one factor would indicate a lack of exchangeability.
Determining the spot exchange rate when exchangeability is lacking		
The draft amendments specify how an entity determines the spot exchange rate when a currency is not exchangeable into another currency. The objective is to estimate the rate the entity would expect to have applied if the currency was exchangeable, this may involve reference to other, observable, rates.	We agree with the proposed approach to determining the spot exchange rate when exchangeability is lacking. Specifically, we support the conclusion to propose conditions to be met when estimating a spot exchange rate, rather than specifying detailed requirements on how the estimation should be made.	The IASB tentatively decided: • to change proposed paragraph 19A to state that 'an entity's objective in estimating the spot exchange rate is to reflect at the measurement date the rate at which an orderly exchange transaction would take place between market participants under prevailing economic conditions'

ED proposal	UKEB comment letter	IASB tentative decision
Disclosure		
The draft amendments require an entity to disclose information that would enable users of its financial statements to understand how a lack of exchangeability between two currencies affects, or is expected to affect, its financial performance, financial position and cash flows. This included: i. the nature and financial effects of the lack of exchangeability; ii. the spot exchange rate(s) used; iii. the estimation process; and iv. the risks to which the entity is exposed because of the lack of exchangeability.	We agree with the disclosure objective and the disclosure requirements proposed in the ED. We believe these disclosure requirements will provide relevant information to users of financial statements, assisting them to understand the effects of estimating the spot exchange rate on the financial statements and the entity's exposure to a currency that lacks exchangeability.	The IASB tentatively decided to make no changes to the proposals.
Transition		
The draft amendments require an entity to apply the amendments from the date of initial application and permit earlier application.	We agree with the transition requirements proposed. Retrospective application could be difficult and would require the use of hindsight. The approach outlined appears to provide an appropriate level of transparency for users without significant additional burden for preparers.	The IASB tentatively decided to make no changes to the proposals.

Next steps

52. At a future meeting the IASB will discuss effective date and due process steps.

53. The Secretariat will continue to monitor the IASB discussions.

UK Endorsement Board

Financial Instruments with Characteristics of Equity (FICE)

UKEB Project Status: Active Monitoring **IASB Next Milestone:** Exposure Draft H2 2023	

54. One of the overall objectives of the IASB's FICE project is to improve the information an entity provides to users of financial statements about the financial instruments it has issued. At its December 2022 meeting, the IASB discussed the presentation of equity instruments and financial liabilities.

Presentation of equity instruments

55. The IASB staff paper noted concerns raised by stakeholders on the limited information an entity provides in its financial statements about equity instruments it has issued. Through feedback on the IASB's 2018 Discussion Paper *Financial instruments with Characteristics of Equity*, users of financial statements asked for a clearer distinction of the distribution of profits amongst holders of different types of equity instruments, so that they can understand the effect other classes of equity instruments have on ordinary shares. Other stakeholders suggested requiring separate presentation in the statement of financial position of the various equity instruments.

56. At the December meeting, the IASB staff recommended that no changes are made to the presentation requirements in IAS 32 for equity instruments. In the IASB staff view:

    a) The principles in IAS 1 *Presentation of Financial Statements*, including any decisions to be made as part of the IASB's *Primary Financial Statements* (PFS) project, provide an adequate basis for entities to determine whether to present any additional information about equity instruments.

    b) The proposed disclosure requirements tentatively agreed by the IASB in April 2021[8] on key terms and conditions and potential dilution are sufficient to meet the needs of users of financial statements for further information about equity instruments.

57. During the meeting some IASB members expressed concerns on the accessibility and understandability of information currently disclosed and suggested more work needed to be done in response to feedback from users of financial statements. No tentative decisions were made by the IASB on this matter.

8 Refer to IASB Update April 2021.

58. **Next steps:** The IASB staff will consider the general approach taken in the PFS project and its interaction with other individual projects. In addition, the IASB staff will explore potential alternatives, such as requiring specific line items in the Statement of Financial Position, enhancing disclosures around dividends paid to different types of equity holders as well as potential interactions with other standards (such as IAS 33 *Earnings per Share*).

