28 November 2024
Agenda Paper 8

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 monitors 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 (ASAF).	
Summary of the Issue	
Topics addressed in this paper include topics discussed by the IASB at its October 2024 meeting and to be discussed by the Interpretations Committee at its November 2024 meeting, as well as topics that are on the ASAF Agenda for the December 2024 meeting. **Topics for discussion** • None **Topics for noting** • Power Purchase Agreements • Financial Instruments with Characteristics of Equity • Business Combinations: Disclosures, Goodwill and Impairment • Intangible Assets **Interpretations Committee Update** **Topics on the ASAF agenda[1] not covered in this paper** Some items on the ASAF agenda are not covered in this paper. The table below provides signposting in this regard and contains links to the ASAF papers and other relevant material.	

1 IASB ASAF Agenda – December 2024.

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Topic	Signposting
Rate-regulated Activities	IASB staff will provide a project update and seek ASAF members' views on IASB tentative decisions in Q3 2024. The IASB staff presentation can be found here. The IASB tentative decisions were discussed by: 1. The UKEB at its September 2024 meeting. The paper can be found here. 2. The RRA TAG at its September 2024 meeting, the summary of which can be found here.
Management Commentary	IASB staff will provide a project update and an overview of the targeted refinements being made to the proposals in the Exposure Draft *Management Commentary*. The IASB presentation was unavailable at the time of writing. The IASB discussed the project at their November meeting and discussed targeted refinements to: a) The design of the disclosure objectives i.e. a headline objective, assessment objectives and specific objectives. The IASB agreed to retain the content of the assessment objectives but express them as explanations rather than as requirements to simplify the design. b) Material information: refining the proposed definition to align it with the definition in the Conceptual Framework and IFRS standards. The IASB agreed to align the definition. c) Key matters: clarification of the requirement to focus on key matters, to refine the terminology used and to distinguish it from the requirement to provide coherent information. No decision was required by the IASB.
Amortised Cost Measurement	IASB staff will ask ASAF members the following questions: a) "What is your assessment of the project objectives and the approach? i. Whether the project objectives and the approach adequately respond to stakeholder concerns and allow timely progress? [For project objectives and

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		approach refer to ASAF agenda paper – pages 11-12 (link below).] ii. Have you identified any specific areas relating to amortised cost measurement for which information provided to investors could be significantly improved? b) What is your assessment of the project scope? i. Is the list of project topics broadly complete? Have you identified any issues missing from that list that are widespread in your jurisdiction and have a material effect in the financial statements? [For list of project topics refer to ASAF agenda paper – pages 14-17 (link below).] c) Any initial advice about supporting stakeholders throughout this project? i. How can the IASB best support stakeholders that will be affected by this project, including any specific tools or resources to consider from the onset? d) Any other matters? i. Do you have any observations on other aspects of this project?" The ASAF agenda paper can be found here. The UKEB received an update on the project background, approach and technical scope at its October 2024 meeting. The paper can be found here.
	Updating IFRS 19 *Subsidiaries without Public Accountability*	IASB staff will seek ASAF members' views on the proposed amendments to IFRS 19 in the Exposure Draft (ED) published in July 2024. An overview of feedback on the ED will also be provided by IASB staff at the meeting (oral update). The ASAF agenda paper can be found here. This item will be discussed separately (see Paper 5 for this Board meeting, Amendments to IFRS 19 *Subsidiaries without Public Accountability: Disclosures* — Final Comment Letter).

Statement of Cash Flows and Related Matters	IASB staff will provide an update on staff's preliminary research and seek ASAF members' views on the prevalence of identified issues with the statement of cash flows and related information. The input from ASAF members will contribute to the IASB deciding on the scope of the project. The IASB staff presentation can be found here. This item will be discussed separately (see Paper 7 for this Board meeting, *Statement of Cash Flows and Related Matters* – Project Initiation Plan).

Decisions for the Board

The Board is not asked to make any decisions at this meeting.

The Board is asked the following questions:

Topics for noting

1. Do Board members have any questions or comments on the topics for noting?

ASAF agenda topics

2. Do Board members have any comments or questions to be raised at ASAF?

Interpretations Committee Update (Appendix E)

3. In the light of the tentative conclusions, do Board members continue to agree that the UKEB will NOT undertake further work on the matters presented to the Interpretations Committee at this time [Recognition of intangible assets resulting from climate-related commitments and Assessing indicators of hyperinflationary economies]?

Recommendation

N/A

Appendices

Appendix A: Power Purchase Agreements

Appendix B: Financial Instruments with Characteristics of Equity

Appendix C: Business Combinations: Disclosures, Goodwill and Impairment

Appendix D: Intangible Assets

Appendix E: Interpretations Committee Update

Appendix F: List of IASB projects

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Appendix A: Power Purchase Agreements

UKEB Project Status: Monitoring	UKEB Project page
IASB Next Milestone: Final Amendments expected December 2024	UKEB Final Comment Letter (published August 2024)

Background

A1. The IASB met on 22 October 2024 to discuss the IASB staff analysis and recommendations in response to the feedback on the Exposure Draft *Contracts for Renewable Electricity* (ED). The ED proposes narrow-scope amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* to account for nature dependent electricity (NDE) contracts with specified characteristics.

A2. This paper summarises the tentative decisions taken at the October 2024 IASB meeting.

Hedge accounting

A3. Agenda paper 3A sets out the stakeholder feedback on the hedge accounting proposals in the ED, and IASB staff recommendations for refinements to these proposals. Most respondents agreed with the proposed amendments but requested clarification of certain aspects, and further application guidance (see paragraph A6).

