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:

- Primary Financial Statements
- Climate-related matters (including IFRS Interpretation Committee discussions)
- Amendments to the Classification and Measurement of Financial Instruments

Topics for noting:

- Post-implementation Review of IFRS 9 – Impairment
- Provisions – Targeted Improvements
- Subsidiaries without Public Accountability: Disclosures
- Equity Method
- Business Combinations under Common Control
- Interpretations Committee Update

Questions and Decisions for the Board
Questions for the Board ***Topics for discussion*** **Primary Financial Statements (Appendix A)** 1. Do Board members have any questions or comments on the updates in the paper? **Climate-related matters (Appendix B)** 1. Does the Board have any initial comments on the Committee's discussion? 2. Does the Board agree to consider the Committee's Tentative Agenda Decision (TAD) at its January 2024 meeting? 3. Does the Board agree that we should engage with advisory group members in advance of that meeting? 4. Does the Board have any questions or comments on the updates on the 'Power Purchase Agreements' or 'Climate-related and Other Uncertainties in the Financial Statements' projects? **Amendments to the Classification and Measurement of Financial Instruments (Appendix C)** 1. Does the Board have any views on the IASB tentative decisions on this project? ***Topics for noting*** **Do Board members have any questions or comments on the topics for noting?** **Decisions for the Board** ***IFRS Interpretations Committee Update (Appendix I)*** 1. Do Board members agree that the UKEB will NOT undertake further work on this matter [Tentative Agenda Decision] at this point in time?
Recommendation
IFRS Interpretations Committee Update (Appendix I) The Secretariat recommends the UKEB does not undertake further work on the matter [Tentative Agenda Decision].

Appendices
Appendix A: Primary Financial Statements
Appendix B: Climate-related matters (including IFRS Interpretation Committee discussions)
Appendix C: Amendments to the Classification and Measurement of Financial Instruments
Appendix D: Post-implementation Review of IFRS 9 – Impairment
Appendix E: Provisions – Targeted Improvements
Appendix F: Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures
Appendix G: Equity Method
Appendix H: Business Combinations under Common Control
Appendix I: IFRS Interpretations Committee Update
Appendix J: List of IASB Projects

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Appendix A: Primary Financial Statements

Topic for Discussion

UKEB Project Status: Active Monitoring **IASB Next Milestone:** IFRS Accounting Standard	UKEB project page UKEB Secretariat Comment Letter **(Published in September 2020)**
	Exposure Draft (ED): General Presentation and Disclosures (comment period revised April 2020)

Purpose of this update

A1. At the September 2023 meeting we informed the Board that the IASB had tentatively decided to start the balloting process of the forthcoming IFRS Accounting Standard 18 *Presentation and Disclosure in Financial Statements* (IFRS 18). [A high-level summary of all the tentative decisions made by the IASB (since the ED was published) can be accessed here].

A2. Since then, we have been providing the Board with regular updates of the sweep issues identified by the IASB at the pre-ballot stage.

Update on tentative IASB decisions in November 2023

A3. At the November 2023 IASB meeting the IASB discussed the following sweep issues:

a) **Topic 1:** The meaning of the role of the primary financial statements to provide a 'useful structured summary' and the interaction with:

i. **Topic 1A:** The materiality assessment.

ii. **Topic 1B:** The disaggregation and aggregation requirements.

These issues were addressed in response to comments made by reviewers of the IFRS 18 pre-ballot draft (the UKEB Secretariat was one of those reviewers).

b) **Topic 2:** The scope of income and expenses classified in the investing category. The IASB had already discussed the composition of the investing

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category at September 2022 meeting[1]. The November 2023 IASB's discussions clarified:

i. **Topic 2A:** The classification of incremental expenses directly attributable to acquiring (issuing) and disposing of *specified*[2] assets (liabilities).

ii. **Topic 2B:** The financial assets for which the income and expenses are classified in the investing category.

