UK Endorsement Board

IASB General Update

Executive Summary

Project Type	Monitoring
Project Scope	Various
Purpose of the paper	
This paper provides the Board with an update on projects the Secretariat is currently monitoring, including the work of the IFRS Interpretations Committee. As agreed with the Board, the Secretariat 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: **Topics for discussion:** • Power Purchase Agreements • Possible connectivity matters **Topics for noting:** • Provisions – Targeted Improvements • Subsidiaries without Public Accountability: Disclosures • Rate-regulated Activities • Use of a Hyperinflationary Presentation Currency by a Non-hyperinflationary Entity (IAS 21) • Climate-related and Other Uncertainties in the Financial Statements	
Questions for the Board	
Questions for the Board ***Topics for discussion*** **Power Purchase Agreements (Appendix A)** 1. Does the Board have any comments or questions on the *Power purchase agreements* update?	

Potential connectivity matters (Appendix G) 2. Does the Board have any comments or questions on the *Potential connectivity matters* update? ***Topics for noting*** Do Board members have any questions or comments on the topics for noting?
Recommendation
N/A
Appendices
Appendix A: Power Purchase Agreements Appendix B: Provisions – Targeted Improvements Appendix C: Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures Appendix D: Rate-regulated Activities Appendix E: Use of a Hyperinflationary Presentation Currency by a Non-Hyperinflationary Entity (IAS 21) Appendix F: Climate-related and Other Uncertainties in the Financial Statements Appendix G: Possible connectivity matters Appendix H: List of IASB Projects

UKEB
UK Endorsement Board

Appendix A: *Power Purchase Agreements*

UKEB Project Status: Monitoring IASB Next Milestone: Exposure Draft Q2 2024	

A1. The IASB discussed next steps on its project on Power Purchase Agreements (PPAs) at its December 2023 board meeting[1]. The IASB tentatively decided:

a) to undertake narrow-scope standard-setting to amend IFRS 9 *Financial Instruments*, with the next project milestone to be an exposure draft (ED); and

b) to explore an approach to this standard-setting that includes amending the 'own use' and hedge accounting requirements in IFRS 9.

A2. The IASB decided against an exception for PPAs and virtual PPAs from the scope of IFRS 9.

A3. In relation to the 'own-use' requirements, the IASB has proposed to clarify how an entity should assess its expected usage, where the underlying characteristics display some of the features set out in the IASB staff paper in respect of PPAs.

A4. In relation to the hedge accounting requirements, the IASB staff paper suggests, among other potential clarifications, additional requirements on how to assess the requirement for a forecast transaction to be 'highly probable' for contracts where the underlying non-financial items have the characteristics of PPAs described in the paper.

A5. The IASB proposed addressing both topics at the same time, albeit it was recognised that the changes required to hedge accounting may be more complex and might take longer. It was noted that consequential changes to the IAS 39 hedging requirements would also be required.

A6. In terms of timeframes, the IASB staff indicated they would come back to the IASB board meeting in January 2024 with more details on proposed standard setting, with a view to the board voting on the proposals in a subsequent meeting and an ED to follow afterwards. There is a recognition that some urgency is required on this topic. The IASB workplan indicates that an ED is due in Q2 2024.

[1] IASB December 2023 Agenda Paper 3.

UK Endorsement Board

Next steps

A7. The UKEB Secretariat will observe the IASB education session[2] at the IASB's January 2024 meeting, and will provide a verbal update on any significant points arising from the IASB education session.

A8. An ad-hoc ASAF virtual meeting is scheduled for 29 January 2024, the day before the UKEB January 2024 meeting. The paper[3] for the meeting requests feedback from ASAF members on the proposed potential amendments. Briefing for the meeting incorporated the feedback from Board members, and AFIAG. A verbal update on the discussions at ASAF will be provided at the Board meeting.

A9. An education session for the Board is planned for the March 2024 Board meeting. The Secretariat then plans to bring a Project Initiation Plan to the April 2024 Board meeting for the Board's review and approval.

Question for the Board
1. Does the Board have any comments or questions on the *Power purchase agreements* update?

[2] Education session – potential amendments to IFRS 9 (IASB January 2024)
[3] ASAF paper for ASAF meeting on 29 January 2024

UK Endorsement Board

Appendix B: Provisions – Targeted Improvements

UKEB Project Status: Monitoring **IASB Next Milestone:** Exposure Draft (H2 2024)	

Background

B1. In this project, the IASB is assessing the following potential amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*:

a) To amend the definition of a liability and the requirements and guidance for applying the present obligation recognition criterion.

b) To indicate more clearly the rate an entity uses to discount a long-term provision to its present value.

c) To clarify which costs an entity must consider in measuring an obligation.

B2. The Board was presented with a summary of the IASB tentative decisions on this project at its meeting on 14 December 2023[1]. At that time, the IASB was yet to decide on the project direction.

The IASB decision

B3. The IASB met on 13 December 2023 to discuss the project direction[2]. They decided:

a) to continue developing proposed amendments and

b) to set the publication of an exposure draft as the next project milestone.

1 Link to 14 December 2023 - IASB General Update - Agenda Paper 6: Appendix E.
2 Link to IASB Meeting Summary December 2023

Next steps

B4. The IASB staff envisage that the IASB will be able to complete its technical decisions and start the balloting process for an exposure draft in the first half of 2024, with a view to publishing the exposure draft in the second half of 2024[3].

B5. The UKEB Secretariat will continue to monitor the IASB discussions.

[3] Link to IASB staff agenda paper 22 - December 2023 paragraph 12.

UK Endorsement Board

Appendix C: Subsidiaries without Public Accountability: Disclosures

UKEB Project Status: Monitoring **IASB Next Milestone:** IFRS Accounting Standard (expected Q2 2024)	UKEB project page UKEB Final Comment Letter **(Published February 2022)**

Background

C1. At the September 2023 meeting the Secretariat informed the Board that the IASB expects to issue the IFRS Accounting Standard 19 *Subsidiaries without Public Accountability: Disclosures* (IFRS 19) in the second quarter of 2024.

C2. Since then, the Board has been provided with regular updates of the sweep issues identified by the IASB in drafting the forthcoming IFRS 19.

C3. At the December 2023 IASB meeting the IASB discussed how the proposed disclosure requirements set out in the Exposure Draft *Subsidiaries without Public Accountability: Disclosures* (ED) will be updated for the forthcoming IFRS Accounting Standard 18 *Presentation and Disclosure in Financial Statements* (IFRS 18).

Approach to updating the ED for the disclosure requirements in IFRS 18

C4. The proposed disclosure requirements in the ED were based on IAS 1 *Presentation of Financial Statements.*

C5. IFRS 18, which is expected to be issued before IFRS 19, will supersede IAS 1 and make consequential amendments to other IFRS Accounting Standards.