A4. Respondents to the ED asked for clarification of the 'highly probable'[1] requirement, particularly for purchasers of electricity, including how to determine whether future electricity purchases are highly probable and the appropriate time intervals for making such estimates. There was some discussion at the IASB meeting about the potential unintended consequences of providing additional guidance for NDE contracts within the narrow scope of these amendments, given that the 'highly probable' requirement is applicable to all cash flow hedging relationships. As such, it was decided at the meeting that there would be no additional guidance for the 'highly probable' assessment in the final amendments.

[1] IFRS 9 paragraph 6.3.3 states "If a hedged item is a forecast transaction (or a component thereof), that transaction must be highly probable." This requirement was included in the ED at paragraphs 6.10.4(b) and 6.10.5.

A5. In addition, some IASB members highlighted their support for the inclusion of clear and understandable examples to illustrate the application of the proposed amendments. The UKEB Final comment Letter had noted that the hedge accounting amendments were a complex area of accounting, requiring application guidance and illustrative examples.

A6. All (fourteen) IASB members voted to agree the IASB staff recommendations on hedge accounting. Therefore, the IASB tentatively decided to finalise the proposed hedge accounting requirements set out in the ED, subject to the following:

a) "to clarify to which particular requirements in Section 6.3[2] of IFRS 9 *Financial Instruments* the proposed amendments relate[3];

b) to clarify that an entity would be permitted to align the amount of forecasted transactions designated as the hedged item with the variable amount of nature-dependent electricity expected to be delivered by the facility referenced in the hedging instrument;

c) to clarify that, if the cash flows of the hedging instrument are conditional on the occurrence of the hedged forecast transaction, the 'highly probable' assessment would not be relevant; and

d) to add qualitative examples to illustrate the application of the proposed amendments."[4]

Disclosures

A7. Agenda paper 3B sets out the stakeholder feedback, and IASB staff analysis and recommendations in respect of the proposed disclosure requirements in the ED, including for an entity applying IFRS 19 *Subsidiaries without Public Accountability: Disclosures*.

A8. Most respondents to the ED understood the need for additional disclosures, given the unique risks that arise from NDE contracts. A similar sentiment was expressed by some IASB members at the September 2024 IASB meeting, who said their support of the own-use amendments was conditional on the adequacy of disclosures regarding the risk and rewards of the contracts in scope.

A9. Despite understanding the need for disclosures, many stakeholders did not agree with the scope and requirements of the disclosure proposals in the ED and urged the IASB to take a more proportionate approach.

2 IFRS 9 section 6.3 sets out the requirements for "Hedged items"

3 Some respondents asked the IASB to clarify whether and to what extent the proposals supersede or, alternatively, supplement the current hedge accounting requirements in IFRS 9. The staff paper clarifies that the proposed amendments represent an alternative approach that may be applied in specified circumstances; and that all other hedging requirements in IFRS continue to apply to all hedging relationships.

4 October 2024 IASB meeting summary

A10. Some respondents noted that disclosure requirements in other IFRS standards may be sufficient for certain NDE contracts in scope of the ED proposals. In response to this feedback, IASB staff mapped out these areas of potential overlap (see paragraph 24 of Agenda Paper 3B) and reduced the scope of the proposed disclosure requirements accordingly. While the ED had proposed disclosures for all NDE contracts, Agenda paper 3B recommends that:

a) For NDE contracts accounted for as executory contracts in accordance with the own-use amendments, the proposed disclosure requirements apply only to contracts for receipt. The disclosure requirements in IFRS 15 *Revenue from Contracts with Customers* are considered to be sufficient for such contracts which are for delivery.

b) For NDE contracts accounted for at fair value, the proposed disclosure requirements apply only to those contracts applying the hedge-accounting amendments. The disclosure requirements in IFRS 7 and IFRS 13 *Fair Value Measurement* are considered to be sufficient for all other NDE contracts at fair value.

A11. In addition, IASB staff have proposed several changes to the disclosure requirements, including removing requirements to disclose information about the relative size of an entity's NDE contracts, and information about the total cost of electricity consumed by purchasers in the reporting period. These changes are set out in more detail in Table 1 on page 5.

A12. These changes address many of the concerns highlighted in the UKEB Final Comment Letter (FCL) which had expressed a clear view that the scope of the disclosure proposals should be limited to NDE contracts accounted for as own-use. Of particular concern were paragraphs 42V (b)-(d) of IFRS 7 in the ED (which have now been removed), which would have resulted in significant amounts of additional non-financial information in the financial statements, and the need to disclose commercially sensitive information.

A13. There was a lengthy discussion at the October IASB meeting concerning the proposed disclosure of qualitative and quantitative information for NDE contracts applying the own-use amendments. This disclosure was not included in the ED, and was subsequently developed by IASB staff to require entities to demonstrate that they meet the net purchaser[5] condition to apply the own-use amendments. Some IASB members said that they would also like the disclosure to provide users with information about the economic exposure of selling unused electricity, which is a unique feature of NDE contracts in scope of the own-use amendments, owing to the design and operation of electricity markets. As a result, thirteen of fourteen

[5] An entity must assess "whether it will be a net purchaser over a reasonable amount of time when applying the own-use requirements to such a contract. An entity is a net purchaser if it buys enough electricity in the market in which it buys electricity to offset sales of any oversupply in that same market" – see September 2024 IASB meeting summary.