These issues were addressed in response to a request for clarity made by the IASB.

A4. In the tables on pages 4–6 (for Topics 1A–1B) and on pages 7–9 (for Topics 2A–2B) we provide more context around those discussions and of the tentative decisions made by the IASB. For ease of reference, **Annex A** reproduces the IASB's November 2023 tentative decisions in full.

Other 'minor' sweep issues (agreed by the IASB to be addressed in drafting)

A5. At its October 2023 meeting, the IASB identified a list of minor sweep issues that had been identified in the balloting phase of IFRS 18 and that the IASB had decided to address in drafting[3].

A6. At its November 2023 meeting, the IASB identified additional minor sweep issues that will also be addressed in drafting. The table in the next page provides a list of these issues for information only.

A7. The minor sweep issues identified so far by the IASB relate to:

a) Subtotals and categories;

b) Management-defined performance measures;

c) Aggregation and disaggregation;

d) Transition; and

e) Other topics.

1 The outcome of the September 2022 discussions was that the investing category would include the income generated from specific assets ('*specified* assets'). The investing (and financing) category would also include income and expenses that arise from the initial and subsequent measurement of the underlying specified assets (and liabilities). The Secretariat reported these discussions to the Board in the October 2022 IASB General Update (Agenda Paper 7: paragraphs 55–56).

2 The IASB staff developed a potential list of *specified* assets that we have reproduced in **Annex B**.

3 We reported these issues to the Board. Refer to our November 2023 IASB General Update (Agenda Paper 6: Appendix A, footnote to paragraph A11). **Annex C** provides the list of the sweep issues discussed by the IASB for information only.

Minor sweep issues discussed at the IASB November 2023 meeting[4]

Subtotals and categories
• Transition requirements for investments in associates or joint ventures measured at fair value through profit or loss in accordance with IFRS 9 *Financial Instruments.* • The financial assets an entity invests in that will require the classification of income and expenses from cash and cash equivalents in the operating category. • Income and expenses on liabilities arising from issued investment contracts with participation features recognised applying IFRS 9. • Classification of foreign exchange differences on liabilities that arise from transactions that do not involve only the raising of finance that are denominated in a foreign currency. • Timing to implement changes in the outcome of the assessment of specified main business activities when the change occurs during the period. • Disclosure of a change in the assessment of a specified main business activity. • Disclosure of specified main business activities. • Assessment of specified main business activities.
Management-defined performance measures
• Disclosure of changes to management-defined performance measures. • Totals or subtotals required to be disclosed by other IFRS Accounting Standards. • Timing of public communications. • Application of the requirements for management-defined performance measures to specific measures. • Use of the term 'reasonable and supportable information' in the rebuttable presumption for management-defined performance measures.
Aggregation and disaggregation
• Disclosure requirement for an aggregation of items for which information is not material.
Other topics
• Consequential amendment to IFRS 8 *Operating Segments*. • Definition of IFRS Accounting Standards.

4 A full description of these issues and how they will be addressed in drafting can be found in Appendix A of IASB Agenda paper 21A (November 2023) and in Appendix A of IASB Agenda Paper 21B (November 2023).

Topic 1: Interaction between disaggregation guidance and the role of the primary financial statements

Topic 1A: Clarification of the interaction between the concept of 'useful structured summary' and 'materiality'

Current [Draft] IFRS 18	IASB observations	Consistency with UKEB proposals
[Draft] IFRS 18 IFRS states that: (a) The **role of the primary financial statements** is to provide a **useful structured summary** of assets, liabilities, equity, income, expenses and cash flows (by allowing entities to make comparisons and to have an understandable view of these items). (b) The **role of the notes** is to provide **material financial information** to understand and supplement the information of the primary financial statements.	The IASB observed that in practice entities apply the concept of materiality through a process as illustrated in IFRS Practice Statement 2: Making Materiality Judgements. Step 3 of the four-step materiality process is about organising information in the financial statements to communicate clear and concise information to users. The IASB was of the view that educational materials could clarify that an entity considers the roles of the primary financial statements and the notes in deciding how to present information in applying step 3 of the four-step materiality process.	This clarification is in line with the UKEB Secretariat's suggestion in paragraph A40 of the GPD Final Comment Letter to the IASB to encourage entities to omit disclosures that are not material, as it was our view that the disclosure of immaterial information can impair understandability and obscure useful information.

