UK Endorsement Board

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21 September 2021

Dear Dr Barckow

Request for Information: *Third Agenda Consultation*

The UK Endorsement Board (UKEB) is responsible for endorsement and adoption of IFRS for use in the UK and therefore is the UK's National Standard Setter for IFRS. The UKEB also leads the UK's engagement with the IFRS Foundation (Foundation) on the development of new standards, amendments and interpretations. This letter forms part of those influencing activities and is intended to contribute to the International Accounting Standards Board's (IASB) due process. The views expressed by the UKEB in this letter are separate from, and will not necessarily affect the conclusions in, any endorsement and adoption assessment on new or amended International Accounting Standards undertaken by the UKEB.

There are currently approximately 1,600 listed entities in the UK[1] using IFRS Standards. In addition, unlisted companies have the option to use IFRS and a significant number take up this option.

We welcome the opportunity to respond to the IASB's *Third Agenda Consultation*. We performed both desk-based research and outreach with our stakeholders to develop our views and to assess their implications for the IASB's future work plan. Our comments on the IASB's Request for Information (RFI) summarise that work and outreach. For detailed responses to the questions in the RFI please see appendix 1 to this letter.

IASB's strategic direction and balance of activities

1. At a strategic level we recommend that the IASB reallocates resource to ensure that it:

    a) retains sufficient flexibility in its workplan to address the interaction between IFRS and any future international sustainability standards developed by its proposed sister Board, the International Sustainability Standards Board (ISSB). As a minimum, we think this will need to include co-ordination with the ISSB on any areas of overlap;

    b) allocates more resource to its work on digital financial reporting. This work should explore how advances in technology are changing the way investors

1 Entities with securities admitted to trading on a UK regulated market. Securities includes listed debt as well as shares.

consume information and assess the extent to which any changes are needed to the IFRS taxonomy and the way in which the Board writes Standards;

c) adds to its work on Standards development a structured and cohesive research plan which anticipates and addresses emerging issues. To help alleviate pressure on IASB's resources, the IASB could coordinate with National Standard Setters' research programmes. If an agreement on the scope of the research project can be achieved, then drawing on local expertise and knowledge base in certain jurisdictions may help build capacity and expedite project delivery; and

d) resources the above priorities by

   (i) Pausing the Second Comprehensive Review of IFRS for SMEs. The IASB's mission is to develop Standards that bring transparency, accountability and efficiency to financial markets around the world, and we recommend that in a time of resource constraint, the most pressing projects underpinning this core mission are prioritised.

   (ii) Pausing the Management Commentary project. Whilst we recognise the potential for this project to develop user-relevant disclosures in high-priority areas such as climate-related risk and intangibles, we note that as a Practice Statement it is non-mandatory, and that it is important to develop an understanding of whether any of its requirements are likely to be incorporated in the work of the ISSB before continuing to progress this project.

   (iii) Rationalising the Extractive Activities project by considering which aspects could be addressed by focusing on disclosure, which aspects could be addressed within a larger project on intangibles, and which aspects through educational material.

2. Our recommendations are in line with the rising influence on corporate reporting of ESG[2] and sustainability[3] reporting as well as the increasing use of technology in the

[2] The rise of ESG reporting is evidenced, for example, by: The IFRS Foundation's consultation on sustainability, the SEC's March 2021 announcement of the formation of a climate and ESG task force, and the Bank of England's stress testing for climate-related risk.