IASB members voted to expand the disclosure, to more clearly articulate the relationship between sales of unused electricity, and the cost of purchasing that unused electricity under the NDE contract.

A14. In addition, thirteen of fourteen IASB members voted in agreement of the overall staff recommendations on disclosure. The IASB therefore tentatively decided to finalise the proposed disclosure requirements as set out in the ED, with various changes as set out in the IASB October meeting summary. The key changes are summarised at paragraphs A10 to A13 above, and in Table 1 on page 5 of this paper.

Transition proposals and effective date

A15. As recommended in Agenda paper 3C, the IASB tentatively decided on an effective date for the finalised amendments of 1 January 2026, with early application permitted from the date of initial application[6].

A16. The IASB tentatively decided that the own-use amendments should be applied retrospectively, with no requirement to restate comparatives, as proposed in the ED; with the added clarification that the own-use assessment should be based on the facts and circumstances existing at the date of initial application. This change addresses the point raised in the UKEB FCL at paragraphs A29 and A30. Entities who prefer to do so may designate NDE contracts at fair value through profit or loss in accordance with paragraph 2.5 of IFRS 9.

A17. The hedge accounting amendments should be applied prospectively. On the date of initial application, entities may discontinue an existing hedging relationship and designate a new hedging relationship applying the amendments.

Due process steps

A18. All fourteen IASB members confirmed that they were satisfied the IASB had taken all necessary steps in the IASB's Due Process Handbook in developing the proposed amendments, and that there was no need to re-expose the proposed amendments. IASB members gave permission to begin the balloting process. Two members said they intended to dissent from the publication of the final amendments.

Next steps

A19. The IASB plans to issue the finalised amendments by the end of 2024.

6 Agenda paper 3C sets out that the date of initial application is the date when an entity first applies the proposed amendments and must be the beginning of a reporting period after the issue of these amendments.

Table 1: Summary of changes to the disclosure proposals in the ED

Nature of disclosure	Proposals in ED	Amended disclosure proposals
Information about how NDE contracts affect the amount, timing and uncertainty of the entity's future cash flows		
Terms & conditions of contracts	**All NDE contracts -** disclose e.g. remaining contract duration, pricing, minimum or maximum volume, cancellation clauses.	**NDE contracts for receipt, applying the proposed own-use amendments -** disclose terms and conditions that expose the entity to volume variability and risk of oversupply. **NDE contracts at fair value, applying the hedge accounting amendments** – disaggregate the information which entities are already required to disclose by paragraph 23A of IFRS 7[7], and disclose this information separately (i.e. split out from the existing hedge accounting disclosures those which relate to contracts within the scope of the amendments).
Information about future commitments under NDE contracts	**NDE contracts applying the own-use requirements** - disclose: • fair value of contracts; <u>or</u> • volume of NDE to be sold / purchased over the remaining duration of the contracts.	**NDE contracts for receipt, applying the proposed own-use amendments** – disclose: • aggregated expected cash flows from buying electricity under the contracts; and • qualitative information about how the entity assesses whether a contract might become onerous.

[7] Paragraph 23A of IFRS 7 states that "…an entity shall disclose by risk category quantitative information to allow users of its financial statements to evaluate the terms and conditions of hedging instruments and how they affect the amount, timing and uncertainty of future cash flows of the entity."

Nature of disclosure	Proposals in ED	Amended disclosure proposals
Information about how NDE contracts affect the entity's financial performance for the reporting period		
Information about the relative size of NDE contracts	**All NDE contracts** - disclose the proportion of electricity covered by the NDE contracts versus the total electricity sold / purchased for the reporting period.	**N/A**
Information about the cost of electricity consumed by purchasers in the reporting period	**NDE contracts for receipt -** disclose: • the total net volume of electricity purchased; • the average market price per unit of electricity; and • if the product of the disclosed volume and price information is significantly different to the total cost actually incurred, a qualitative explanation for this.	**N/A**
Qualitative and quantitative information about the net		**NDE contracts for receipt, applying the proposed own-use amendments** - disclose information about the cash flows for the reporting period arising from purchases under NDE contracts (including purchases of unused electricity), sales

Nature of disclosure	Proposals in ED	Amended disclosure proposals
purchaser condition assessment		of unused electricity and purchases of electricity to offset these sales.

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Appendix B: Financial Instruments with Characteristics of Equity

UKEB Project Status: Active monitoring **IASB Next Milestone:** Final Amendments	UKEB project page UKEB Final Comment Letter (published 3 April 2024)

Background

B1. In November 2023 the IASB published its Exposure Draft (ED) Financial Instruments with Characteristics of Equity (FICE), setting out proposed amendments to IAS 32 *Financial Instruments: Presentation*, IFRS 7 *Financial Instruments: Disclosures*, and IAS 1 *Presentation of Financial Statements*. The UKEB response to the IASB was submitted on 3 April 2024.

B2. The IASB met on 24 July 2024 to discuss a summary of feedback on the ED from users of financial statements, and a proposed project plan for the detailed analysis and redeliberation of all the feedback on the ED. Users were broadly positive about the disclosure and presentation proposals, although IASB members noted that it would be important to consider the cost as well as the benefit of any additional disclosures.

B3. Given this positive feedback, and comments made by IASB members at the July meeting, IASB staff have prioritised finalisation of the presentation and disclosure proposals ahead of other proposals in the ED, potentially enabling entities to apply these requirements at the same time as adopting IFRS 18 *Presentation and Disclosure in Financial Statements*.