Presentation of financial liabilities

59. The IASB staff noted that stakeholders have raised concerns relating to a subset of financial liabilities subsequently measured at fair value through profit or loss. Stakeholders have questioned the recognition of changes in the carrying amount of the financial liability in profit or loss when the financial liability contains a contractual obligation to pay the holder an amount based on the entity's performance (e.g., liabilities based on EBITDA) or changes in the entity's net asset (e.g., units issued by mutual funds). Stakeholders consider this results in counterintuitive accounting because gains are recognised when an entity performs poorly, and losses are recognised when an entity performs well.

60. The IASB tentatively decided not to propose changes to the presentation requirements in IAS 32 to specifically address financial liabilities containing contractual obligations to pay amounts based on the entity's performance or changes in the entity's net assets.

61. The IASB also tentatively decided that entities with financial liabilities containing contractual obligations to pay amounts based on the entity's performance or changes in the entity's net assets - that are measured at fair value through profit or loss – will be required to disclose the total gains or losses recognised in profit or loss in each reporting period that arise from remeasuring such financial liabilities. One IASB member abstained from voting, due to concerns about potential implications for commercial sensitivity[9], until the detailed wording was available (to be developed by the IASB staff).

62. **Next steps:** The IASB staff will further consider how best to develop these disclosure requirements, including the potential interaction with the requirements in IAS 32.41, the principles in IAS 1 and the PFS project. At a future meeting, the IASB staff also plans to consider more comprehensively whether any further disclosures are required as a result of the potential clarifications made to IAS 32 in the FICE project.

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[9] The IASB staff paper, paragraph 33, states "*The staff also acknowledge that some entities are hesitant to present a separate line item if it will result in the provision of sensitive information – for example an NCI put exercisable at fair value. Stakeholders have told us that if the shares of the subsidiary are not quoted in an active market, the liability is measured using a model with many unobservable inputs and the separate presentation of this liability could prejudice negotiations of the final price when the NCI put is exercised*".

63. As per the current IASB's work plan an exposure draft is expected to be published in H2 2023.

64. The UKEB Secretariat will continue to monitor the IASB discussions.

Equity Method

UKEB Project Status: Active Monitoring **IASB Next Milestone:** Decide Project Direction	

65. At its December 2022 meeting, the IASB:

a) Continued its discussion on the application question: How does an investor apply the equity method when purchasing an additional interest in an associate while retaining significant influence?

b) Addressed the application questions:

i. Does an investor that has reduced its interest in an associate to nil 'catch up' unrecognised losses if it purchases an additional interest in the associate?

ii. Does an investor that has reduced its interest in an investee to zero recognise each component of comprehensive income separately?

Applying the preferred approach after the purchase of an additional interest in an associate

66. At its April 2022 meeting, the IASB discussed the application question:

How does an investor apply the equity method when purchasing an additional interest in an associate while retaining significant influence?

67. The IASB discussed possible approaches to the application question and expressed a preference for an approach (the preferred approach) whereby after obtaining significant influence, an investor measures purchases of an additional interest in an associate as an accumulation of purchases. Applying the preferred approach, the investor:

a) recognises, at the date of purchasing an additional interest, its additional share in the fair value of the associate's net assets;

b) measures the cost of that additional interest at the fair value of the consideration transferred; and

c) recognises the difference between (a) and (b) as a goodwill or bargain purchase gain.

68. At its June 2022 meeting, the IASB tentatively decided that an investor applying the preferred approach to a partial disposal, while retaining significant influence, would measure the portion of the carrying amount of an investment in an associate to be derecognised using:

    a) a specific identification method, if the investor can identify the specific portion of the investment being disposed of and its cost; and

    b) the last-in, first-out method, if the specific portion of the investment being disposed of cannot be identified.

69. Some IASB members said retaining the layers does not represent how the investment is managed and introduces unnecessary complexity to applying the equity method of accounting.

70. The IASB staff paper considers two views of the investment in an associate:

    a) View A is that the investor is measuring a single investment in the associate. The cost of the investment is measured as an accumulation of purchases after obtaining significant influence. Any portion of the investment is measured as a proportion of the total investment in the associate.

    b) View B is that the investor is measuring the layers of the investment in the associate. The investor applies the equity method of accounting to each layer therefore the monetary amounts for each layer are different and not proportionate to the total investment in the associate. After initial recognition on obtaining significant influence and for each additional purchase of an interest in an associate, the investor measures the individual layers separately while presenting them as a single amount in the statement of financial position.