[3] We note that the terms ESG reporting and sustainability reporting are often used interchangeably. However, we believe that sustainability reporting is broader in scope than ESG reporting and encompasses reporting on value creation or erosion through any aspect of the entity's activities. For example, we believe sustainability reporting could encompass areas such as business processes, supply chains, brands, customer loyalty, and financial resilience. Our interpretation is aligned to the following statement from the IFRS Foundation's feedback statement on sustainability: '*The Trustees recognise the importance for the public interest of reporting standards that address enterprise value—which capture expected value creation (or erosion) for investors in the short, medium and long term and is interdependent with value creation for stakeholders in the context of social and environmental imperatives. The Trustees understand, based on the feedback to the Consultation Paper, that consistent and comparable disclosures on sustainability matters are needed to bring transparency to financial markets and provide investors with information useful in assessing a company's enterprise value*' (IFRS Foundation Trustees Feedback Statement on the Consultation on Sustainability Reporting | April 2021 page 11).

production and consumption of corporate reports[4]. We anticipate that these influences will continue to increase over the IASB's coming work cycle.

Priority projects

3. Our desk-based research and initial outreach with stakeholders clearly identified three high-priority projects for IASB's next work cycle. The projects address emerging corporate reporting issues which should be prioritised in order for Standards to remain relevant. The projects are climate-related risks, intangibles, and statement of cash flows and related matters.

4. We recommend that the projects address user information needs and are scoped as follows:

   a) **Climate-related risks** – our outreach identified that the scope of this project should build on the IASB's previous work in this area[5] and should consist of a cross-standard review to identify and resolve any potential areas of interaction between IFRS and future sustainability standards on climate-related risk.[6] In addition to the potential amendments to IAS 1 and IAS 36 to capture long-dated climate-related risks identified in the RFI, this would include consideration of, for example, implications for IFRS 9 *Financial Instruments* of the classification of ESG bonds; implications for IFRS 10 *Consolidated Financial Statements* of whether renewable energy funds meet the investment entity criteria; and implications for IFRS 8 *Operating Segments* of changes in the regulatory environment due to climate-related risk.

   b) **Intangible assets** – intangible assets play a larger role in the global economy today than they have ever done before. Latest UK Office for National Statistics data show that investment in intangible assets exceeds investment in tangible assets for UK businesses.[7] Our outreach with stakeholders also indicated that intangible asset reporting is a key area for development. A comprehensive review of IAS 38 *Intangible Assets* is necessary to address the extent to which it captures relevant information on intangibles, including crypto-currencies, pollutant pricing mechanisms, software, and development costs, particularly in relation to value creation through scientific and technological innovation. The project should also consider whether more relevant information would be provided if intangible assets held for investment or for trading, such as crypto-currencies or pollutant pricing mechanisms, were addressed within the scope of other IFRS Standards.

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4 The increased use of technology in digital reporting is evidenced by, for example: the requirement for UK entities which prepare consolidated accounts in line with IFRS to i. apply the European Single Electronic Format (ESEF) for financial years beginning on or after 1 January 2021 ii. tag, in XBRL, basic financial information iii. tag notes to the accounts for financial years starting on or after 1 January 2022.

5 IASB's November 2019 article *'IFRS Standards and climate-related disclosures'* and November 2020 educational material *'Effects of climate-related matters on financial statements'* explain how IFRS Standards recognise the effect of climate-related matters on financial statements.

6 Climate is identified as the initial priority area for the development of sustainability standards in the IFRS Foundation Trustees Feedback Statement on the Consultation on Sustainability Reporting, April 2021.

7 Investment in intangible assets grew by 3.3% to £169.2bn between 2017 and 2018, exceeding investment in tangible assets which fell 3.8% to £151bn. https://www.ons.gov.uk/economy/economicoutputandproductivity/productivitymeasures/articles/experimentalestimatesofinvestmentinintangibleassetsintheuk2015/2018

c) **Statement of cash flows** – understanding cash performance is fundamental, especially as business activities and related activities become more complex. Our stakeholders, in particular investors, advised us that recent events have once again reiterated the need for a comprehensive review of IAS 7 *Statement of Cash Flows*. The concepts and principles in IASB's existing projects on presentation and disclosure should be considered as part of the review of IAS 7 *Statement of Cash Flows* and applied where appropriate. The project should also address whether a statement of cash flows is necessary for banks, and if so whether one specifically for banks should be developed, and whether the definition of cash and cash equivalents should be updated.