Purpose of this update

B4. The IASB met on 23 October 2024 to discuss stakeholder feedback received on the presentation and disclosure proposals in the ED. The IASB was not asked to make any decisions at the meeting.

B5. The purpose of this paper is to provide the Board with an update on the IASB meeting.

October 2024 IASB meeting

Presentation – amounts attributable to ordinary shareholders

B6. IASB staff paper 5A sets out the detailed feedback on the proposals in the ED relating to presentation of amounts attributable to ordinary shareholders. IASB staff paper 5B sets out the IASB staff analysis of the feedback and their recommended refinements to the proposals.

B7. The proposals in the ED were intended to clearly distinguish amounts attributable to ordinary shareholders from amounts attributable to other owners on the face of the financial statements. Most users and regulators broadly agreed with the proposals, on the basis that they were expected to provide more transparency and information about the ownership structures of reporting entities. However, many preparers disagreed with the proposals[1].

B8. The key concerns[2] raised by respondents include:

a) the difficulty of distinguishing ordinary shareholders from other owners;

b) a lack of application guidance on how to attribute amounts to ordinary shareholders separately from amounts to other owners due to e.g., complex contractual terms of different classes of equity instruments; and

c) the costs of implementation relative to the benefit for investors.

B9. In response to this feedback, IASB staff proposed removing the reference to 'ordinary shareholders' from the proposals and, instead, requiring entities to present amounts attributable to perpetual instrument holders and non-participating preference shareholders separately from amounts attributable to other owners (including ordinary shareholders) in the financial statements.

B10. The refinement is intended to clearly distinguish those equity instruments with "non-participating or debt-like characteristics"[3] (i.e., perpetual instruments and non-participating preference shares), from other equity instruments. IASB staff acknowledged that this approach would require the development of clear definitions to ensure the consistent application of the requirements.

B11. IASB staff believe the updated proposals continue to meet the IASB's objective of providing clarity around ownership structures and risks to equity holders, while simplifying the requirements and alleviating cost concerns.

B12. There was a lengthy discussion on this topic at the meeting.

B13. A number of IASB members acknowledged the challenge of defining 'ordinary share' given the diverse legal and capital requirements in different jurisdictions. However, some IASB members expressed concern that the updated proposals seemed to differ quite significantly from the original proposals in the ED, which had received support from users.

1 Paragraphs 7 – 8 of IASB staff paper 5A
2 Paragraph 11 of IASB staff paper 5A
3 Paragraph 63 of IASB staff paper 5B

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B14. It was also noted at the meeting that there is a definition of ordinary share[4] in IAS 33 *Earnings per share*, and that IAS 33 contains a mechanism for attributing profit or loss to ordinary shareholders for the purposes of calculating basic earnings per share. A majority of IASB members wished to further explore whether existing requirements in IAS 33 could be bought into the presentation proposals, to mitigate the risk of creating confusion by introducing another 'cut' within equity for the purposes of allocating amounts attributable.

B15. Therefore, the IASB staff agreed to explore a possible link to the requirements in IAS 33. However, they highlighted the limitations of IAS 33, being an old standard which had not been updated for the more complex equity instruments sometimes issued by entities since its publication. The IASB staff also noted the additional challenge arising from the fact that IAS 33 applied only to listed entities and was therefore not of wider application.

Disclosure

B16. IASB staff paper 5C sets out the detailed feedback on the proposals in the ED relating to disclosure. IASB staff paper 5D sets out the IASB staff analysis of the feedback and their recommended refinements to the proposals.

B17. The ED proposed to expand the scope of IFRS 7 to include equity instruments as well as financial instruments. The IASB's objective in doing this was to respond to requests from users[5] for information about "how the entity is financed, its ownership structure and the potential dilution to its ownership structure from financial instruments that are issued at the reporting date."[6]

B18. Significant concerns had been raised regarding the disclosure proposals, particularly from preparers, standard-setters (including the UKEB) and accountancy bodies. Respondents felt that the requirements were onerous, and that the expected cost of preparing the lengthy and complex disclosures would be disproportionate to the expected benefits to users. In addition, there was a concern that the volume of disclosures would obscure other, more relevant information about funding and ownership structure in the financial statements.

B19. As a result, IASB staff suggested a number of changes to the proposals, set out at paragraph 4 of IASB staff paper 5D. These include (but are not limited to):

a) clarifying the requirements for disclosing terms and conditions of compound financial instruments and financial instruments with both financial liability and equity characteristics - including the removal of

4 IAS 33, paragraph 5: "An ordinary share is an equity instrument that is subordinate to all other classes of equity instruments."
5 Paragraph 6 of IASB staff paper 5C
6 BC172 of the Basis for Conclusions of the ED

requirements to disclose information about the priority on liquidation of financial instruments[7];

b) reducing the scope of the (main) priority on liquidation disclosure requirements (30A and 30B of IFRS 7 in the ED), from all financial liabilities and equity instruments within the scope of IAS 32, to liabilities that arise from transactions that involve only the raising of finance[8]; and

c) clarifying the disclosure requirements in respect of the potential dilution of ordinary shares.

B20. These changes only partially address the significant concerns raised in the UKEB Final Comment Letter (see paragraphs A48 – A54), regarding the practical challenges and costs of providing the proposed disclosures relative to the expected benefits. It is not clear whether the proposal to limit the scope of the priority on liquidation disclosure proposals will make a substantive difference to some of the operational issues highlighted in the UKEB Final Comment Letter, or address the concern that at a consolidated level the proposed disclosure may not provide useful information.