71. IASB Board members supported view A because:

    a) It provides a faithful representation of an investment that is comprised of instruments with the same voting rights and the same rights to returns. These instruments are equivalent to each other, and the investor would consider them fungible.

    b) It provides a faithful representation of an investment when the investor manages the investment as a single asset and recovers it by sale of the investment as a whole, or by collecting dividends. An investor managing the investment as a single asset arguably would not engage in frequent partial disposals of the investment.

    c) Changes in the carrying amount of the investment applying View A (and the partial disposal gain or loss) are easy to understand because they are a proportion of the total carrying amount of the investment.

72. The IASB tentatively decided that an investor applying the equity method is measuring a single investment in an associate when applying the IASB's preferred approach. Accordingly, when applying the preferred approach in a partial disposal an investor would be required to measure the portion of the investment in the associate to be derecognised as a proportion of the carrying amount of the investment at the date of the disposal. This tentative decision amends the IASB's tentative decision in June 2022.

Purchase of additional interest in an associate and share of unrecognised losses

73. The IASB discussed the application question:

> Does an investor that has reduced its interest in an associate to nil 'catch up' unrecognised losses if it purchases an additional interest in the associate.

74. Paragraph 38 of IAS 28 *Investments in Associates and Joint Ventures* requires that, if an investor's share of losses equals or exceeds its interest in the associate, the investor does not recognise its share of further losses.

75. Paragraph 39 of IAS 28 requires that, after the carrying amount of the investor's interest is zero, additional losses are provided, and a liability is recognised, only to the extent that the investor has incurred a legal or constructive obligation or made payments on behalf of the associate.

76. The fact pattern in the application question is:

a) an investor's share of an associate's losses exceeds the carrying amount of the investment in the associate, including long-term interests that in substance form part of the net investment in the associate;

b) the investor has reduced the carrying amount of its investment to zero and has not recognised a liability for its share of losses that exceeds its investment; and

c) subsequently, the investor purchases an additional interest in the associate.

77. The IASB staff recommended that an investor that has reduced its interest in an associate to zero does not recognise the unrecognised losses against the cost of the additional interest in the associate (see below for illustrative example). However, this does not mean that the unrecognised losses are ignored because paragraph 39 of IAS 28 requires that no share of profit (including the share of profit attributable to the additional interest) is recognised until the investor's share of the subsequent profits equals its previous share of unrecognised losses. The IASB staff however noted that the fact pattern in the application question occurs when the associate's losses exceed its net assets. A negative net asset position may be an indicator of financial difficulty, which paragraph 41A of IAS 28 lists as

objective evidence of impairment. The investor may need to assess if the additional interest in the associate is impaired.

78. Whilst most IASB Board members supported the staff recommendation, one IASB Board member disagreed. In his view, given that the investor is measuring a single investment in the associate, the additional losses should be recognised because the purchase of an additional interest in the associate is exposing it to the losses. In addition, he believes that recognising an investment on Day 1 followed by an impairment on Day 2 would be confusing for users. Overall, in his view the value of the investment in the accounts is incorrect.

79. The IASB tentatively decided that under this fact pattern an investor would not recognise any unrecognised losses on purchasing an additional interest in the associate.

80. The following example illustrates the tentative decision:

a) Entity Y purchases 20% of Associate A for 200CU at 1/1/20X1 and obtains significant influence.

b) Associate A reports losses for 1,500CU during 20X1.

c) Entity Y's share of losses is 300CU (20% x 1,500CU).

i. Entity Y would recognise 200CU, reducing its investment to zero[10].

ii. Entity Y's share of unrecognised losses is 100CU.

d) Entity Y purchases an additional 10% interest for 100CU at 31/12/20X1.

e) Entity Y would then measure its additional investment at 100CU i.e. it would not recognise the unrecognised losses of 100CU against the cost of the additional interest in the associate.

Recognition of losses and components of comprehensive income

81. The application question under this topic concerns a fact pattern in which:

a) an investor has reduced its net investment in the associate to zero; and

b) the associate subsequently reports a loss (or a profit) in profit and loss, and an income (or an expense) in other comprehensive income, with the loss exceeding the income.