Thematic approach

5. Where projects impact multiple Standards, we suggest that IASB applies a thematic approach, whereby amendments to all relevant Standards are addressed as part of the same project and an overarching objective. This approach allows for more consistency across Standards and has potential for greater efficiency in the Standard-setting process.

6. A thematic approach would be effective for the climate-related risk and intangibles projects outlined above and we note that a similar approach has been deployed by IASB in the Disclosure Initiative project. We illustrate a thematic approach to the climate-related risk and intangibles projects in Appendix 2.

7. In addition, high-priority projects could be grouped by a theme, for example on the theme of retaining relevance. A unifying theme could provide a consistent focus for project scoping and for stakeholder communications.

If you would like to discuss these comments, please contact the project team at agendaconsultation@endorsement-board.uk .

Yours sincerely

Pauline Wallace
Chair
UK Endorsement Board

Appendix 1 Response to questions in IASB's Request for Information *Third Agenda Consultation*
Appendix 2 Illustration of thematic approach

Appendix 1: Questions on *Third Agenda Consultation*

Question 1: Strategic direction and balance of the Board's activities
The Board's main activities include: • developing new IFRS Standards and major amendments to IFRS Standards; • maintaining IFRS Standards and supporting their consistent application; • developing and maintaining the *IFRS for SMEs* Standard; • supporting digital financial reporting by developing and maintaining the IFRS Taxonomy; • improving the understandability and accessibility of the Standards; and • engaging with stakeholders. Paragraphs 14–18 and Table 1 provide an overview of the Board's main activities and the current level of focus for each activity. We would like your feedback on the overall balance of our main activities. Should the Board increase, leave unchanged or decrease its current level of focus for each main activity? Why or why not? You can also specify the types of work within each main activity that the Board should increase or decrease, including your reasons for such changes. Should the Board undertake any other activities within the current scope of its work?

A1 The current allocation of resource across IASB's main activity areas is broadly appropriate.

A2 However, we recommend that IASB:

a) Within its activity on new IFRS, major amendments, and maintenance and consistent application:

(i) Retains sufficient flexibility in its workplan to address the interaction between IFRS and any future international sustainability standards developed by its proposed sister Board, the International Sustainability Standards Board (ISSB).

(ii) Incorporates a more visible and structured research programme so that responses are developed in real-time for emerging issues. Collaborating with NSS may be an efficient way of achieving this.

b) Allocates more resource to digital reporting in order to

(i) Support the strategic development of digital reporting, since it is anticipated that digital production and consumption of financial information will become more prevalent over the IASB's next work cycle; and

(ii) Ensure the robustness of the IFRS taxonomy, in order to maximise comparability. An SEC staff analysis of IFRS reporters submitting SEC returns for fiscal years 2018 to 2020 showed 41% use of custom tags on line items in the financial statements and notes in 2018, rising to 43% in 2020. Comparable data for US GAAP reporters showed that the use of custom tags on line items in the financial statements and notes was much lower, at 18% in 2018 rising to 20% by 2020.[8]

c) Allocates more resource to the priorities identified above by

(i) Pausing the Second Comprehensive Review of IFRS for SMEs. The IASB's mission is to develop Standards that bring transparency, accountability and efficiency to financial markets around the world, and we recommend that in a time of resource constraint, the most pressing projects underpinning this core mission are prioritised. No UK investors or preparers have identified the IFRS for SMEs as currently requiring a comprehensive review. Our outreach indicated strong interest from UK preparers in the IASB's Reduced Disclosures for Subsidiaries Without Public Accountability project, due to anticipated cost savings and reductions in complexity. Given the IASB's resource constraints, we recommend waiting until the impact of the Reduced Disclosures for Subsidiaries Without Public Accountability project on the number and make-up of users of the IFRS for SMEs is more fully understood before continuing with the Second Comprehensive Review of IFRS for SMEs. This would allow the Second Comprehensive Review of IFRS for SMEs to focus on the needs of those stakeholders for whom it continues to be relevant.

