



DRAFT ENDORSEMENT CRITERIA ASSESSMENT - IAS 1 NARROW SCOPE AMENDMENTS 2020 AND 2022

Issued 31 May 2023

ICAEW welcomes the opportunity to comment on the Draft Endorsement Criteria Assessment (DECA) of IAS 1 Narrow Scope Amendments 2020 and 2022 published by UKEB on 9 March 2023, a copy of which is available from this [link](#).

For questions on this response please contact the Corporate Reporting Faculty at crf@icaew.com quoting REP 51/23.

ICAEW supports the UKEB DECA: IAS 1 Narrow Scope Amendments 2020 and 2022, effective on or after 1 January 2024 with early application permitted if both the 2020 and 2022 amendments are adopted at the same time.

This response of 31 May 2023 has been prepared by the ICAEW Corporate Reporting Faculty. Recognised internationally as a leading authority on corporate reporting, the faculty, through its Financial Reporting Committee, is responsible for formulating ICAEW policy on financial and non-financial reporting issues and makes submissions to standard setters and other external bodies on behalf of ICAEW. The faculty provides an extensive range of services to its members including providing practical assistance with common corporate reporting problems.

ICAEW is a world-leading professional body established under a Royal Charter to serve the public interest. In pursuit of its vision of a world of sustainable economies, ICAEW works with governments, regulators and businesses and it leads, connects, supports and regulates more than 166,000 chartered accountant members in over 146 countries. ICAEW members work in all types of private and public organisations, including public practice firms, and are trained to provide clarity and rigour and apply the highest professional, technical and ethical standards.

© ICAEW 2023

All rights reserved.

This document may be reproduced without specific permission, in whole or part, free of charge and in any format or medium, subject to the conditions that:

- it is appropriately attributed, replicated accurately and is not used in a misleading context;
- the source of the extract or document is acknowledged and the title and ICAEW reference number are quoted.

Where third-party copyright material has been identified application for permission must be made to the copyright holder.

ICAEW

Chartered Accountants' Hall Moorgate Place London EC2R 6EA UK
icaew.com

KEY POINTS

1. ICAEW supports the UK endorsement of the IASB's amendments to IAS 1 published in 2022 and 2020.
2. This response of 31 May 2023, reproduced in the appendix below, has been prepared on behalf of ICAEW by the Corporate Reporting Faculty.

Invitation to Comment:

Call for comments on Draft Endorsement Criteria Assessment (DECA) of IAS 1 Narrow-scope Amendments: *Classification of Liabilities as Current or Non-current* and *Non-current Liabilities with Covenants*

Deadline for completion of this Invitation to Comment:

Close of business Thursday, 8 June 2023

Please submit to:

UKEndorsementBoard@endorsement-board.uk

Introduction

The objective of this Invitation to Comment is to obtain input from stakeholders on the endorsement and adoption of:

Classification of Liabilities as Current or Non-current (Amendments to IAS 1) (the 2020 Amendments), issued by the International Accounting Standards Board (IASB) in January 2020; and

Non-current Liabilities with Covenants (Amendments to IAS 1) (the 2022 Amendments), issued by the IASB in October 2022.

The Amendments have an effective date of 1 January 2024, with earlier application permitted¹.

UK endorsement and adoption process

The requirements for UK adoption are set out in the Statutory Instrument 2019/685².

The delegation of the powers to formally adopt international accounting standards for use in the UK was delegated to the UK Endorsement Board in May 2021³.

¹ Early application is only permitted if both amendments are applied at the same period.

² The International Accounting Standards and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019: <https://www.legislation.gov.uk/uksi/2019/685/made>

³ The International Accounting Standards (Delegation of Functions) (EU Exit) Regulations 2021: <https://www.legislation.gov.uk/uksi/2021/609/contents/made>

The information collected from this Invitation to Comment is intended to help with the endorsement assessment. This will form part of the work necessary for potential UK endorsement and adoption of the Amendments.

Who should respond to this Invitation to Comment?

Stakeholders with an interest in the quality of accounts prepared in accordance with IFRS Accounting Standards.

How to respond to this Invitation to Comment

Please download this document, answer any questions on which you would like to provide views, and return it to UKEndorsementBoard@endorsement-board.uk by close of business on Thursday, 8 June 2023.

Brief responses providing views on only specific questions are welcome, as well as comprehensive responses to all questions.

Privacy and other policies

The data collected through submitting this document will be stored and processed by the UKEB. By submitting this document, you consent to the UKEB processing your data for the purposes of influencing the development of and adopting IFRS for use in the UK. For further information, please see our Privacy Statements and Notices and other Policies (e.g. Consultation Responses Policy and Data Protection Policy)⁴.