Topic 1B: Clarification of the interaction between the concept of 'useful structured summary' and the presentation of line items and subtotals

Current [Draft] IFRS 18	Changes to the drafting	Consistency with UKEB proposals
[Draft] IFRS 18 includes the following requirements in relation to the presentation of the line items listed in [draft] IFRS 18[5] and those required by other IFRS Accounting Standards: (a) Those line items should not be presented if doing so reduces how effective the statement is in providing a **useful structured summary**. (b) Additional line items and subtotals should be presented if they are necessary to provide a useful structured summary. The proposed application guidance in [draft] IFRS 18: (a) Refers that, in general, **it is *unlikely*** that presenting the list of items set out in [draft] IFRS 18	The IASB tentatively decided to: (a) Clarify that the application of the classification requirements determining a primary financial statement's structure will always result in a useful structured summary. [This was to avoid entities looking for an alternative structure that would not be comparable across entities.] (b) Clarify that an entity need not present separately a specific line item in a primary financial statement **if doing so is *unnecessary* for the statement to provide a useful structured summary**[8] —this would be the case even if other IFRS Accounting Standards contain a list of specific required line items or describe the line items as minimum requirements. [This decision	These clarifications are in line with the UKEB Secretariat's suggestion in paragraph A40 of the GPD Final Comment Letter to the IASB to clarify that an entity should exclude a specific presentation or disclosure required by an IFRS Standard if the information resulting from that presentation or disclosure is not material. The Secretariat also observed that this would be the case even if the IFRS standard contains a list of

5 The 'minimum line items' in IAS 1 *Presentation of Financial Statements* were carried forward to [draft] IFRS 18 with the term 'minimum' removed (see Agenda Paper 21A of the February 2022 IASB meeting).
8 This revised wording will replace '*if doing so reduces how effective the statement is in providing a useful structured summary*'.

Current [Draft] IFRS 18	Changes to the drafting	Consistency with UKEB proposals
in the operating category would reduce the ***effectiveness*** **of the income statement in providing a useful structured summary**. This guidance is referring to line items related to the income statement[6]. (b) Includes an example[7] on aggregation and disaggregation of operating expenses based on dissimilar characteristics.	does not change the requirement to disclose these line items in the notes when they are material]. (c) **Remove the proposed application guidance** on *how unlikely presenting the list of items set out in [draft] IFRS 18 in the operating category would reduce the effectiveness of the income statement*. [This is because the IASB observed that some of the listed line items in [draft] IFRS 18 will be relevant only for certain entities, for example the line items required by IFRS 17 *Insurance Contracts* will be relevant for insurers]. (d) Make consequential **revisions** to the example in the application guidance in [draft] IFRS 18 **on aggregation and disaggregation of operating expenses** based on dissimilar characteristics. [This is to strengthen the importance of disaggregation in the operating category].	specific requirements or describes them as minimum requirements.

6 These include the line items required by [draft] IFRS 18, for example*, revenue*, and the *share of profit or loss of associates and joint ventures using the equity method*, as well as the line items required by IFRS 9 *Financial Instruments* (e.g. interest revenue calculated using the effective interest method and impairment losses); and the line items required by IFRS 17 *Insurance Contracts* (e.g. insurance revenue).

7 This example is reproduced below paragraph 33 in IASB Agenda Paper 21B (Sweep issues related to aggregation and disaggregation and other topics).