(ii) Pausing the Management Commentary project. Whilst we recognise the potential for this project to develop user-relevant disclosures in high-priority areas such as climate-related risk and intangibles, we note that as a Practice Statement it is non-mandatory and that it is important to develop an understanding of whether any of its requirements are likely to be incorporated in the work of the ISSB before continuing progress on this project.

(iii) Rationalising the Extractive Activities project by considering which aspects could be addressed by focusing on disclosure, which aspects could be addressed within a larger project on intangibles, and which aspects through educational material.

Question 2: Criteria for assessing the priority of financial reporting issues that could be added to the Board's work plan
Paragraph 21 discusses the criteria the Board proposes to continue using when assessing the priority of financial reporting issues that could be added to its work plan. Do you think the Board has identified the right criteria to use? Why or why not? Should the Board consider any other criteria? If so, what additional criteria should be considered and why?

8 https://www.sec.gov/structureddata/ifrs_trends_2020

A3 We broadly agree that the Board has identified the right criteria to use in assessing the priority of financial reporting issues that could be added to its work plan. However, we recommend some changes below.

A4 We recommend that two of the IASB's criteria are redrafted:

a) There is a risk that application issues are captured by the second criterion: '*whether there is a deficiency in the way companies report the type of transaction or activity in financial reports*.' We do not think that this is the IASB's intention. We recommend that this criterion is redrafted as '*whether there is a deficiency in the way companies report the type of transaction or activity and whether that deficiency can be remedied through standard setting.'*

b) The third criterion considers: '*the type of companies the matter is likely to affect, including whether the matter is more prevalent in some jurisdictions than in others*.' This suggests that some sectors and jurisdictions will be prioritised over others. Our view is that prevalence should be considered across all sectors and jurisdictions. We therefore recommend that this criterion is redrafted as '*the extent to which the matter is prevalent across jurisdictions and sectors*.'

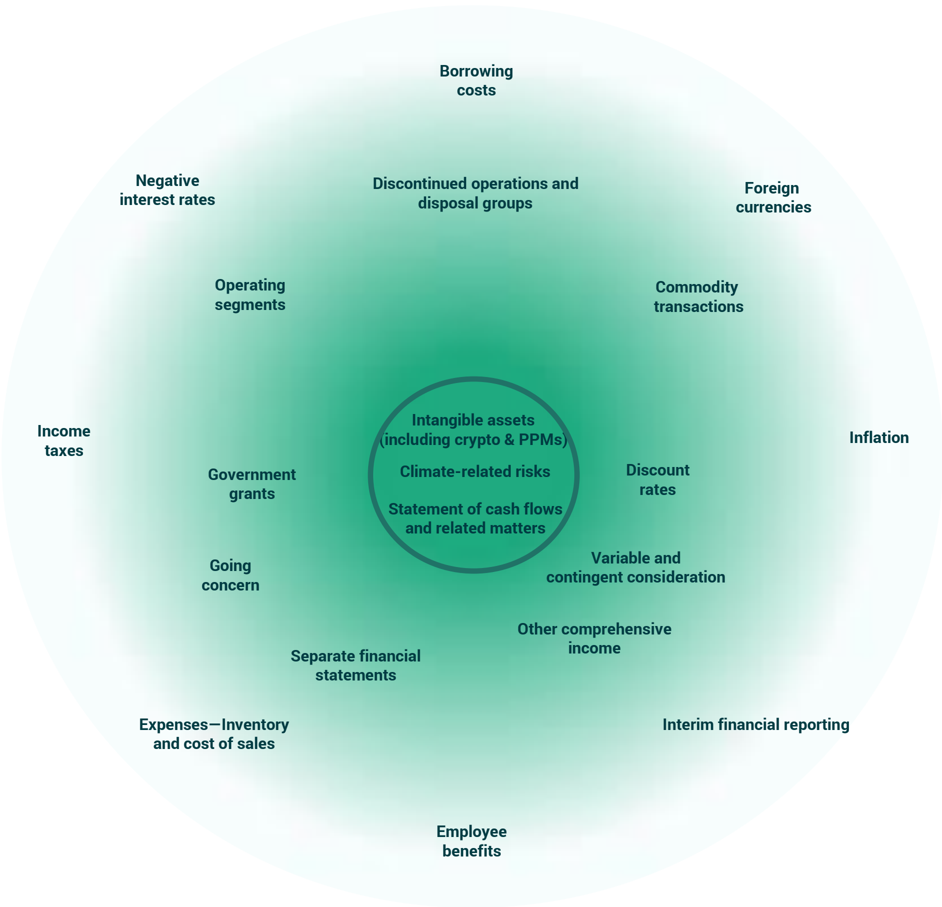
A5 We recommend that an additional criterion is added. This criterion should assess whether the project is expected to remain relevant when it reaches implementation stage. The addition of this criteria would prevent projects of limited long-term relevance being added to the work plan.