B21. The suggested refinements to the proposals were well received by IASB members, who felt that the changes would successfully mitigate the concerns raised by stakeholders about excessive disclosures in the financial statements (see paragraph B18).

Next steps

B22. Although the IASB staff had planned to take the updated proposals to consultative groups for comment, IASB members asked that this be deferred until the IASB staff had done further work to develop the proposals (see paragraph B15). It is expected that this consultation will now take place in Q1 2025.

B23. The IASB staff will bring updated proposals to a future IASB meeting for redeliberation.

7 30E(a)–30E(c) of IFRS 7 in the ED
8 Paragraph B50 - B51 of IFRS 18

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Appendix C: Exposure Draft *Business Combinations—Disclosures, Goodwill and Impairment*

UKEB Project Status: Monitoring **IASB Next Milestone**: Exposure Draft **F**eedback (expected December 2024)	**UKEB project page** **UKEB Final Comment Letter** (published 19 July 2024)

Background

C1. The International Accounting Standards Board (IASB) published its Exposure Draft *Business Combinations—Disclosures, Goodwill and Impairment* on 14 March 2024, with a comment letter deadline of 15 July 2024. The Exposure Draft (ED) proposed amendments to IFRS 3 *Business Combinations* and IAS 36 *Impairment of Assets*.

C2. The UKEB provided its response in a final comment letter on 19 July 2024. The UKEB is broadly supportive of the package of proposed amendments to the disclosure requirements in IFRS 3 and to the impairment test in IAS 36. The proposed amendments would provide investors with better information about the post-acquisition performance of acquired entities.

Project status

C3. The purpose of this paper is to provide the Board with an update on the project status.

C4. At the IASB meeting on 22 October 2024, members were provided with a high-level overview of the feedback on the ED received by the IASB through stakeholder engagement activities and comment letters, as summarised in IASB Staff Paper Agenda 18A. Members were not asked to make decisions at that meeting.

C5. The IASB received 143 comment letters[1] in response to the ED.

C6. Respondents generally provided more feedback / raised more concerns about proposed amendments to IFRS 3 and provided less feedback on the proposals to amend the impairment test in IAS 36[2].

[1] For further breakdown of respondents see Appendix A of Staff Paper Agenda 18A of the IASB 22 October 2024 meeting.

[2] See paragraph 10 of Staff Paper Agenda 18A of the IASB 22 October 2024 meeting.

C7. Key messages highlighted by IASB staff on the proposals on IFRS 3 include:

a) Most of the respondents who commented on the objective of the project[3] agreed with the objective, with some highlighting the importance of such information to help users make better decisions. However, some respondents' expressed concerns about whether the proposals go far enough, particularly to address concerns about impairment losses on goodwill sometimes being recognised too late.

b) There were divergent views between preparers and users regarding the proposals to provide information about performance of a business combination and expected synergies within financial statements. Almost all users agreed with the proposal to disclose information about the performance of a business combination, and many users agreed with the proposal to disclose information about expected synergies. On the other hand, most preparers continued to disagree with requiring this information in financial statements, whilst acknowledging users' need for better information about business combinations[4].

C8. In terms of feedback on the proposed changes to IAS 36, respondents generally agreed with most of the proposals. However, there were some concerns about:

a) whether the proposed amendments relating to allocating goodwill to cash-generating units (CGUs) will be effective in reducing shielding; and

b) whether the inclusion of future restructuring and asset enhancement cash flows in the value in use calculation will have a negative impact on the robustness of the impairment test.

C9. Members were pleased with the quantity and quality of the feedback received. Differentiation between fundamental opposition to proposals and practical issues, where alternative solutions can be sought, was highlighted. More deliberation will be required to address feedback on terminology, the threshold approach and related indicators, and consideration of a more principles-based approach.

C10. Some members considered that the arguments for including the proposed information in the financial statements had already been discussed and agreed as in line with the conceptual framework. However, other members acknowledged that, whilst it was important to ensure all jurisdictions provide consistent information, there was a need to consider the practical concerns raised by some stakeholders and to work with the Management Commentary[5] project team to ensure that the financial statements is the right place for information required by any revised proposals.

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3 To explore whether entities can, at a reasonable cost, provide users with more useful information about business combinations.

4 See paragraphs 19–23 of Staff Paper Agenda 18A of the IASB 22 October 2024 meeting.

5 For more details on the IASB Management Commentary project, see the IASB project webpage here.

C11. In future IASB meetings (likely December 2024 and January 2025), the IASB staff expect to provide more detailed feedback on key aspects of the proposals in the ED. They also expect to provide:

a) a summary of relevant academic literature; and

b) a plan for redeliberating the proposals in the Exposure Draft.

Next steps

C12. The UKEB Secretariat will continue to monitor the IASB's discussions and will provide the Board with updates accordingly.

Appendix D: Intangible Assets

Discussion

UKEB Project Status: Monitoring **IASB Next Milestone:** Continue consulting with stakeholders to obtain feedback on topic prioritisation.	

Background

D1. In April 2022, the IASB started its research project on intangible assets and discussed the initial work it would do on the project. The UKEB Secretariat presented a paper on this at the UKEB May 2024 meeting.

D2. At its October 2024 meeting, the IASB discussed initial stakeholder feedback on identifying the problem to be solved in the project, the scope of the project and the approach on the work to be done. The IASB staff did not provide a detailed analysis of its initial feedback as further consultations with stakeholders were still to take place over the coming months.