Topic 2: The scope of income and expenses classified in the investing category

Topic 2A: Classification of incremental expenses

Tentative decisions	Sweep issues	Changes to tentative decisions	Consistency with UKEB proposals
In September 2022, the IASB tentatively decided to withdraw the proposal in the ED to include *incremental expenses*[9] in the investing category [This was to simplify the classification of income and expenses]. Following this decision, income and expenses that arise from the initial and	The IASB observed discrepancies in the classification of incremental expenses directly attributable to the acquisition (or disposal) of specified assets as explained below. ***Transaction costs attributable to the acquisition of specified assets*** (a) An entity applying paragraph 5.1.1 of IFRS 9 *Financial Instruments* does not include in the initial measurement of financial assets measured at fair value through profit or loss (FVPL) the transaction costs[11] that are directly attributable to the acquisition of that asset, which results in these transaction costs being classified, by default, in the *operating category.* In contrast, (b) An entity not measuring a financial asset at FVPL includes transaction costs in the initial measurement of the	The IASB tentatively decided to require the classification in the *investing* category, of the incremental expenses directly attributable to the acquisition or disposal of the specified assets (i.e. transaction costs and costs to sell). The IASB observed a similar discrepancy in the classification of transaction costs directly attributable to	The UKEB Secretariat's response supported the classification of incremental expenses relating to investing in the investing category. The Secretariat also noted that the ED was silent on incremental expenses related

9 Paragraph 47 of the ED referred that **incremental expenses** are incurred generating income and expenses from investments and defined them as "expenses that the entity would not have incurred had the investments giving rise to the income and expenses from investments not been made".

11 Appendix A of IFRS 9 *Financial Instruments* defines transaction costs as follows: "Incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability (see paragraph B5.4.8). An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Tentative decisions	Sweep issues	Changes to tentative decisions	Consistency with UKEB proposals
subsequent measurement of the underlying assets (liabilities) would be classified in the investing (and financing) categories, respectively. The IASB also asked the staff to explain the assets from which the income and expenses would need to be classified in the investing category.[10]	financial asset, results in these costs being classified in the *investing category*–to the extent the subsequent measurement affects profit or loss.[12] (c) An entity applying other IFRS Standards (e.g. IAS 40 *Investment Property*) includes transaction costs in the initial measurement of the asset, which results in these costs being classified in the *investing category.* ***Transaction costs attributable to the disposal of specified assets*** (a) An entity applying paragraph 5.1.1 of IFRS 9 does not include transaction costs directly attributable to the disposal of a financial asset as part of the carrying amount of financial assets, which results in these costs being classified in the *operating category.* (b) An entity applying other IFRS Standards (e.g. paragraph 69 of IAS 40), incudes incremental costs as part of the gain or loss on disposal which results in these costs being classified in the *investing category*.	the issue and disposal of financing liabilities (depending on whether the liability is measured at FVPL or whether the liability is derecognised through an exchange or modification). To maintain symmetry with the investing category, the IASB required the classification in the *financing category*, of the incremental expenses directly attributable to the *issue* and *disposal* of liabilities arising from *transactions involving only the raising of finance.*[13]	to the financing category and proposed the IASB to classify these expenses in the financing category (see paragraph A30 of the Final GPD Comment Letter).

10 In response the IASB staff developed a list of potential *specified* assets that would be classified in the investing category that takes into consideration the IASB's decisions in September 2022 and November 2023. We reproduce this list in **Annex B**.

12 For example, a financial asset measured at amortised cost that is being amortised using the effective interest method.

13 *Liabilities arising from transactions involving only the raising of finance* are transactions that involve (a) the receipt by the entity of cash, an entity's own equity instruments or a reduction in a financial liability; and (b) the return by the entity of cash or an entity's own equity instruments. Liabilities that result from these transactions are referred to as "financing liabilities".