C6. The table below summarises the approach agreed by the IASB on how the proposed disclosure requirements set out in the ED will be updated for the forthcoming IFRS 18:

Category of disclosures in IFRS 18	How they will be dealt with in IFRS 19
Disclosure requirements in IAS 1 that are 'retained' in IFRS 18 Disclosure requirements relocated from IAS 1 to other IFRS Accounting Standards (for example, the disclosure requirement in paragraph 117 of IAS 1 on disclosure of accounting policy information will be relocated to IAS 8).	• Disclosure requirements that **were proposed in the ED** will be included in IFRS 19. • Disclosure requirements that are **not proposed in the ED** will not be in IFRS 19—these were assessed as not meeting the principles for reducing disclosure.
New disclosure requirements in IFRS 18 (for example, the disclosure requirements related to management-defined performance measures).	• These new disclosure requirements will be included in IFRS 19 because the IASB has not considered whether to reduce these disclosure requirements. • Subsequently, the IASB will consider whether to reduce these disclosures in the catch-up Exposure Draft (catch-up ED) which will be published after the issue of IFRS 19[1].

IASB tentative decisions

C7. In addition, the IASB tentatively decided to change the disclosure requirements proposed in the ED[2] by:

a) omitting from IFRS 19 requirements in IAS 1 that are expected to be included in the forthcoming IFRS 18 which are guidance on how to apply disclosure requirements rather than disclosure requirements (paragraphs 78, 98, 114 and 117 of IAS 1);

b) omitting from IFRS 19 a requirement in IAS 1 that is expected to be included in the forthcoming IFRS 18 which relates to presentation rather than disclosure requirement (paragraph 106(d) of IAS 1); and

c) including in IFRS 19 paragraph 128 of IAS 1 (expected to be included in the forthcoming IFRS 18) which does not require disclosure of sources of estimation uncertainty for assets and liabilities with a significant risk that their carrying amounts might change materially within the next financial

1 See paragraph F1-F7 of Agenda Paper 6: Appendix F of the December 2023 UKEB meeting.
2 The IASB staff's analysis and conclusion on these paragraphs of IAS 1 can be found in Appendix A of IASB Agenda paper 31 (December 2023).

year if, at the end of the reporting period, they are measured at fair value based on a quoted price in an active market for an identical asset or liability.

Next steps

C8. The IASB is expected to continue the discussion of sweep issues until the publication of IFRS 19 (expected to be in Q2 2024).

C9. At its January 2024 meeting the IASB will be asked to agree on the disclosure requirements to propose in the catch-up ED. The Secretariat will provide an update on this project at the UKEB's February meeting.

C10. The UKEB Secretariat will continue to monitor the IASB discussions and provide updates to the Board.

UK Endorsement Board

Appendix D: Rate-regulated Activities

UKEB Project Status: Monitoring **IASB Next Milestone:** Continued redeliberations on remaining topics throughout 2024.	UKEB Project page UKEB Final comment letter (Published July 2021)

Background

D1. The IASB is continuing its redeliberations following feedback on its Exposure Draft *Regulatory Assets and Regulatory Liabilities*[1] (ED). At its December 2023 meeting, the IASB redeliberated the following topics:

a) the proposals on the unit of account and offsetting of regulatory assets and regulatory liabilities for presentation purposes;

b) the presentation proposals; and

c) items affecting regulated rates on a cash basis.

D2. The IASB also discussed the staff's recommended approach on the proposals dealing with items affecting regulated rates when the related cash is paid or received – Overview. The IASB was not asked to make any decisions on this topic.

D3. The table below summarises the IASB's proposals contained in the ED, the recommendations made by the UKEB in its comment letter and the IASB's tentative decisions made at its December 2023 meeting.

1 The IASB's Exposure Draft was published in January 2021 and can be found here

<table>
<tr><th>ED proposal</th><th>UKEB comment letter[2]</th><th>IASB tentative decision</th></tr>
<tr><td colspan="3">Unit of account and offsetting</td></tr>
<tr><td><u>Unit of account</u>
The ED states that an entity shall account for the right or obligation arising from each individual difference in timing described in paragraph 12(a) as a separate unit of account. However, if rights, obligations, or rights and obligations arising from the same regulatory agreement have similar expiry patterns and are subject to similar risks, they may be treated as arising from the same individual difference in timing.
<u>Offsetting</u>
The ED states that an entity is permitted to offset regulatory assets and regulatory liabilities that form separate units of account only if the entity:</td><td>The UKEB comment letter did not express any views on the unit of account and offsetting.</td><td>The IASB tentatively decided that the prospective Accounting Standard would:
a) clarify that the unit of account is the right or obligation arising from a difference in timing or from a group of differences in timing. The differences in timing included in that group would:
i. be created by the same regulatory agreement;
ii. have similar expiry patterns; and
iii. be subject to similar risks.
b) omit the proposal in paragraph 71 of the ED that would have permitted an entity to offset regulatory assets and regulatory liabilities in the statement of financial position.
UKEB Secretariat view
The Secretariat welcomes the IASB's tentative decisions. This topic is expected to be discussed at a future UKEB Rate-regulated Activities Technical Advisory Group (RRA TAG) meeting.</td></tr>
</table>

2 The UKEB comment letter can be found here.

ED proposal	UKEB comment letter[2]	IASB tentative decision
a) has a legally enforceable right to offset those regulatory assets and regulatory liabilities by including them in the same regulated rate: and b) expects to include the amounts resulting from the recovery or fulfilment of those regulatory assets and regulatory liabilities in the same regulated rate for goods or services supplied in the same future period. The IASB proposed to permit, but not require, offsetting of regulatory assets and regulatory liabilities for presentation purposes to limit the costs that preparers may need to incur in assessing whether the specified conditions are met.		

ED proposal	UKEB comment letter[2]	IASB tentative decision
Presentation		
Statement of financial performance The ED proposes that: a) an entity presents in the statement of financial performance all regulatory income minus all regulatory expense in a separate line item immediately below revenue, except in limited circumstances; and b) regulatory income includes regulatory interest income and regulatory expense include regulatory interest expense. **Statement of financial position** The ED proposes that an entity shall present in its statement of financial position: a) Line items for regulatory assets and regulatory liabilities. b) Current and non-current regulatory assets, and current and non-current regulatory	The UKEB comment letter supported the proposals relating to the presentation in the statement of financial performance and financial position as it would provide useful information to users and allow for a clear assessment of an entity's overall performance.	The IASB tentatively decided that the prospective Accounting Standard would: a) require an entity to classify all regulatory income minus all regulatory expense (regulatory income or regulatory expense) as revenue. b) require an entity to present regulatory income or regulatory expense as a separate line item in the statement(s) of financial performance. c) omit the proposed amendment to paragraph 82 of IAS 1 that would have required an entity to present regulatory income or regulatory expense as a separate line item immediately below revenue. d) retain the proposals to require an entity to include regulatory interest income within regulatory income and regulatory interest expense within regulatory expense. e) amend the prospective IFRS 18 Accounting Standard *Presentation and Disclosure in Financial Statements* (prospective PFS Standard) to clarify that regulatory interest is classified in the operating category. f) retain the proposal to require an entity to present in its statement of financial position:

UK Endorsement Board

ED proposal	UKEB comment letter[2]	IASB tentative decision
liabilities, as separate classifications by applying paragraphs 66 and 69 of IAS 1 Presentation of Financial Statements, except when the entity presents all assets and liabilities in order of liquidity.		i. line items for regulatory assets and regulatory liabilities; and ii. current and non-current regulatory assets and current and non-current regulatory liabilities as separate classifications by applying paragraphs 66 and 69 of IAS 1, except when the entity presents all assets and liabilities in order of liquidity. **UKEB Secretariat view** The Secretariat welcomes the IASB's tentative decisions on presentation. This topic is expected to be discussed at a future RRA TAG meeting.
Items affecting regulated rates on a cash basis		
The ED states that in some cases, a regulatory asset or regulatory liability arises because a regulatory agreement treats an item of expense or income as allowable or chargeable in determining the regulated rates only once an entity pays or receives the related cash, or soon after that, instead of when the entity recognises that item as	The UKEB agreed with the measurement proposals when items of expense or income affect regulated rates only when the related cash is paid or received. The UKEB also agreed with the proposal to present regulatory income or regulatory expense in other comprehensive income when it	The IASB tentatively decided that the prospective Accounting Standard would: a) retain the proposed concept that differences in timing that arise from differences between regulatory and accounting criteria represent enforceable present rights or enforceable present obligations. Those rights or obligations meet the proposed definitions of regulatory assets and regulatory liabilities.

ED proposal	UKEB comment letter[2]	IASB tentative decision
expense or income in its financial statements by applying, for example, IAS 12 *Income Taxes*, IAS 19 *Employee Benefits* or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets.* The ED further states that an entity shall measure this regulatory asset and regulatory liability by: a) Using the measurement basis used in measuring the related liability or related asset by applying IFRS Accounting Standards; and b) Adjusting the measurement of the regulatory asset or regulatory liability to reflect any uncertainty present in it but not present in the related liability or related asset.	arises from remeasuring the related liability or related asset through other comprehensive income.	b) retain the measurement requirements proposed in paragraph 61 of the Exposure Draft for items that affect regulated rates only when cash is paid or received. c) retain the requirements proposed in paragraph 69 of the Exposure Draft to present specified regulatory income and regulatory expense in other comprehensive income. d) clarify that an entity is required to reclassify regulatory income or regulatory expense presented in other comprehensive income to profit or loss if IFRS Accounting Standards require the entity to reclassify the related expense or income to profit or loss. e) include no additional presentation requirements for other comprehensive income. An entity would apply the requirements in IAS 1 or the prospective PFS Standard. **UKEB Secretariat view** The Secretariat welcomes the IASB's tentative decisions on presentation. This topic is expected to be discussed at a future RRA TAG meeting.

UKEB
UK Endorsement Board

IASB next steps

D4. The IASB will continue its redeliberations on the feedback received on the ED at future meetings. Future redeliberations will focus on the following topics:

a) Discount rate.

b) Disclosure.

c) Amendments to other IFRS Accounting Standards.

d) Effective date and transition.

e) Other matters.

Feedback from IASB Consultative Group for Rate Regulation meeting

D5. The IASB's Consultative Group for Rate Regulation held its meeting on 30 November 2023 to discuss the proposed disclosure requirements. The views shared will assist IASB staff in gathering feedback to help the IASB with its redeliberations on this topic.

D6. The discussion focused on the following disclosure requirements:

a) A breakdown of regulatory income and regulatory expense.

b) Reconciliation from the opening to the closing carrying amounts of regulatory assets and regulatory liabilities.

c) Maturity analysis, risk, uncertainty and discount rates.

d) The level of aggregation and disaggregation.

D7. Member views were also sought on the following potential new disclosure requirements arising from the IASB's redeliberations:

a) Direct (no direct) relationship between an entity's regulatory capital base (RCB) and its property, plant and equipment (PPE).

b) Unrecognised differences in timing.

c) Long-term performance incentives.

D8. Members shared the following views on the topics in paragraphs D6 and D7:

Breakdown of regulatory income or regulatory expense

D9. The ED proposes that an entity shall disclose information that enables users of financial statements to understand how the entity's financial performance was affected because part of the total allowed compensation for the goods or services supplied in one period was or will be included in determining the regulated rates, and hence included in revenue, for goods or services supplied in a different period.

D10. Some members supported the proposals, but other members also expressed concerns. Members who were concerned expressed the following views:

a) The proposals would be costly for entities to implement.

b) The proposals would require entities to invest in new systems.

c) The proposals may not be proportionate.

D11. Members who supported the proposals said the disclosed information would have both predictive and confirmative value and would allow for the tracking of changes in regulatory assets and regulatory liabilities.

Reconciliation from the opening to the closing carrying amounts of regulatory assets and regulatory liabilities.

D12. The ED proposes to require an entity to present a reconciliation between the opening and closing amounts of regulatory assets and regulatory liabilities.

D13. Members who shared their views agreed with:

a) providing examples of the types of changes to the regulatory assets and regulatory liabilities that are not reflected in the statement of comprehensive income as this would be useful to users; and

b) entities being required to provide qualitative explanations of these changes.

Maturity analysis, risk, uncertainty and discount rates

D14. The ED proposed to require entities to disclose the time bands over which regulatory assets are expected to be recovered and regulatory liabilities are expected to be fulfilled.

D15. A few members said the entity should not be required to provide information about the maturity of regulatory assets and regulatory liabilities in a table. A narrative description could instead be used.

D16. Some members thought the proposed time band disclosures could be difficult to implement particularly for regulatory assets and regulatory liabilities with long lives related to pension liabilities, deferred taxes and decommissioning provisions. One member also said the Standard should not mandate specific time bands.

Level of aggregation and disaggregation

D17. In discussing whether the IASB should develop guidance to help an entity aggregate or disaggregate information to fulfil specific disclosure requirements, members who commented were of the view that:

a) guidance on disaggregation could be helpful to entities; and

b) entities would need to consider how to align information disclosed in accordance with rate-regulated disclosure requirements with information disclosed in accordance with other disclosure requirements.

Direct (no direct) relationship between an entity's RCB and its PPE

D18. In discussing whether the proposed Standard should require an entity to disclose whether its RCB and its PPE have a direct or no direct relationship, members were of the view that:

a) the standard should require an entity to disclose information on whether its RCB and its PPE have a direct or no direct relationship; and

b) where an entity has concluded there is no direct relationship between its RCB and its PPE, the level of disclosures should not be too detailed.

Unrecognised differences in timing

D19. In discussing whether the proposed Standard should require an entity to disclose information about unrecognised differences in timing and, more specifically, about unrecognised differences in timing arising from inflation adjustments to the RCB, members thought:

a) disclosure of unrecognised timing differences would be useful for users; and

b) it may be difficult to disclose information on items that are not recognised because they are likely to be difficult to track.

Long-term performance incentives

D20. In discussing whether any specific disclosure requirements about long-term performance incentives subject to significant outcome and measurement uncertainty would result in useful information to users, members were of the view that:

a) The standard should not require an entity to disclose additional information about long-term performance incentives because the requirements in IAS 1 should be sufficient.

b) The standard requires an entity to disclose conditions that might affect recoverability of a regulatory asset associated with such an incentive over the long term.