A6 We recommend that the first criterion is redrafted in consultation documents so that it is consistent with the wording in the IASB's due process handbook, and refers to *'users'* rather than '*investors.'*[9]

[9] IASB's *Due Process Handbook* wording is 'the importance of the matter to those who use financial reports' (IASB's Due Process Handbook, August 2020, 5.4b). IASB's Third Agenda Consultation RFI wording is 'the importance of the matter to investors' (paragraph 21).

Question 3: Financial reporting issues that could be added to the Board's work plan
Paragraphs 24–28 provide an overview of financial reporting issues that could be added to the Board's work plan. What priority would you give each of the potential projects described in Appendix B—high, medium or low—considering the Board's capacity to add financial reporting issues to its work plan for 2022 to 2026 (see paragraphs 27–28)? If you have no opinion, please say so. Please provide information that explains your prioritisation and whether your prioritisation refers to all or only some aspects of the potential projects. The Board is particularly interested in explanations for potential projects that you rate a high or low priority. Should the Board add any financial reporting issues not described in Appendix B to its work plan for 2022 to 2026? You can suggest as many issues as you consider necessary taking into consideration the Board's capacity to add financial reporting issues to its work plan for 2022 to 2026 (see paragraphs 27–28). To help the Board analyse the feedback, when possible, please explain: the nature of the issue; and why you think the issue is important.

A7 The chart below illustrates our recommended prioritisation of potential projects and is based on feedback from our outreach with UK stakeholders and our own desk-based research. The highest priority projects are closest to the centre.



A8 The three highest priority projects are: climate-related risks, intangible assets, and statement of cash flows and related matters. These projects relate to emerging corporate reporting issues which need to be addressed in order for Standards to remain relevant to the business environment over the coming decade.

A9 We recommend that these projects are scoped as follows:

a) Climate-related risks

(i) As proposed by IASB, amendments to IAS 1 and IAS 36 to ensure long-dated impacts of climate-related risk are captured in the financial statements.

(ii) In addition, to identify and address potential areas of interaction between IFRS and future sustainability standards on climate-related risks[10]; for example, implications for IFRS 9 *Financial Instruments* of the classification of ESG bonds; implications for IFRS 10 *Consolidated Financial Statements* of whether renewable energy funds meet the investment entity criteria and implications for IFRS 8 *Operating Segments* of changes in the regulatory environment due to climate-related risk. Appendix 2 illustrates the potential scope of this project.

b) Intangibles

As proposed by IASB, a comprehensive review of IAS 38. Specifically, this review should address:

(i) The extent to which IAS 38 captures relevant information on intangibles, including those which are becoming more prevalent, such as crypto-currencies, pollutant pricing mechanisms, software, and development costs, and;

(ii) Whether separate standards addressing non-financial assets would provide more relevant information where intangibles such as crypto-currencies and emissions trading rights are held for investment and trading.

c) Statement of cash flows

As specified by IASB, a comprehensive review of IAS 7. Specifically, this should address whether:

(i) Concepts and principles from IASB's existing projects on presentation and disclosure should be applied to IAS 7, for example, building on the *General Presentation and Disclosures* ED work on the statement of profit or loss, a review of statement of cash flows categories could improve comparability; and

(ii) A statement of cash flows is necessary for banks, and if so whether one specifically for banks should be developed; and

(iii) The definition of cash and cash equivalents should be updated.

10 Climate is identified as the initial priority area for the development of sustainability standards in the IFRS Foundation Trustees Feedback Statement on the Consultation on Sustainability Reporting | April 2021.

A10 We propose that the pollutant pricing mechanisms and crypto-currency projects are addressed within the intangibles project. Appendix 2 illustrates the potential scope of this project.

A11 For the climate-related risk and intangibles projects, which involve multiple Standards, we recommend that a thematic approach is taken, whereby the impact across multiple Standards is considered as part of the same project. This approach supports consistency across Standards and potential efficiencies in the standard-setting process. See Appendix 2 for an illustration of the thematic approach.

A12 Our stakeholder outreach and research work highlighted that the remaining projects set out in the IASB's Agenda Consultation are low priority. We include our rationale below:

Project listed by the RFI[11]	IASB proposed scope per RFI	UKEB rationale for low priority[12]
Borrowing costs	Review the definition of borrowing costs and qualifying assets in IAS 23.	Low potential for a principles-based solution. A review of a selected sample of FTSE 350 financial statements indicated this is not a prevalent or pervasive issue.
Commodities	Develop accounting guidance for commodity loan transactions and other transactions involving commodities.	Where entities hold commodities solely for investment purposes, guidance could be developed as part of a project on non-financial assets held solely for investment purposes (see Appendix 2 for details) A review of a selected sample of FTSE 350 financial statements indicated commodity loan transactions are not frequent in the UK.
Discontinued operations and disposal groups	Reconsider the single line-item presentation and develop more effective disclosures, or, undertake a comprehensive review of IFRS 5.	Investors and preparers have raised matters on the application of IFRS 5. In January 2016 the Interpretation Committee concluded that most of these matters would be best addressed by a post-implementation review of IFRS 5. We agree with this conclusion.
Discount rates	Reconsider discount rate requirements in all IFRS Standards and, when appropriate, eliminate variations in present value measurement techniques.	Whilst there are variations in permitted and required discount rates across IFRS Standards, these can be addressed on a project-by-project basis (e.g., the Business Combinations, Goodwill and Impairment Project addressed IAS 36 discount rate requirements) and the post-implementation reviews of IFRS 15, IFRS 16 and IFRS 17 which will fall due over the IASB's next work cycle.
Employee benefits	Develop accounting requirements for hybrid pension plans; or, review IAS 19 requirements on discount rates; or, undertake a comprehensive review of IAS 19.	A review of a sample of annual reports for FTSE 350 entities identified that hybrid pension plans are becoming more common for UK IFRS reporters. IASB has issued preliminary guidance on how to apply IAS 19 to hybrid pension