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10 Assumes Entity Y has not incurred legal or constructive obligations or made payments on behalf of the associate.

82. For example, assume that entity E has reduced its investment in associate A to zero. In the following period, entity E's share of losses in the associate is 150CU and entity E's share of the associate's income in other comprehensive income is 100CU. Entity E does not have a legal or constructive obligation to make payments on behalf of the associate.

83. A question arises as to whether the investor recognises:

a) nothing; or

b) a share of loss of 100CU[11] and a share of income in other comprehensive income of 100CU, with no change to the carrying amount of the net investment in the associate.

84. The IASB staff recommended that an investor that has reduced its interest in an associate to zero recognises its share of each component of comprehensive income separately. That is an investor recognises and presents in accordance with IAS 1 two items of the same amount (one positive and one negative). The recommendation would provide users of financial statements with information about the investor's share in the associate's comprehensive income and its disaggregation, while not recognising losses the investor has no liability for.

85. If no amount was recognised, an investor would need to monitor its share of unrecognised losses and amounts recognised in other comprehensive income to apply the requirement in paragraph 39 of IAS 28. For this reason, the IASB staff considers that there is no additional cost associated with the recommendation.

86. The IASB supported the staff recommendation and tentatively decided that:

a) An investor would recognise its share of an associate's comprehensive income until its interest in the associate is reduced to zero.

b) When an investor has reduced the carrying amount of its investment in an associate to zero the investor would recognise separately its share of each component of the associate's comprehensive income.

87. There is a similar fact pattern where a question arises on how to apply the requirements in paragraph 38 of IAS 28, in which:

a) the investor's share of the associate's profit or loss and changes in the associate's other comprehensive income are both negative (comprehensive losses); and

[11] This amount is restricted to 100 because Entity E has discontinued recognising its share of further losses (Entity E does not have a legal or constructive obligation to make payments on behalf of the associate.)

b) the sum of the two exceeds the carrying amount of the investment in the associate.

88. IAS 28 does not specify an order in which the investor should recognise the components of total comprehensive income. The IASB staff recommended prescribing this order, so that the investor recognises, first its share of profit or loss and share of other comprehensive income until the carrying amount of the investment is reduced to zero. The staff rationale for proposing this order is the *Conceptual Framework* indication that the profit or loss is the primary source of information about an entity's financial performance and therefore should be given priority in the order of recognition.

89. Whilst all IASB members supported the staff recommendation:

a) Two IASB members raised additional application questions that arise given the approach, including how other changes in net assets of the associate are impacted by the hierarchy proposed by IASB staff, and whether a similar hierarchy exists when recognising profits in subsequent periods. The staff agreed that these issues would need to be considered.

b) Two IASB members noted that there was no robust conceptual argument for the position—the *Conceptual Framework* does not include a decisive hierarchy.

c) One IASB member expressed concern about the unintended consequences if practice is changed as proposed. However, one IASB member supported the hierarchy approach on the ground of simplicity.

90. The IASB tentatively decided that if an investor's share of an associate's comprehensive income is a loss that is larger than that carrying amount of its investment in the associate, an investor would recognise, in order:

a) its share of the associate's profit and loss; and

b) its share of the associate's other comprehensive income.

91. **Next steps:** At future meetings, the IASB staff plans to ask the IASB to discuss other application questions within the scope of the project.

92. The UKEB Secretariat will continue to monitor the IASB discussions.

UK Endorsement Board

Goodwill and Impairment

UKEB Project Status: **IASB Next Milestone:** Vote on proposed disclosure package December 2022	UKEB project page UKEB Report: Subsequent Measurement of Goodwill - A Hybrid Model **(September 2022)**

93. At its December 2022 meeting, the IASB voted in favour of the following IASB staff recommendations:

a) To add its goodwill and impairment project to its standard-setting programme and to remove it from its research programme.

b) To change the project name from *Goodwill and Impairment* to *Business Combinations – Disclosures, Goodwill and Impairment*. The new name is intended to reflect more accurately the scope of the project.

c) To not establish a consultative group for the project.