D21. No members supported that the prospective Standard require an entity to disclose information about unrecognised differences in timing arising from inflation adjustments to the RCB. Members expressed concerns about the feasibility of quantifying such differences and the potential costs of providing such information.

Question for the Board	
1.	Do Board members have any questions or comments on the Rate-regulated Activities update?

UK Endorsement Board

Appendix E: Use of a Hyperinflationary Presentation Currency by a Non-hyperinflationary Entity (IAS 21)

UKEB Project Status: Monitoring **IASB Next Milestone:** Exposure Draft H2 2024	

Background

E1. In December 2023 the IASB discussed a recommendation from the IFRS Interpretations Committee (the Committee) to add a maintenance project: Use of a Hyperinflationary Presentation Currency by a Non-hyperinflationary Entity[1], proposing narrow-scope amendments to IAS 21[2] *The Effects of Changes in Foreign Exchange Rates*, to its work plan.

E2. The proposed amendments would specify how to translate the results and financial position of an entity whose functional currency is non-hyperinflationary into a hyperinflationary presentation currency.

Summary of the issue

E3. The question to the Committee arose in the context of the accounting applied:

a) by a parent, with a hyperinflationary functional currency, when it consolidates a subsidiary with a non-hyperinflationary functional currency (the submitted fact pattern); and,

b) by an entity that has a non-hyperinflationary functional currency when it presents its financial statements in a hyperinflationary presentation currency (the related matter).

E4. The question in relation to the submitted fact pattern was whether, after applying paragraph 39 of IAS 21, the parent applies paragraphs 26 and 34 of IAS 29[3] *Financial Reporting in Hyperinflationary Economies* to restate the current

1 IASB Project: *Use of a Hyperinflationary Presentation Currency by a Non-hyperinflationary Entity (IAS 21)*
2 IFRS Standard - IAS 21: *The Effects of Changes in Foreign Exchange Rates*
3 IFRS Standard – IAS 29: *Financial Reporting in Hyperinflationary Economies*

period income and expenses and all comparative information of the subsidiary in terms of the measuring unit current at the end of the reporting period.

E5. A summary of relevant requirements from IAS 21 are included in the Annex 1 of this paper.

Summary of the IFRIC discussion

Submitted fact pattern

E6. In its June 2022 meeting[4] the Committee concluded that the requirements were not clear. Applying IAS 21 and IAS 29, the parent could choose to restate or not restate the subsidiary's results and financial position in terms of the measuring unit current at the end of the reporting period.

E7. The Committee asked the staff to perform further research and outreach before deciding on a recommendation for the IASB. The Committee discussed the findings (provided in paragraph F8 of this paper) at its June 2023 meeting[5] and decided to recommend that the IASB develop a narrow scope amendment to address the submitted fact pattern and the related matter.

The related matter

E8. The Committee did not originally identify a concern with the related matter as there is technically an adequate basis for a non-hyperinflationary entity to determine the required accounting.

E9. The non-hyperinflationary entity does not have a hyperinflationary functional currency and is therefore not within the scope of IAS 29. Consequently, the non-hyperinflationary entity applies only paragraph 39 of IAS 21 to translate its financial statements into the hyperinflationary presentation currency and does not then restate those amounts applying IAS 29.

4 IFRIC June 2022 meeting – Consolidation of a Non-Hyperinflationary Subsidiary by a Hyperinflationary Parent (IAS 21 and IAS 29) Initial consideration Agenda paper 2

5 IFRIC June 2023 meeting - Consolidation of a Non-Hyperinflationary Subsidiary by a Hyperinflationary Parent (IAS 21 and IAS 29), Cover paper Agenda paper 5, Additional research Agenda paper 5A, Scope of a possible narrow-scope standard-setting project Agenda paper 5B and Possible solution Agenda paper 5C

IASB research and outreach[6]

Submitted fact pattern

E10. The IASB noted that in terms of the submitted fact pattern there is a diversity in practice such that the hyperinflationary parent, after applying paragraph 39 of IAS 21 to translate the results and financial position of the non-hyperinflationary subsidiary, applies one of the following accounting treatments:

Financial statements of non-hyperinflationary subsidiary	View I–no restatement	View II–restatement	View III–restatement of comparative amounts only
assets and liabilities as at the end of the current reporting period	no adjustment	no adjustment	no adjustment
income and expenses for the current reporting period	no adjustment	apply, according to paragraphs 26 and 34 of IAS 29, change in general price index from dates income and expenses initially recognised	no adjustment
comparative information	no adjustment	apply, according to IAS 29, change in general price index from beginning of reporting period	apply, according to IAS 29, change in general price index from beginning of reporting period

E11. Feedback on the submitted fact pattern observed that of the three views, View II appears to give more useful information as it improves understandability and comparability by expressing income and expenses and comparative information of all entities within the group in terms of the current measuring unit.

6 IASB December 2023 meeting - Use of a Hyperinflationary Presentation Currency by a Non-hyperinflationary Entity (IAS 21) Background and summary of prior discussions Agenda paper 12A

E12. A few Committee members also said the View II solution would be a good solution for the submitted fact pattern because it would result in restating amounts using an index as required by IAS 29 which, in their view, would appropriately reflect the economic effects of hyperinflation.

The related matter

E13. The IASB research and outreach did not identify any diversity in practice regarding the related matter, however, it indicated that the outcome of applying only IAS 21 results in financial information that might not be useful and comparable. Respondents said not restating current period income and expenses and comparative information in terms of a current measuring unit (as required by IAS 29) reduces understandability and comparability because the presentation currency is hyperinflationary.

E14. The related matter is similar to the submitted fact pattern because both situations involve an entity — the subsidiary in the submitted fact pattern and the reporting entity in the related matter — with a non-hyperinflationary functional currency that translates its results and financial position into a hyperinflationary presentation currency.

IASB recommended solution[7]

E15. The IASB has tentatively proposed an approach similar to View II described above. It proposes amending IAS 21 to require an entity to translate all amounts (assets, liabilities, equity items, income, and expenses, including comparative amounts) at the closing rate at the date of the most recent statement of financial position if that entity:

a) has a non-hyperinflationary functional currency and presents financial statements in a hyperinflationary presentation currency (related matter); or

b) translates the results and financial position of a foreign operation that has a non-hyperinflationary functional currency (submitted fact pattern) into a hyperinflationary presentation currency.

E16. The IASB noted that, consequently, for both the submitted fact pattern and the related matter, the objective of the amendment is to express the financial results in terms of a current measuring unit.

E17. The IASB noted that given the prevalence of this issue in hyperinflationary economies and recent events affecting the world economy, there is an expectation

[7] IASB December 2023 meeting - Use of a Hyperinflationary Presentation Currency by a Non-hyperinflationary Entity (IAS 21) Recommended amendment to IAS 21 Agenda paper 12B

of it becoming more common in future. They expect that this simplified solution would address the matter.