Initial feedback - Identifying the problem

D3. Stakeholders have not expressed clear views about the overall problem the IASB should aim to solve. This suggests there is no single overall problem, or single overarching description of the problems that the IASB should solve.

D4. However, two overarching issues that have emerged are:

a) IAS 38 is out of date and needs modernising and future-proofing, for example to capture new types of intangible asset.

b) Financial statements do not provide users with sufficient information about intangible assets or expenses on intangible items, for example information about how intangible assets create value and disaggregation of expenses to help identify costs that are expected to generate future benefits.

D5. These are consistent with some of the principal findings to emerge from the UKEB's own research.

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Initial feedback - Scope of the project

D6. Stakeholders:

a) have little appetite for expanding the scope of IAS 38 beyond the current requirements to include intangible items more broadly;

b) do not think the IASB should reconsider the existing scope exclusions from IAS 38; and

c) think presentation and disclosure topics are a high priority, however, they should not be a substitute for recognition and measurement.

D7. Again, these views are consistent with findings to emerge from the UKEB's own research.

Initial feedback - Approach on work to be done

D8. When asked about how to approach a project on intangibles:

a) Stakeholders generally agreed that a comprehensive review of the standard would be complex and time consuming.

b) Most stakeholders did not support an "All-in-one" approach as the project would take too long to complete and would be challenging.

c) Most stakeholders supported the "Early evaluation" approach, the" Phased approach" or a combination of the two. These stakeholders said:

i. the Early evaluation approach is more pragmatic and would enable the IASB to make progress in a timely manner and address urgent issues first;

ii. the Phased approach would enable the project to be conducted in manageable portions.

D9. The IASB was not asked to make any decisions at this meeting.

IASB discussion

D10. During the October 2024 meeting, IASB members shared the following comments:

a) In addressing the concerns raised by stakeholders, developing a single model for all intangible assets may not be the best approach. The IASB could instead consider following a similar approach to that which was used in developing IFRS 9 *Financial Instruments.* This approach would allow the IASB to look at intangibles according to their nature. However, the IASB Chair cautioned that this approach may not work for intangible assets as it may create different recognition thresholds in IAS 38.

b) It would be important for the IASB to clarify its understanding of what stakeholders mean when referring to intangible assets held for investment as this would help the IASB in deciding whether any work should be done in this area.

c) Given that “cryptocurrency” is narrow in scope it can be easily scoped in or out of the intangible assets project going forward.

d) While users have said they want more disclosure and transparency, there is still a need to understand the type of information they would like to see being disclosed.

Next steps

D11. The IASB staff will continue to engage with various stakeholder groups and will provide analysis of the feedback to the IASB at a future meeting.

D12. The Secretariat will continue to provide updates on the IASB’s progress at future Board meetings.

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Appendix E: Interpretations Committee Update

UKEB Project Status: Monitoring **IASB Next Milestone:** N/A	

Background

E1. 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.

E2. The Interpretations Committee is meeting on 26 November 2024. The next Interpretations Committee meeting is on 4 February 2025.

E3. In addition to the tentative conclusions and tentative agenda decisions noted below, the Interpretations Committee will provide input on:

a) IAS 29 *Financial Reporting in Hyperinflationary Economies* – Feedback;

b) Statement of Cash Flows and Related Matters – Initial Research;

c) Amortised Cost Measurement – Project Objectives and Scope; and

d) Climate-related and Other Uncertainties in the Financial Statements – Exposure Draft.

These discussions form part of the wider stakeholder engagement on these projects and are not discussed in this update.

E4. Also, pursuant to the comments received in the Interpretations Committee's September 2024 meeting, the IASB staff will present an update to the suggested changes to existing Agenda Decisions resulting from the issuance of IFRS 18 *Presentation and Disclosure in Financial Statements*[1]. The IASB staff recommendations now include:

a) withdrawing one Agenda Decision as it has been addressed by the new standard;

b) adding staff annotations explaining that the Committee's previous conclusions for eight Agenda Decisions regarding the application of requirements in IAS 1 that have not been brought forward unchanged to IFRS 18 might not apply to the requirements in IFRS 18; and

c) adding staff annotations for updated references in the Agenda Decisions that refer to requirements in IAS 1 that have been brought forward unchanged to IFRS 18, IAS 8 and IFRS 7 as well as in the Agenda Decisions that refer to requirements in other IFRS Accounting Standards that were consequentially amended by IFRS 18.

It is expected that no decisions will be made at the meeting and that discussions will continue at a future meeting.

E5. At the time of writing, no new matters have been received by the Interpretations Committee.

MATTERS PRESENTED TO THE INTERPRETATIONS COMMITTEE	
Topic	Recognition of intangible assets resulting from climate-related commitments
Standard	IAS 38 *Intangible Assets*
Question[2]	Whether (and if so, how) an entity recognises an intangible asset that may result from an entity's climate-related commitments.
Tentative conclusion[3]	Evidence gathered by the Committee did not indicate that there is material diversity in practice in the matter described in the request. On the basis of that evidence, the Committee concluded that the matter described in the request does not have widespread effect. Consequently, the Committee decided not to add a standard-setting project to the work plan.

1 Agenda Decisions and IFRS 18
2 This provides a summary of the question only. Please refer to the IFRS website for the full details.
3 This provides a summary of the IASB staff recommended conclusion only, which could be subject to further amendment. Please refer to the IFRS website for the full details.

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Comment	At the September 2024 UKEB meeting the Board decided it would not undertake further work on this matter at this time.