d) To not include, in this project, consideration of any changes to identifiable intangible assets acquired in a business combination. In discussion on this recommendation, different views were expressed:

e) One IASB member noted that the proportion of respondents to the Discussion Paper *Business Combinations, Disclosures, Goodwill and Impairment* (the DP) advocating the recognition of more types of identifiable intangible assets acquired in business combinations was lower than anticipated.

f) One IASB member noted that some of the proposals made in responses to the DP for changes to the recognition of identifiable intangible assets on acquisition could be addressed as part of the IASB's forthcoming intangibles project.

g) One IASB member noted that there were significant groups of investors who advocated changes to identifiable intangible assets acquired in business combinations.

h) To exclude from the standard setting project the DP proposal to require entities to present total equity less goodwill in the statement of financial position. In discussion it was noted that as part of the Primary Financial Statements project, a tentative decision had been taken to require the presentation of goodwill as a separate line item in the statement of financial position. Investors will, therefore, be able to calculate total equity less goodwill using figures from the financial statements, without needing to use the notes.

i) To include in the standard setting project only the following two areas for consideration in relation to improving current impairment test requirements:

j) Requiring an entity to disclose goodwill by reportable segment; and

k) The interaction of the level at which goodwill balances are translated under IAS 21 *The Effects of Changes in Foreign Exchange Rates* and the level at which goodwill is tested for impairment under IAS 36 *Impairment of Assets*.

l) Future IASB discussions, as part of its standard setting project, will consider and develop the following tentative decisions made by the IASB during its redeliberations on the DP:

m) To require disclosure of:

   i. the strategic rationale for acquisitions;

   ii. for strategically important business combinations (with exemptions in some specific cases), the objectives, metrics and targets and subsequent performance of the acquisition; and

   iii. in the year of the business combination, quantified information on expected synergies (with exemptions in some specific cases).

n) To retain pro-forma information for acquisitions, but to clarify the disclosure requirements and to align their presentation with the proposals in the General Presentation and Disclosures project.

o) To retain the impairment-only model for subsequent measurement of goodwill.

UKEB UK Endorsement Board

IFRS Interpretations Committee

94. The UKEB's Due Process Handbook notes that the UKEB expects to respond to a limited number of tentative agenda decisions published by the IFRS Interpretations Committee (Interpretations Committee). Some factors to consider when deciding whether to respond may be:

    a) the degree of impact of the tentative agenda decision on UK companies (for example, in cases where the tentative agenda decision is expected to affect a significant number of UK companies);

    b) disagreement with the Interpretations Committee's analysis; or

    c) usefulness of the explanations and clarifications included in the tentative agenda decision.

95. At the December UKEB Meeting the Board considered a summary of the matters discussed by the Interpretations Committee at its November 2022 meeting.

96. Since December a new matter has been added to the Interpretations Committee pipeline: Merger between a parent and its subsidiary in separate financial statements.

"We [the submitter] often received technical enquiries on how to account for the merger between a parent and its subsidiary in the separate financial statements of the parent. However, conflicting answers exist since IAS 27 does not provide guidance on how to account for the merger. Therefore, there is diversity in practice in our jurisdiction. We are aware that a number of jurisdictions that apply IAS 27 to prepare separate financial statements face similar challenges in applying IAS 27 to such a merger."

97. The UKEB Economics team has reviewed corporate transactions by UK listed companies over the last 3 years (2020 to 2022) to identify the prevalence of mergers between parent companies and their subsidiaries.

98. The team examined any transaction between a parent company and a subsidiary owned by the same parent, limiting the results to transactions in which the parent merged with the subsidiary as opposed to acquiring an additional stake.

99. No material transactions were identified.

100. We also examined data from the Competition and Markets Authority. Though it is difficult to draw firm conclusions it appears to indicate there is a limited number of mergers occurring that would require their review in the UK market annually. Presumably only some of these are mergers between parents and subsidiaries. The threshold for review is where the UK turnover associated with the enterprise

which is being acquired exceeds £70 million or the two enterprises supply or acquire at least 25% of the same good or service in the UK[12] . Our conclusions therefore is that this is not a pervasive issue in the UK.

101. Based on this analysis the Secretariat do not currently believe the issue is widespread in the UK, therefore do not recommend developing a response at this time.

102. The next meeting of the Interpretations Committee will be in March 2023.

Questions for the Board
4. Do Board members agree that the new pipeline project does NOT warrant a response at this time?