E18. The majority of the IASB members agreed with the staff's recommended solution. They emphasised the need for a limited scope for the project and did not expect any changes to IAS 29.

E19. A number of IASB members also noted that if respondents wanted an alternative solution to that expected to be proposed in the Exposure Draft (ED) they would be hesitant to proceed to standard setting.

Reasons for the IASB recommended solution

E20. IAS 29 requires an entity to apply a general price index—i.e., a measure of inflation, when restating amounts and consequently considers a general price index to represent a 'current measuring unit'. But the IASB decided not to recommend the View II solution because the IFRS Accounting Standards and stakeholders already consider the 'closing rate as a measure of the current measuring unit'.

E21. Other reasons noted by the IASB from a cost-benefit perspective were that the proposed solution:

a) is simple to apply for preparers;

b) would not introduce a fundamental change to the underlying principles in IAS 21 or add new complexities as the solution is consistent with existing translation requirements in IAS 21;

c) requires no amendments to IAS 29; and,

d) would improve the usefulness and comparability of financial statements.

Next steps

E22. The IASB has added this maintenance project to its Work Plan. An ED is expected to be published in the second half of 2024.

E23. The UKEB Secretariat will continue to monitor the IASB discussions and provide updates to the Board.

UK Endorsement Board

Annex 1: Summary of relevant requirements from IAS 21

E24. Paragraphs 39–43 of IAS 21 include requirements an entity applies when translating its own financial statements to a different presentation currency. Paragraph 44 of IAS 21 requires an entity to also apply paragraphs 39–43 of IAS 21 when translating financial statements of a foreign operation. The table below summarises these requirements:

<table>
<tr><th></th><th>Functional currency</th><th>Presentation currency</th><th>Paragraph in IAS 21</th><th>Translation method</th></tr>
<tr><td>1</td><td>Non-hyperinflationary</td><td>Non-hyperinflationary</td><td rowspan="2">39</td><td rowspan="2">(a) assets and liabilities at closing rate;
(b) income and expenses at exchange rate at the dates of the transactions;
(c) exchange differences from (a) and (b) recognised in other comprehensive income; and
(d) comparative information is as presented in prior period.</td></tr>
<tr><td>2</td><td>Non-hyperinflationary</td><td>Hyperinflationary</td></tr>
<tr><td>3</td><td>Hyperinflationary</td><td>Hyperinflationary</td><td rowspan="2">42</td><td>All amounts (assets, liabilities, equity items, income and expenses, including comparatives) translated at closing rate.</td></tr>
<tr><td>4</td><td>Hyperinflationary</td><td>Non-hyperinflationary</td><td>All amounts (assets, liabilities, equity items, income and expenses, excluding comparatives) translated at closing rate. Comparative information is as presented in the prior period.</td></tr>
</table>

UKEB
UK Endorsement Board

Appendix F: *Climate-related and Other Uncertainties in the Financial Statements*

UKEB Project Status: Monitoring. IASB Next Milestone: Decide project direction Q2 2024.	

F1. The IASB was provided with an update on the *Climate-related and Other Uncertainties in the Financial Statements*[1] (COUFS) project at the December 2023 meeting. Please refer to the table below for a summary of actions, status, and next steps for the project.

F2. The IASB discussed feedback from the December ASAF meeting where the COUFS project approach was discussed. It was noted that while ASAF members had not identified any specific changes to accounting standards there appeared to be a consensus that non authoritative guidance was likely to be ineffective.

F3. The IASB discussion noted that investors considered that there was insufficient information in financial statements and were seeking more than qualitative disclosures. Substantive work had been undertaken by regulators, standard setters, and NGOs which evidenced the existence of a user 'expectation gap'. However, it was also noted that preparers may have genuine concerns regarding commercial sensitivity and that this may create a tension between useful disclosure and transparency.

F4. The IASB considered that collaboration with the ISSB would be beneficial as some of the information required by users may be provided via sustainability disclosures in IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*. It was also noted that a range of stakeholders such as preparers, auditors and regulators had a role to play in addressing users' expectations.

F5. The IASB Chair clarified that the IASB's core mission was not to enhance public policy goals but to determine if the IASB should take any actions that would improve financial reporting and that the project was narrow in scope.

---

1 IASB December 2023 Agenda paper 14

F6. The table below summarises the actions and status of the IASB's COUFS project[2].

Climate-related risks and Other Uncertainties in the Financial Statements			
Actions	**Description**	**IASB status and next steps**	**UKEB Staff view**
Explore developing illustrative examples.	Building on examples C and K in Practice Statement 2 *Making Materiality Judgements* by tailoring them to climate-related and other uncertainties. The example(s) could also illustrate connectivity.	Conducting outreach and expect to provide draft examples in Q1 2024.	Stakeholders are seeking example(s) that illustrate connectivity in reporting by explaining how information outside the financial statements may relate to the information within the financial statements. As noted in UKEB research[3], stakeholders were seeking guidance regarding the practical application of materiality for sustainability information and further guidance regarding the application of qualitative materiality. Investors support the development of Example K in Practice Statement 2 *Making Materiality Judgements* in terms of reflecting

2 IASB December 2023 Agenda paper 14
3 A Study in Connectivity: Analysis of 2022 UK Company Annual Reports (UKEB September 2023) paras 4.17 and 4.18 (page 38) and paras 4.22 and 4.23 (page 39)

UK Endorsement Board

Climate-related risks and Other Uncertainties in the Financial Statements			
Actions	**Description**	**IASB status and next steps**	**UKEB Staff view**
			(a) when a reassessment of the valuations of existing PPE may be required to reflect plans for rapid replacement under the entity's climate transition plan and (b) when there is a clear climate commitment to replace PPE over time, an explanation for why no write down or change in useful lives was considered necessary.
Explore clarifying requirements in IFRS Accounting Standards in relation disclosure of estimates	Possible targeted amendments to IFRS Accounting Standards.	Conducting further research and outreach and consideration of costs, benefits, and possible unintended consequences.	UKEB research found that 'Approximately 50% of the research reports reviewed mention estimates and judgements being a critical area of low connectivity[4]'. Stakeholders support improved disclosures regarding estimates where they improve connectivity between financial statements and

4 Climate-Related Matters: Summary of Connectivity Research (July 2023) Para 5 (page 6)

Climate-related risks and Other Uncertainties in the Financial Statements			
Actions	**Description**	**IASB status and next steps**	**UKEB Staff view**
			information reported elsewhere by an entity.
IFRS Interpretations Committee (IFRIC) consultation relating to climate-related risks in the application of IAS 36 *Impairment of Assets*	Explore potential application challenges regarding asset impairment testing.	IFRIC[5] discussion indicated that entities do consider variability over an extended time horizon. Therefore, IFRIC saw no need for standard-setting or explanatory material through an agenda decision.	UK users have expressed concerns regarding the application of IAS 36 in relation to asset valuations and climate commitments. They continue to seek leadership and guidance from the international boards in this area.
Refer to the Committee a question about the application of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*	Explore potential application challenges when recognising a liability for climate-related commitments.	IFRIC considered a submission[6] and decided not to add a standard-setting project to the work plan.[7]	Please refer to agenda item 6 IFRS IC Tentative Agenda Decision of the UKEB January 2024 meeting.