Topic	Assessing indicators of hyperinflationary economies
Standard	IAS 29 *Financial Reporting in Hyperinflationary Economies*
Question[4]	Clarification is requested on: 1. Whether all indicators in paragraph 3 of IAS 29 should be considered in the assessment of when an economy becomes hyperinflationary when one indicator listed has been met. 2. Whether other indicators not listed in IAS 29 should be considered in the assessment. 3. Whether paragraphs 4 and 35 of IAS 29 require both a subsidiary and the consolidated group to apply IAS 29 consistently.
Tentative conclusion[5]	For question 1, evidence gathered by the Committee did not indicate that there is widespread diversity in understanding the requirements of IAS 29. For questions 2 and 3, evidence gathered by the Committee did not indicate that there is diversity within the responses to these questions. On the basis of that evidence, the Committee concluded that the matter described in the request does not have widespread effect. Consequently, the Committee decided not to add a standard-setting project to the work plan.
Comment	IAS 29 is applied to the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy. The Secretariat's preliminary assessment was that the matter was unlikely to impact a significant number of UK companies. At the October 2024 Board meeting the UKEB decided it would not undertake further work on this matter at this time.

4 This provides a summary of the question only. Please refer to the IFRS website for the full details.

5 This provides a summary of the IASB staff recommended conclusion only, which could be subject to further amendment. Please refer to the IFRS website for the full details.

Question for the Board
1. In the light of the tentative conclusions, do Board members continue to agree that the UKEB will NOT undertake further work on the matters presented to the Interpretations Committee at this time?

TENTATIVE AGENDA DECISIONS CLOSED FOR COMMENT	
Topic	Recognition of revenue from tuition fees
Standard	IFRS 15 *Revenue from Contracts with Customers*
Deadline	18 November 2024
Question[6]	The request asks, given a specific set of circumstances, about the period over which the educational institution recognises revenue from tuition fees—that is, evenly over the academic year (10 months), evenly over the calendar year (12 months) or over a different period.
Tentative conclusion[7]	Evidence gathered by the Committee to date indicates that diversity in accounting for revenue from tuition fees is mainly the result of differing facts and circumstances. Based on its findings, the Committee concluded that the matter described in the request does not have widespread effect. Consequently, the Committee decided not to add a standard-setting project to the work plan.
Comment	This (or any similar) issue was not raised in the UKEB's recent discussions with stakeholders related to the post-implementation review of IFRS 15. The Secretariat's view was that the matter was unlikely to impact a significant number of UK companies. At the July 2024 and September 2024 Board meetings the UKEB decided it would not undertake further work on this matter at this time. The IFRS Interpretations Committee received 7 responses, including one from a UK-based respondent. The majority of respondents supported the tentative agenda decision.

6 This provides a summary of the question only. Please refer to the IFRS website for the full details.
7 This provides a summary of the IFRS Interpretations Committee's tentative conclusion only. Please refer to the IFRS website for the full details.

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Topic	Guarantees Issued on Obligations of Other Entities
Standard	IFRS 9 *Financial Instruments*
Deadline	18 November 2024
Question[8]	The Committee received a request about how an entity accounts for guarantees that it issues. The request described three fact patterns in the context of an entity's separate financial statements. The request asks whether the guarantees issued are financial guarantee contracts to be accounted for in accordance with IFRS 9 Financial Instruments and, if not, which other IFRS Accounting Standards apply to these guarantees.
Tentative conclusion[9]	Guarantees can arise or be issued in many ways and convey various rights and obligations to the affected parties. IFRS Accounting Standards do not define 'guarantees', and there is not a single Accounting Standard that applies to all guarantees. When determining which Accounting Standard applies to a particular guarantee that it issues, an entity is required to analyse all terms and conditions—whether explicit or implicit—of the guarantee unless those terms and conditions have no substance. The entity first considers whether a guarantee that it issues is a 'financial guarantee contract' in accordance with IFRS 9 (with one exception). If an entity concludes that the guarantee it issues is not a financial guarantee contract, the entity considers whether the guarantee is an insurance contract in accordance with IFRS 17. If an entity concludes that a guarantee it issues is neither a financial guarantee contract nor an insurance contract, an entity considers other requirements in IFRS Accounting Standards (IFRS 9, 15 or IAS 37) to determine how to account for the guarantee. The Committee concluded that the principles and requirements in IFRS Accounting Standards provide an adequate basis for an entity to consider when determining how to account for a guarantee that it issues. The Committee also noted that the IASB has decided to consider during its next agenda consultation the broader application questions related to financial guarantee contracts, including about the meaning of the term 'debt instrument' in the definition of a financial guarantee contract. Consequently, the Committee decided not to add a standard-setting project to the work plan.

8 This provides a summary of the question only. Please refer to the IFRS website for the full details.
9 This provides a summary of the IFRS Interpretations Committee's tentative conclusion only. Please refer to the IFRS website for the full details.

Comment	The Secretariat's preliminary assessment was that the matter was unlikely to impact a significant number of UK companies. At the July 2024 and September 2024 Board meetings the UKEB decided it would not undertake further work on this matter at this time. The IFRS Interpretations Committee received 10 responses, including one from a UK-based respondent. The majority of respondents supported the tentative agenda decision.