11 Projects in this table are presented in alphabetical order.

12 UKEB rationale incorporates includes views from stakeholders during outreach.

Project listed by the RFI[11]	IASB proposed scope per RFI	UKEB rationale for low priority[12]
		plans. The guidance provides an interim solution, so the issue is not acute. A review of IAS 19 requirements on discount rates could be undertaken as part of a broader project on discount rates.
Expenses	Develop an IFRS standard for cost of sales, using the principles of IFRS 15; develop detailed guidance on classification of expenses by function in profit or loss; develop enhanced disclosures.	IASB's General Presentation and Disclosures project addresses classification of expenses and disclosures on expenses. During outreach on the Primary Financial Statements project, UK stakeholders did not request further guidance on the areas proposed in the project scope. The feasibility of achieving a solution that works across multiple jurisdictions is low.
Foreign currencies	Targeted project to improve aspects of IAS 21, or, a comprehensive review of IAS 21.	Stakeholders have not identified IAS 21 as a priority project in our outreach.
Going concern	Develop enhanced disclosure requirements for the going concern assumption; develop accounting requirements for entities that are no longer a going concern.	IFRS Standards already contain the principles for effective disclosure of key assumptions and judgements made in determining whether an entity is a going concern. The FRC's July 2020 Covid 19 thematic review indicated that there was scope for improvement in going concern disclosures, but this is an application issue rather than a deficiency in financial reporting standards. Mandating enhanced disclosure requirements may undermine the existing principles-based approach.
Government grants	Address optionality in accounting treatment of government grants and address inconsistency with the Conceptual Framework.	Whilst there are inconsistencies with the Conceptual Framework and optionality within the Standard, these are generally understood and stakeholders tell us that they do not cause significant problems in practice. Our desk-based research indicates that ongoing government grants affect only a minority of UK IFRS reporters and are not expected to be significant in value by the time a project would be completed.
Inflation	Assess whether it would be feasible to extend the scope of IAS 29 *Financial Reporting in Hyperinflationary Economies* to cover economies subject to only high inflation, without amending other requirements of IAS 29.	High inflation is not a prevalent or acute issue for UK IFRS reporters (even those with subsidiaries in inflationary economies). The Bank of England's August 2021 Monetary Policy Committee report notes that UK inflation is above its 2% target and predicts that it will rise further in coming months but then fall back to target.
Interim reporting	Develop enhanced disclosure requirements and clarify what transition disclosures are	Stakeholders have not identified this as an issue in our outreach. The FRC's May 2021 Interim Reporting thematic review

Project listed by the RFI[11]	IASB proposed scope per RFI	UKEB rationale for low priority[12]
	required in the first year of applying a new Standard.	indicates interim reporting is working effectively in the UK.
Negative interest rates	Develop accounting requirements for negative interest rates.	While negative interest rates are possible in the UK, their impact on financial statements is unlikely to be pervasive because they are likely to remain close to zero and because they are unlikely to last for extended periods of time.
Operating segments	Review aggregation criteria and improve disclosures.	While operating segment information is important to investors, IASB's 2013 post-implementation review of IFRS 8 concluded that the Standard achieved its objectives and improved disclosures in this area. IFRS 8 is converged with US GAAP Topic ASC 280 which increases the difficulty of making changes to this Standard. We note that FASB's current agenda includes a review of this topic and will monitor the situation.
Other comprehensive income	Review all IFRS Standards for consistency with the Conceptual Framework principles for the classification of income and expenses in other comprehensive income.	The potential complexity of this project and challenges in finding a solution that would work across multiple jurisdictions mean that it is unlikely that timely progress would be made, and so this project is not a priority in a time of resource constraint.
Separate financial statements	Review of IAS 27 Separate Financial Statements; clarify the accounting in separate financial statements for some transactions between a parent and its subsidiaries; develop more effective disclosures.	This topic has been considered in previous agenda consultations and has not been added to IASB's work plan. The complexity of the project combined with the limited capacity of the Board means it is unlikely that timely progress would be made on the project.
Tax	Improve tax disclosures and develop accounting guidance for emerging types of taxes.	While some investor groups have identified the need for greater tax transparency, the feasibility of developing a solution that works across multiple jurisdictions is low given the complexity of this topic. Accounting guidance on emerging types of taxes (such as carbon taxes) could be developed within the scope of the *'Climate-related risks and other emerging risks'* project.
Variable and contingent consideration	Develop a consistent approach to reporting variable and contingent consideration for all IFRS Standards.	While there is diversity in practice in reporting transactions involving variable and contingent consideration, these transactions are not sufficiently prevalent in practice to justify a high priority project at a time of resource constraint.