5 Summary of Committee's discussion on IAS 36 question - Appendix A (IASB December 2023)
6 Initial consideration Climate-related Commitments (IAS 37) (IASB November 2023)
7 Tentative Agenda Decision and comment letters: Climate-related Commitments (IAS 37)

Climate-related risks and Other Uncertainties in the Financial Statements			
Actions	**Description**	**IASB status and next steps**	**UKEB Staff view**
Article on the role of financial statements	Development of an article explaining the objective of financial statements and how they can be complemented by sustainability-related financial disclosures.	In progress.	As noted in the UKEB Comment Letter[8] stakeholders support activity to close the user expectation gap and have indicated the need for focus on the connectivity at a standards level as opposed to on the two boards operational processes.
Improved accessibility	IASB website created[9] to improve awareness of how existing IFRS Accounting Standards apply to the reporting of climate-related and other uncertainties in the financial statements.	Complete.	While the information on the IASB project webpage is helpful, stakeholders have indicated that they are seeking a more collaborative and comprehensive approach to address the apparent disconnects between sustainability and financial statement disclosures.

8 Request for Information: ISSB Consultation on Agenda Priorities UKEB Comment Letter (August 2023) Refer to para 22 page 5.
9 Climate-related and Other Uncertainties in the Financial Statements (IASB project webpage)

Next steps

F7. The IASB will continue to discuss possible targeted actions to improve the application of IFRS Accounting Standards for climate-related and other uncertainties.

Question for the Board
1. Does the Board have any comments or questions on the *Climate-related and Other Uncertainties in the Financial Statements* update?

UK Endorsement Board

Appendix G: *Potential connectivity matters*

G1. The IASB currently has several projects that may have implications for connectivity between IFRS Accounting Standards and IFRS Sustainability Disclosure Standards. This update focuses on the IASB projects discussed at the December 2023 meeting which have potential connectivity issues:

a) Power Purchase Agreements.

b) Management Commentary.

G2. At the end of this section, a table sets-out other IASB projects that may also be impacted by sustainability matters and the potential connectivity issues.

Power Purchase Agreements

G3. Please refer to agenda paper 7.A 'IASB General Update – Power Purchase Agreements' of the UKEB January 2024 board papers, which sets out the nature of the accounting issue.

Potential connectivity matters

G4. PPAs and virtual PPAs are often entered into as companies seek to reduce Scope 2 Greenhouse Gas Emissions, so they can secure a supply of Renewable Energy Certificates (RECs) from the power generator. Accounting for the RECs is scoped out of the IASB PPA project. However, RECs are closely linked to pollutant pricing mechanisms, which remain on the IASB reserve list. We expect that the pollutant pricing mechanisms project will address the accounting for RECs.

UKEB Staff view

G5. The use of PPA's for the purchase of renewable energy to mitigate the effects of climate change appears to be increasing in the UK. It is therefore likely to become increasingly material and of growing interest to users.

Next steps

G6. The UKEB Secretariat will observe the IASB education session[1] at the January 2024 meeting and plans to hold an education session for the UKEB in March 2024, before bringing a Project Initiation Plan to the April 2024 Board meeting for the Board's review and approval.

Management Commentary

UKEB Project Status: N/a IASB Next Milestone: Discussion of options with ISSB 25 January 2024.	

G7. At its 13 December 2023 meeting the IASB was provided with an update on the *Management Commentary*[2] project. This was in the context of the International Sustainability Standards Board (ISSB) Agenda Consultation which included a potential research project regarding 'integration in reporting'. Stakeholders were asked to comment on whether this should build on the concepts of the *Management Commentary* project and if the project should be conducted jointly with the IASB.

G8. The UKEB's role is to consider the overlap between IASB and ISSB issued standards, in other words connectivity between these standards so that "a coherent and comprehensive system of general-purpose financial reporting that includes sustainability related financial information and financial statements" (ISSB RfI page 16). This means that the UKEB will monitor the IASB's Management Commentary project if it is added to the IASB's active agenda and includes discussions on connectivity matters.

G9. Stakeholder comments to the IASB on its Exposure Draft *Management Commentary* (published in May 2021) had highlighted the need for collaboration between the IASB and the ISSB and encouraged them to advance the project together. In addition, some stakeholders had encouraged the IASB to consider greater alignment with the Integrated Reporting Framework.

G10. The IASB was not asked to make any decisions.

1 Education session – potential amendments to IFRS 9 (IASB January 2024)
2 IASB December 2023 Agenda paper 15

UK Endorsement Board

Potential connectivity matters

G11. As noted in the UKEB Comment Letter[3] to the ISSB on the Agenda Consultation "feedback from UK stakeholders, as well as the UKEB's own research, indicate that close alignment and connectivity between financial and sustainability reporting should be a priority for both Boards and they do not consider that this is yet complete" (paragraph 24, p.5).

G12. In addition, the joint National Standard Setters letter[4] to ISSB on the consultation also noted "We all consider that close alignment and connectivity between financial and sustainability reporting is paramount to ensure that the information produced for investors is compatible and comparable." (paragraph 4, p.1).

G13. Neither the UKEB nor the other National Standard Setters took the view that this could only be delivered via the IASB's potential project on Management Commentary.

UKEB Staff view

G14. If the ISSB progresses a research project on integration in reporting and the IASB advances the *Management Commentary* project independently there is a potential risk of overlap in approach but leading to disconnection of outcomes. If the two Boards decide to take independent approaches to their respective projects, they would need to pro-actively consider this risk and ensure that mitigations are in place so that stakeholders are not faced with conflicting or disconnected requirements arising from the two sets of standards.

Next steps

G15. The UKEB Secretariat will observe the IASB and ISSB first joint meeting on 25 January 2024 where the board will discuss potential options for a way forward on their respective projects.

3 Request for Information: ISSB Consultation on Agenda Priorities UKEB Comment Letter (August 2023)
4 ISSB Consultation on Agenda Priorities – Joint National Standard Setters Letter (October 2023)

Other IASB projects with possible connectivity matters to consider

G16. The table below summarises other IASB projects impacted by sustainability matters as noted by the IASB Staff[5].

Project	Actions description	IASB status and next steps	UKEB Staff view
Primary Financial Statements (PFS)	The PFS project may improve the information entities provide about items subject to specific risks.	The IASB expects a Final Standard in Q2 2024.	Users consider information relating to an entity's progress toward climate transition is considered useful, regardless of quantum. This information may be lost via aggregation.
Amendments to the Classification and Measurement of Financial Instruments (IFRS 9)	The IASB project will provide application guidance and require additional disclosures for ESG-linked product features.	The IASB expects final amendments in H1 2024.	Stakeholders support clarification and consistent application of the measurement for ESG-linked products.
Post-implementation Review of IFRS 9 Impairment	A post implementation review to determine if the new standard is working as intended.	Project Summary is expected H2 2024.	Stakeholders are interested in how IFRS 9 has been applied to climate-related risks in the measurement of expected credit loss allowances.