Topic	Classification of Cash Flows related to Variation Margin Calls on 'Collateralised-to-Market' Contracts
Standard	IAS 7
Deadline	19 August 2024
Question[10]	The Committee received a request about how an entity presents, in the statement of cash flows, cash payments and receipts related to variation margin calls on contracts to purchase or sell commodities at a predetermined price in the future.
Proposed final conclusion[11]	Evidence gathered by the Committee did not indicate that the matter described in the request is widespread and material. On the basis of that evidence, the Committee concluded that the matter described in the request does not have widespread effect. Consequently, the Committee decided not to add a standard-setting project to the work plan.
Comment	The UKEB considered this matter in February and June 2024 and concluded that it did not appear to affect a significant number of UK companies. It concluded it would not respond on this matter.

10 This provides a summary of the question only. Please refer to the IFRS website for the full details.
11 This provides a summary of the IASB staff recommended conclusion only, which could be subject to further amendment when the matter is discussed in the Interpretations Committee. Please refer to the IFRS website for the full details.

Appendix F: List of active IASB projects

This Appendix provides a list of all active 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	
Amortised Cost Measurement	
UKEB Project Status: Monitoring **IASB Next Milestone:** Review Research Q1 2025	
Business Combinations—Disclosures, Goodwill and Impairment	
UKEB Project Status: Monitoring **IASB Next Milestone:** Exposure Draft Feedback December 2024	UKEB project page (Influencing) UKEB Project Initiation Plan (Published March 2024) UKEB Draft Comment Letter (Published May 2024) UKEB Final Comment Letter (Published July 2024 UKEB Feedback Statement (Published July 2024) UKEB Due Process Compliance Statement (Published September 2024)

[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).

List of IASB projects	
	UKEB project page (Discussion Paper) UKEB Final comment Letter on the Discussion Paper (Published January 2021) UKEB Feedback Statement (Published March 2021) UKEB Report: Subsequent Measurement of Goodwill - A Hybrid Model (Published September 2022)
Climate-related and Other Uncertainties in the Financial Statements	
UKEB Project Status: Influencing **IASB Next Milestone:** Exposure Draft Feedback Q1 2025 Submit letter by: 28/11/24	UKEB project page UKEB Project Initiation Plan (Published July 2024) UKEB Draft Comment Letter (Published September 2024)
Dynamic Risk Management	
UKEB Project Status: Monitoring **IASB Next Milestone:** Exposure Draft H1 2025	

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List of IASB projects	
Equity Method	
UKEB Project Status: Influencing **IASB Next Milestone:** Exposure Draft Feedback Q2 2025 Submit letter by: 20/01/25	UKEB project page UKEB Project Initiation Plan (Published October 2024) UKEB Draft Comment Letter (Published October 2024)
Financial Instruments with Characteristics of Equity	
UKEB Project Status: Monitoring **IASB Next Milestone:** Final Amendments 2026	UKEB project page UKEB Project Initiation Plan (Published October 2023) UKEB Draft Comment Letter (Published February 2024) UKEB Final Comment Letter (Published April 2024) UKEB Feedback Statement (Published April 2024) UKEB Due Process Compliance Statement (Published April 2024)

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List of IASB projects	
Intangible Assets	
UKEB Project Status: Monitoring **IASB Next Milestone:** Review Research Q1 2025	UKEB project page Accounting for Intangibles a Survey of Users' Views' (Published May 2024) Accounting for Intangibles a Quantitative Analysis of UK Financial Reports (Published May 2024) UKEB Project Initiation Plan Updated (Published June 2023) Accounting for Intangibles UK Stakeholders' Views' (Published 2023)
Post-implementation Review of IFRS 16—Leases	
UKEB Project Status: Monitoring **IASB Next Milestone:** Request for Information H1 2025	
Power Purchase Agreements	
UKEB Project Status: Influencing **IASB Next Milestone:** Final Amendments December 2024	UKEB project page UKEB Project Initiation Plan (Published April 2024) UKEB Draft Comment Letter (Published June 2024)

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List of IASB projects	
	UKEB Final Comment Letter (Published August 2024) UKEB Feedback Statement (Published August 2024) UKEB Due Process Compliance Statement (Published September 2024)
Provisions—Targeted Improvements	
UKEB Project Status: Influencing **IASB Next Milestone:** Exposure Draft Feedback H1 2025	UKEB project page UKEB Project Initiation Plan (Published October 2024)
Rate-regulated Activities	
UKEB Project Status: Monitoring **IASB Next Milestone:** IFRS Accounting Standard H2 2025	UKEB project page (Pre-endorsement) UKEB Preliminary Economic Assessment (Published April 2024) UKEB letter to the IASB (Published July 2024) UKEB Secretariat's top-down approach (Published July 2024) UKEB project page (Influencing) UKEB Draft Comment Letter (Published July 2021) UKEB Final Comment Letter (Published August 2021)

List of IASB projects	
	UKEB Feedback Statement (Published April 2022)
Statement of Cash Flows and Related Matters	
UKEB Project Status: Monitoring **IASB Next Milestone:** Review Research Q1 2025	
Translation to a Hyperinflationary Presentation Currency (IAS 21)	
UKEB Project Status: Monitoring [UKEB Deferred Project] **IASB Next Milestone:** Exposure Draft Feedback Q1 2025 Submit letter by: 22/11/24	
Updating IFRS 19 Subsidiaries without Public Accountability: Disclosures	
UKEB Project Status: Influencing **IASB Next Milestone:** Exposure Draft Feedback Q1 2025 Submit letter by: 27/11/24	UKEB project page UKEB Project Initiation Plan (Published July 2024) UKEB Draft Comment Letter (September 2024)