Topic 2B: Financial assets for which income and expenses are classified in the investing category

Current [Draft] IFRS 18 and sweep issue	Changes to tentative decision	Consistency with UKEB proposals
In [draft] IFRS 18 income and expenses from investments in financial assets are classified in the investing category after an entity assesses whether: (a) The financial asset generates a return individually and largely independently of other resources held by an entity; and (b) The entity does not invest in the financial asset (or a group of financial assets with shared characteristics) as a main business activity. In drafting the IASB staff observed that in July 2022 the IASB had tentatively decided to add application guidance clarifying that *income and expenses from financial assets arising from providing financing to customers are classified in the operating category* –with this implying that these financial assets are not subject to the assessment mentioned above, which could lead to unintended consequences.	The IASB tentatively decided to replace the application guidance that the IASB had tentatively decided to add in July 2022 on income and expenses from financial assets arising from providing financing to customers. The IASB decided to add, instead, application guidance with examples of assets that generate returns individually and largely independently of an entity's other resources, and those that do not.	This issue was not raised in the Final GPD Comment Letter.

Next steps

A8. The IASB is expected to continue the discussion of sweep issues until the publication of IFRS 18 (expected to be in Q2 2024). The UKEB Secretariat has commenced planning activities for the UKEB's endorsement assessment of the forthcoming standard and is planning to bring a Project Initiation Plan for the endorsement of IFRS 18 in Q1 2024.

Question for the Board	
1.	Do Board members have any questions or comments on the updates in the paper?

Annex A: IASB's November 2023 tentative decisions

In this section we reproduce the IASB's November 2023 tentative decisions for ease of reference.

URL: https://www.ifrs.org/news-and-events/updates/iasb/2023/iasb-update-november-2023/#2

Sweep issues related to aggregation and disaggregation and other topics

The IASB tentatively decided:

(a) to clarify that an entity need not assess whether the classification requirements determining a primary financial statement's structure will result in a useful structured summary (because applying those requirements will always result in a useful structured summary).

(b) to clarify that an entity need not present separately a specific line item in a primary financial statement if doing so is unnecessary for the statement to provide a useful structured summary—even if other IFRS Accounting Standards contain a list of specific required line items or describe the line items as minimum requirements.

(c) to remove the proposed application guidance stating that, in general, presenting the list of items set out in the draft Standard in the operating category of the statement of profit or loss would be unlikely to reduce how effective the statement is in providing a useful structured summary.

(d) to make consequential revisions to the example in the application guidance in the draft Standard on how to aggregate and disaggregate operating expenses.

Sweep issues related to subtotals and categories

In previous meetings, the IASB specified the assets for which an entity is required to classify income and expenses in the investing category (specified assets). At this meeting, the IASB tentatively decided to clarify that the income and expenses from the specified assets comprise:

(a) the income generated by the specified assets; [14]

(b) the income and expenses arising from the initial and subsequent measurement of those assets; and

(c) the incremental expenses directly attributable to acquiring and disposing of those assets (for example, transaction costs and costs to sell).

Consequently, to maintain consistency between the investing and financing categories, the IASB tentatively decided to clarify that the income and expenses from liabilities arising from transactions involving only the raising of finance comprise:

(a) the income and expenses arising from the initial and subsequent measurement of those liabilities; and

(b) the incremental expenses directly attributable to issuing and disposing of those liabilities (for example, transaction costs).

The IASB also tentatively decided to add application guidance with examples of assets that generate returns individually and largely independently of an entity's other resources, and those that do not. This application guidance replaces the application guidance the IASB, at its July 2022 meeting, tentatively decided to add on income and expenses from financial assets arising from providing financing to customers.

[14] **Annex B** includes a potential list of 'specified assets' developed by the IASB staff.

Annex B: List of 'specified assets' (extract from IASB staff paper)

In this section we reproduce paragraph 5 from IASB Agenda paper 21A (November 2023)[15] to give the Board an idea of the types of **'specified assets'** that will be included in the investing category. URL: https://www.ifrs.org/content/dam/ifrs/meetings/2023/november/iasb/ap21a-sweep-issues-related-to-subtotals-and-categories.pdf

We understand that this list is still work in progress and that the IASB staff will review it in drafting.