5 IASB December 2023 Agenda paper 14 Climate related risks and other uncertainties in the Financial Statements

G17. In addition, to the projects in the table above the joint ISSB and IASB meeting papers[6] noted that respondents (to the ISSB Agenda Consultation) highlighted areas of collaboration which they considered particularly important. These were the IASB's *Climate-related Risks in the Financial Statements* (subsequently renamed to *Climate-related and Other Uncertainties in Financial Statements*) project, the future Intangibles project and the pollutant pricing mechanisms project.

G18. The IASB has requested feedback from Accounting Standards Advisory Forum (ASAF) members by the end of March 2024 to reassess the priority for a Pollutant Pricing Mechanisms (PPM) project. The PPM project is currently on the IASB Reserve List[7] but would only be added to the work plan if additional capacity becomes available before the IASB's next five-yearly agenda consultation.

UKEB Staff view

G19. There appears to be an increasing range of IASB projects impacted by sustainability matters. We encourage the IASB to adopt the approach indicated in the IASB staff papers[8] of taking 'portfolio view' across these projects to ensure interdependencies are identified and managed.

G20. In addition, there is a current lack of clarity in IFRS Accounting Standards on the accounting for carbon credits, resulting in diversity in practice. We encourage the IASB to address the accounting for the carbon credits, commonly related to net zero commitments made by entities, by moving its project *Pollutant Pricing Mechanisms*[9] from its reserve list to its active projects.

Next steps

G21. The UKEB Secretariat will respond to the ASAF survey on PPM and engage stakeholders as appropriate. The IASB will continue to discuss possible targeted actions to improve the application of IFRS Accounting Standards for climate-related and other uncertainties.

Joint meeting between the ISSB and the IASB

G22. The next ISSB meeting will be a joint meeting with the IASB on 25 January 2024, in London. The meeting agenda will consider stakeholder feedback from the ISSB

6 ISSB and IASB joint meeting ISSB Consultation on Agenda Priorities - Feedback summary—Connectivity (para 14)
7 IASB Reserve List projects
8 IASB December 2023 Agenda paper 14 (refer page 9)
9 IFRS Reserve List projects

Consultation on Agenda Priorities in relation to the proposed research project on integration in reporting and connectivity matters.

G23. The objective of the meeting is to both inform the priorities for the ISSB's two-year work plan as well as the IASB's direction for the *Management Commentary* project. Neither board has been asked to make any decisions at the meeting.

G24. The January 2024 joint meeting papers are referenced below for information. As the meeting will occur after the UKEB papers are issued a verbal update will be provided at the February UKEB meeting.

a) Feedback summary—Cover paper[10]

b) Feedback summary—Connectivity[11].

c) Feedback summary—A project on integration in reporting[12]

Connectivity

G25. In relation to the connectivity agenda paper, the UKEB Comment Letter[13] has been referenced (paragraph 11) regarding interconnected sustainability and accounting standards. The ISSB staff also note (paragraph 23) that all jurisdictional standard setters who responded observed that as most stakeholders were common to both boards, their capacity for engagement and ability to implement ISSB Standards should be considered in the future planning.

G26. UKEB Secretariat's analysis of the UK responses to the ISSB Agenda Priorities highlighted several similar priorities regarding the need for connectivity between ISSB and IASB Standards. A selection of UK stakeholder responses on this topic are noted below for reference.

UK stakeholder responses[14] to ISSB regarding connectivity

a) 'ISSB to prioritise: Ensuring connectivity between ISSB and IASB requirements.' *The Investment Association*[15]

b) 'Integration with and/or duplication of developments by other bodies and linkage to developments in financial reporting standards (IASB)'. *M&G Plc*[16]

10 ISSB January 2024 Agenda Paper 2
11 ISSB January 2024 Agenda Paper 2B
12 ISSB January 2024 Agenda Paper 2A
13 UKEB Comment Letter on the ISSB Agenda Consultation
14 All comment letters are available on the ISSB website. VIEW THE COMMENT LETTERS
15 The Investment Association response to ISSB RFI, Q1 additional areas to consider
16 M&G Plc response to ISSB RFI, Q2 additional comments

c) ‘we believe a project on interconnectivity between ISSB and IASB standards would be more useful than the proposed integration in reporting project’ *Reddington*[17]

d) ‘Interconnectivity with IASB standards and Interconnectivity with other International Standards issuers and Regulators’. *100 Group of Finance Directors*[18]

G27. The UKEB Comment Letter noted that UK stakeholders, as well as the UKEB’s own research, indicated that close alignment and connectivity between financial and sustainability reporting should be a priority for both Boards and that stakeholders do not consider that this was yet complete (UKEB Comment Letter paragraph 24, p.5). Comments to the ISSB from the National Standard Setters Forum[19] are noted below for reference.

National accounting standard setters’ joint response[20] to ISSB regarding connectivity

a) The Canadian standard setter (AcSB) similarly noted “strongly encourage the ISSB to continue working together with the IASB to prioritise issues related to connectivity in reporting”. (AcSB Comment Letter p.2)

b) MASB (Malaysian standard setter) took the view that "connectivity is paramount to ensure high quality and compatible information in financial statements and in sustainability disclosures”. (MASB Comment Letter p.5)

c) The Australian (AASB) recommended “that the ISSB focus on the development of additional guidance on connectivity to better support comparability”. (AASB Comment Letter p.13)

d) The New Zealand (XRB) standard setter highlighted that simply “Relying on generic aspirations for ‘connectivity’ or ‘interoperability’ may undermine the credibility of the work of the ISSB”. (XRB Comment Letter p.2)

Integration in reporting

G28. In relation to the potential research project on integration in reporting, the UKEB position was that it should not be premised on introducing a new framework (Integrated Reporting) and should be considered at a standard level, not on the basis of the IASB’s draft *Management Commentary* Practice Statement that does not form part of the mandatory standards…’. It was noted that stakeholders were

17 Reddington response to ISSB RFI, Question 2—Criteria for assessing sustainability reporting matters
18 100 Group of Finance Directors response Q1 additional comments
19 National Standard Setters Sustainability Forum
20 National Standard Setter joint letter to the ISSB Agenda Consultation

concerned that it may result in an additional layer of reporting without a clearly articulated benefit.

G29. UKEB analysis of the UK stakeholder responses to ISSB Agenda Priorities Question 7 'New research and standard-setting projects: Integration in reporting' noted stakeholders generally considered the project to be low priority but if undertaken, there was a strong view that it should be undertaken jointly with the IASB. A selection of some of these responses are noted below for reference.