Question 4: Other comments
Do you have any other comments on the Board's activities and work plan? Appendix A provides a summary of the Board's current work plan.

A13 We recommend that IASB undertakes projects on a thematic basis.

A14 One way of achieving this is to take a cross-standard approach, as taken by IASB in the Disclosure Initiative. We support this approach as it supports consistency across Standards and efficiencies in the standard-setting process.

A15 In addition, projects could be grouped by theme, for example by the theme of retaining relevance as discussed above. Grouping projects by theme could help to retain focus on strategic rationale and the user needs the projects are intended to address. Such a focus could be helpful for communicating the benefits of projects, and at the project scoping stage. See Appendix 2 for an illustration of the thematic approach.

A16 Our stakeholders, particularly users, identified supply chain finance as an additional high-priority potential project. We note that following IASB's June 2021 board meeting a project on supply chain finance has been added to its current work plan, and so we have not included it in our list of priority projects for the IASB's 2022 – 2026 work plan.

Appendix 2 Illustration of Thematic Approach

The thematic approach looks across Standards and identifies the parts of each Standard relevant to each project. For illustration, the parts of Standards relevant to the climate-related risk project and the intangibles project are described in tables 1 and 2 below.

Table 1: Illustration of thematic approach for Climate-related risks project

Standard	Aspect
IAS 1 *Presentation of Financial Statements*	Consider whether IAS 1 should be amended to more effectively capture long-dated impacts of climate-related risks in the financial statements.
IAS 2 *Inventories*	Consider the need for educational material on the impact of transition risk on inventory valuation.
IAS 16 *Property Plant and Equipment*	Consider the need for educational material on the impact of physical risk and transition risk on the measurement of property, plant and equipment.
IAS 36 *Impairments*	Consider whether IAS 36 should be amended to more effectively capture long-dated impacts of climate-related risks in the measurement of assets.
IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*	Consider whether recognition and disclosure requirements for provisions and contingent liabilities result in sufficient relevant information on climate-related risks.
IAS 38 *Intangible Assets*	Consider whether recognition and measurement requirements provide sufficient relevant information on pollutant pricing mechanisms. Consider the implications of investment in development of climate-risk reduction technologies failing to meet the capitalisation criteria for development costs.

IFRS 8 *Operating Segments*	Consider the need for educational material on the potential impact on segmental disclosures of regulatory change to address climate-related risks.
IFRS 9 *Financial Instruments*	Consider the implications of some types of green bond failing the SPPI test and therefore being classified as Fair Value Through Profit or Loss.
IFRS 10 *Consolidated Financial Statements*	Consider the implications of some renewables funds failing to meet the investment entity criteria and therefore, unlike other funds, not being subject to the investment entity exception.

Table 2: Illustration of thematic approach for intangibles project

Standard	Aspect
IAS 2 *Inventories*	Consider extending the commodity broker-trader exception in IAS 2 to apply to crypto-currencies and other intangibles held as inventories.
IAS 36 *Impairments*	Consider whether impairment requirements for intangible assets are still appropriate.
IAS 38 *Intangible Assets*	Consider whether the definition of an intangible asset remains fit for purpose given the growing significance of intangibles such as PPMs and software, and review appropriateness of measurement requirements.
IFRS 9 *Financial Instruments*	Consider whether some cryptographic assets (e.g., security tokens) meet the definition of a financial asset and should be accounted for under IFRS 9
Non-financial assets held for investment (new Standard)	Consider whether a new Standard is necessary for non-financial assets which are held solely for investment purposes. This Standard could apply to intangible assets such as crypto and PPMs as well as to commodities.