The UKEB's policy is to publish on its website all responses to formal consultations issued by the UKEB unless the respondent explicitly requests otherwise. A standard confidentiality statement in an e-mail message will not be regarded as a request for non-disclosure. If you do not wish your signature to be published, please provide UKEB with an unsigned version of your submission. The UKEB prefers to publish responses that do not include a personal signature. Other than the name of the organisation/individual responding, information contained in the "Your Details" document will not be published. The UKEB does not edit personal information (such as telephone numbers, postal or e-mail addresses) from any other response document submitted; therefore, only information that you wish to be published should be submitted in such responses.

⁴ These policies can be accessed from the footer in the UKEB website here: <https://www.endorsement-board.uk>

Assessment against endorsement criteria

Our draft assessment concludes that:

- i. the Amendments meet the criteria of relevance, reliability, understandability and comparability required of the financial information needed for making economic decisions and assessing the stewardship of management, as required by SI 2019/685 (see Regulation 7(1)(c));
- ii. application of the Amendments is not contrary to the principle that an entity's accounts must give a true and fair view as required by SI 2019/685 (see Regulation 7(1)(a)); and
- iii. that the Amendments are likely to be conducive to the long term public good in the UK as required by SI 2019/685 (see Regulation 7(1)(b)), having considered:
 - whether they will generally improve the quality of financial reporting;
 - the costs and benefits that are likely to result from their use; and
 - whether they are likely to have an adverse effect on the economy of the UK, including on economic growth.

Our assessment of the Amendments is set out in **Section 2** of the DECA.

Questions

Joint assessment and adoption

1. Do you agree with the **approach of joint assessment and adoption** of the 2020 and 2022 Amendments as set out on pages 4 – 5 of the DECA? (please select one option)

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
-----	-------------------------------------	----	--------------------------

Please include any comments you may have in response to question 1:

No comments.

Technical criteria assessment

2. Do you agree with the draft assessment of the Amendments against the **technical criteria** as set out on pages 13 – 15 of the DECA? (please select one option)

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
-----	-------------------------------------	----	--------------------------

Please include any comments you may have in response to question 2:

No comments.

True and fair view

3. Do you agree with the draft assessment that the Amendments **are not contrary to the true and fair view requirement** as set out on pages 16 of the DECA? (please select one option)

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
-----	-------------------------------------	----	--------------------------

Please include any comments you may have in response to question 3:

No comments.

UK long term public good

4. Do you agree with the initial assessment of **one-off familiarisation costs for preparers and for users** of the Amendments as set out on pages 17 & 18 of the DECA? (please select one option)

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
-----	-------------------------------------	----	--------------------------

Please include any comments you may have in response to question 4, including if any costs have been missed out or under-estimated:

No comments.

5. Do you agree with the initial assessment of **costs of design of data collection processes and IT system changes for preparers and for users** of the Amendments as set out on page 17 – 18 of the DECA? (please select one option)

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
-----	-------------------------------------	----	--------------------------

Please include any comments you may have in response to question 5, including if any costs have been missed out or under-estimated:

No comments.

6. Do you agree with the initial assessment of **costs of governance processes and external audit for preparers** of the Amendments as set out on page 18 of the DECA? (please select one option)

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
-----	-------------------------------------	----	--------------------------

Please include any comments you may have in response to question 6, including if any costs have been missed out or under-estimated:

No comments.

7. Do you agree with the initial assessment of **benefits for users and for preparers** of the Amendments as set out on pages 18 of the DECA? (please select one option)

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
-----	-------------------------------------	----	--------------------------

Please include any comments you may have in response to question 7, including if any benefits have been missed out or under-estimated:

No comments.

8. Do you agree with the draft assessment that the Amendments are likely to be conducive to the **long term public good in the UK** as set out on pages 16 – 19 of the DECA? (please select one option)

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
-----	-------------------------------------	----	--------------------------

Please include any comments you may have in response to question 8:

No comments.

9. Do you agree with the draft assessment that the Amendments are **not likely to lead to a 'significant change in accounting practice'** as set out on page 19 of the DECA? (please select one option)

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
-----	-------------------------------------	----	--------------------------

Please include any comments you may have in response to question 9:

No comments.

Do you have **any other comments** you would like to add?

No comments.

Thank you for completing this Invitation to Comment

Please submit this document

by close of business on Thursday, 8 June 2023 to:

UKEndorsementBoard@endorsement-board.uk