12 see "A Quick Guide to UK Merger Assessment: 2021 version (publishing.service.gov.uk)"

UK Endorsement Board

Appendix A. List of IASB projects

A1 This Appendix provides a list of all IASB projects[1], including links to the IASB project page and, where relevant, to the UKEB project page and any UKEB reports or comment letters. Items highlighted in grey are changed from the last report.

List of IASB projects	
Amendments to the Classification and Measurement of Financial Instruments	
UKEB Project Status: Active Monitoring **IASB Next Milestone:** Exposure Draft March 2023	UKEB project page
Business Combinations under Common Control	
UKEB Project Status: Active Monitoring **IASB Next Milestone:** Decide Project Direction	UKEB project page UKEB Final Comment Letter (Published September 2021)

[1] This list does not include projects related to the IFRS Interpretations Committee or IASB's projects outside the UKEB's work remit (such as the Second Comprehensive Review of the *IFRS for SMEs* Accounting Standard).

UK Endorsement Board

List of IASB projects	
Business Combinations—Disclosures, Goodwill and Impairment	
UKEB Project Status: Active Monitoring **IASB Next Milestone:** Exposure Draft	UKEB project page UKEB Report: Subsequent Measurement of Goodwill - A Hybrid Model (Published September 2022)
Disclosure Initiative—Subsidiaries without Public Accountability: Disclosures	
UKEB Project Status: Active Monitoring **IASB Next Milestone:** IFRS Standard (not before 2024[2])	UKEB project page UKEB Final Comment Letter (Published February 2022)
Disclosure Initiative—Targeted Standards-level Review of Disclosures	
UKEB Project Status: Influencing Completed **IASB Next Milestone:** Project Summary March 2023	UKEB project page UKEB Final Comment Letter (Published December 2021)

2 ap8-work-plan-update-december-2022.pdf (ifrs.org)

UK Endorsement Board

List of IASB projects	
Dynamic Risk Management	
UKEB Project Status: Active Monitoring **IASB Next Milestone:** Exposure Draft	
Equity Method	
UKEB Project Status: Active Monitoring **IASB Next Milestone:** Decide Project Direction	
Extractive Activities	
UKEB Project Status: Active Monitoring **IASB Next Milestone:** Decide Project Direction Q2 2023	
Financial Instruments with Characteristics of Equity	
UKEB Project Status: Active Monitoring **IASB Next Milestone:** Exposure Draft H2 2023	

UK Endorsement Board

List of IASB projects	
International Tax Reform—Pillar Two Model Rules	
UKEB Project Status: Influencing **IASB Next Milestone:** Exposure Draft published 10/01/23 Submit letter by: 10/03/23	
Lack of Exchangeability (Amendments to IAS 21)	
UKEB Project Status: Active Monitoring **IASB Next Milestone:** IFRS Accounting Standard Amendment Q2 2023	UKEB project page UKEB Final Comment Letter (Published September 2021)
Post-implementation Review of IFRS 15 Revenue from Contracts with Customers	
UKEB Project Status: Active Monitoring **IASB Next Milestone:** Request for Information Q2 2023	

UK Endorsement Board

List of IASB projects	
Post-implementation Review of IFRS 9—Impairment	
UKEB Project Status: Active Monitoring **IASB Next Milestone:** Request for Information Q2 2023	
Primary Financial Statements	
UKEB Project Status: Active Monitoring **IASB Next Milestone:** IFRS Standard (not before 2024[3])	UKEB project page UKEB Final Comment Letter (Published September 2020)
Provisions—Targeted Improvements	
UKEB Project Status: **IASB Next Milestone:** Decide Project Direction	

3 ap8-work-plan-update-december-2022.pdf (ifrs.org)

List of IASB projects	
Rate-regulated Activities	
UKEB Project Status: Active Monitoring **IASB Next Milestone:** IFRS Standard (not before 2024[4])	UKEB project page UKEB Final Comment Letter (Published August 2021)
Supplier Finance Arrangements	
UKEB Project Status: Active Monitoring **IASB Next Milestone:** IFRS Amendment Q2 2023	UKEB project page UKEB Final Comment Letter (Published March 2022)

4 ap8-work-plan-update-december-2022.pdf (ifrs.org)