UK stakeholder responses[21] to ISSB regarding potential research on integration in reporting

G30. UKEB analysis of the UK stakeholder responses to ISSB Question relating to integration in reporting, generally placed it as a lower priority in the ISSB'

a) Investors: Lower priority in the ISSB work plan but if undertaken, to be a formal joint project with the IASB. (*Federated Hermes, The Investment Association*[22]*, M&G Plc, Legal and General*).

b) Accounting Firms: Lower priority in the ISSB work plan but if undertaken, to be a formal joint project with the IASB. (*EY, Mazars and BDO*)

c) Other: Reddington, Moodys and the 100 Group all rated integration in reporting to be high priority but this was in the context of integration with financial reporting. They also considered that the approach should be a formal joint project with IASB.

National accounting standard setters' responses[23] to ISSB regarding research on integration in reporting

G31. Comments to the ISSB from the National Standard Setters Forum[24] letter are also noted below for reference.

a) The Canadian standard setter (AcSB) noted '…we think that this should not be an area of priority for the ISSB during the next two years. We recommend that the ISSB allow adequate time for implementation, including connectivity with the financial statements, and build out a broader suite of sustainability reporting standards before exploring a fully integrated reporting approach.'

b) The AASB (Australian standard setter) considered that 'work on connectivity (being the relationship between the financial statements and

[21] All comment letters are available on the ISSB website. VIEW THE COMMENT LETTERS
[22] The Investment Association responded 'n/a' on joint approach question.
[23] All comment letters are available on the ISSB website. VIEW THE COMMENT LETTERS
[24] UKEB National Standard Setters Sustainability Forum

sustainability-related financial disclosures) should be prioritised prior to integration in reporting being addressed.'

c) However, the Malaysian standard setter (MASB) noted 'We are of the view that the project on integration in reporting should be given the highest priority as part of the ISSB's new two-year work plan.'

d) The New Zealand Standard setter (XLB) considered that 'Connectivity of information' is a guiding principle of the Integrated Reporting Framework which states that integrated reporting "should show a holistic picture of the combination, interrelatedness and dependencies between the factors that affect the organisation's ability to create value over time.'

UKEB Staff view

G32. We commend the two boards for starting the process for addressing concerns about connectivity by holding an initial joint meeting. We consider that the Boards' next step should be:

a) to consider their roadmap for addressing the key connectivity issues raised by stakeholders,

b) set out a timetable for when these may be presented for joint discussion, and

c) a forward schedule of future joint meetings.

Next steps

G33. The UKEB Secretariat will attend the joint meeting of the IASB and ISSB on 25 January 2024 and provide a verbal update at the meeting.

Question for the Board
1. Does the Board have any comments or questions on the potential connectivity matters update?

UK Endorsement Board

Appendix H: List of IASB projects

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

List of IASB projects	
Amendments to the Classification and Measurement of Financial Instruments	
UKEB Project Status: Influencing (completed) **IASB Next Milestone:** Final Amendment by Q2 2024	UKEB project page UKEB Project Initiation Plan (Published May 2023) UKEB Final Comment Letter (Published July 2023) UKEB Feedback Statement (Published July 2023) UKEB Due Process Compliance Statement (Published October 2023)

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

UK Endorsement Board

List of IASB projects	
Annual Improvements (Amendments to IFRS Accounting Standards: IAS 7, IFRS 1, IFRS 7, IFRS 9, IFRS 10)	
UKEB Project Status: Influencing **IASB Next Milestone:** Exposure Draft Feedback February 2024	UKEB project page UKEB Project Initiation Plan (Published October 2023) UKEB Final Comment Letter (Published December 2023) UKEB Feedback Statement (Published December 2023)
Business Combinations under Common Control	
UKEB Project Status: Monitoring **IASB Next Milestone:** Project Summary Q2 2024	UKEB project page UKEB Final Comment Letter (Published August 2021) UKEB Feedback Statement (Published August 2021)
Business Combinations—Disclosures, Goodwill and Impairment	
UKEB Project Status: Monitoring **IASB Next Milestone:** Exposure Draft March 2024	UKEB project page UKEB Final comment Letter on the Discussion Paper (Published January 2021) UKEB Report: Subsequent Measurement of Goodwill - A Hybrid Model (Published September 2022)

List of IASB projects	
Climate-related and Other Uncertainties in the Financial Statements	
UKEB Project Status: Monitoring **IASB Next Milestone:** Decide Project Direction Q2 2024	
Disclosure Initiative—Subsidiaries without Public Accountability: Disclosures	
UKEB Project Status: Monitoring **IASB Next Milestone:** IFRS Accounting Standard Q2 2024	**UKEB project page** **UKEB Final Comment Letter** (Published February 2022) **UKEB Feedback Statement** (Published February 2022)
Dynamic Risk Management	
UKEB Project Status: Monitoring **IASB Next Milestone:** Exposure Draft H1 2025	
Equity Method	
UKEB Project Status: Monitoring **IASB Next Milestone:** Exposure Draft H2 2024	

UK Endorsement Board

List of IASB projects	
Financial Instruments with Characteristics of Equity	
UKEB Project Status: Monitoring **IASB Next Milestone:** Exposure Draft Feedback Q2 2024 Submit letter by: 29/03/24	UKEB project page UKEB Project Initiation Plan (Published October 2023)
Post-implementation Review of IFRS 15 Revenue from Contracts with Customers	
UKEB Project Status: Influencing (completed) **IASB Next Milestone:** Request for Information Feedback January 2024	UKEB project page UKEB Project Initiation Plan (Published June 2023) UKEB Draft Comment Letter (Published July 2023) UKEB Final Comment Letter (Published October 2023) UKEB Feedback Statement (Published October 2023) UKEB Due Process Compliance Statement (Published November 2023)

UK Endorsement Board

List of IASB projects	
Post-implementation Review of IFRS 9—Impairment	
UKEB Project Status: Influencing (completed) **IASB Next Milestone:** Project Summary H2 2024	UKEB project page UKEB Project Initiation Plan (Published June 2023) UKEB Draft Comment Letter (Published August 2023) UKEB Final Comment Letter (Published September 2023) UKEB Feedback Statement (Published September 2023) UKEB Due Process Compliance Statement (Published October 2023)
Power Purchase Agreements	
UKEB Project Status: Monitoring **IASB Next Milestone:** Exposure Draft Q2 2024	
Primary Financial Statements	
UKEB Project Status: Monitoring **IASB Next Milestone:** IFRS Accounting Standard Q2 2024	UKEB project page UKEB Final Comment Letter (Published September 2020) UKEB Feedback Statement (Published October 2020)

UK Endorsement Board

List of IASB projects	
Provisions—Targeted Improvements	
UKEB Project Status: Monitoring **IASB Next Milestone:** Exposure Draft H2 2024	
Rate-regulated Activities	
UKEB Project Status: Monitoring **IASB Next Milestone:** IFRS Accounting Standard 2025	UKEB project page UKEB Final Comment Letter (Published August 2021) UKEB Feedback Statement (Published April 2022)
Updating the Subsidiaries without Public Accountability: Disclosures Standard	
UKEB Project Status: Monitoring **IASB Next Milestone:** Exposure Draft Q2 2024	
Use of a Hyperinflationary Presentation Currency by a Non-hyperinflationary Entity (IAS 21)	
UKEB Project Status: Monitoring **IASB Next Milestone:** Exposure Draft H2 2024	