Description	Specified assets
Assets (excluding cash and cash equivalents) for which the income and expenses are always classified in the investing category[16]	(a) Investments measured by applying the equity method in accordance with IAS 28 *Investments in Associates and Joint Ventures*. These investments comprise: (i) Investments in associates and joint ventures in the consolidated financial statements of an entity as required by paragraph 16 of IAS 28; and (ii) Investments in subsidiaries, joint ventures and associates in the separate financial statements of an entity as permitted by paragraph 10(c) of IAS 27 *Separate Financial Statements*.
Assets (excluding cash and cash equivalents) that an entity invests in, but not as a	(b) Investments in associates and joint ventures (or a portion thereof) in the consolidated financial statements (and separate financial statements in accordance with paragraph 11 of IAS 27) of an entity that are measured at fair value because the entity elects, in accordance with paragraphs 18–19 of IAS 28, to measure these investments at fair value through profit or loss in accordance with IFRS 9.

15 **[Note from UKEB Secretariat]** We have included this information using a table format for ease of reference. We have also reproduced the footnotes attached to this list.

16 **[Note from UKEB Secretariat]:** We understand that it will be clarified in drafting that these assets are not subject to an assessment of whether an entity invests in them as a main business activity (as they will always be classified in investing).

Description	Specified assets
main business activity[17]	**(c)** Investments in subsidiaries in the consolidated financial statements (and separate financial statements in accordance with paragraph 11A of IAS 27) of a parent that are measured at fair value because the parent is required, in accordance with paragraph 31 of IFRS 10 *Consolidated Financial Statements*, to measure these investments at fair value through profit or loss in accordance with IFRS 9. **(d)** investments in subsidiaries, joint ventures and associates in the separate financial statements of an entity that are measured at cost or in accordance with IFRS 9 as permitted by paragraphs 10(a) and 10(b) of IAS 27. **(e)** Other assets (financial and non-financial) not listed in **(a)–(d)** that generate a return individually and largely independently of other resources held by an entity.
Cash and cash equivalents	**(f)** Cash and cash equivalents of an entity that: (i) does not invest in assets[18] and that does not provide financing to customers as a main business activity; (ii) invests in non-financial assets included under **(e)** as a main business activity[19]; and (iii) provides financing to customers as a main business activity and has elected, as an accounting policy choice, to classify in the investing category the income and expenses from the cash and cash equivalents that do not relate to providing financing to customers.[20]

17 If an entity invests in these assets as a main business activity, the income and expenses from these assets are classified in the operating category.

18 **[Note from UKEB Secretariat]** We think that (i) should be referring, instead, to an entity that "does not invest in *financial* assets and that does not provide financing to customers as a main business activity". We have shared these views with the IASB staff.

19 An entity that invests in financial assets included under (b)–(e) as a main business activity, is required to classify the income and expenses from its cash and cash equivalents in the operating category. See Appendix A for our recommended clarification about the financial assets an entity invest in that will require the classification of income and expenses from cash and cash equivalents in the operating category.

20 An entity that provides financing to customers as a main business activity makes an accounting policy choice to classify in the operating category: (i) the income and expenses from its cash and cash equivalents that relate to providing financing to customers; or (ii) all income and expenses from its cash and cash equivalents.

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Annex C: Minor sweep issues discussed at the IASB October 2023 meeting[21]

Subtotals and categories
• Accounting policy choices for entities that provide financing to customers as a main business activity. • Classification of income and expenses from specific hybrid contracts by entities that provide financing to customers as a main business activity. • Classification of gains and losses on a derivative not used to manage identified risks and related to a transaction that involves only the raising of financing by entities that provide financing to customers as a main business activity. • Classification of income and expenses on assets or disposal groups held for sale. • Classification of expenses arising from increases in the present value of the costs to sell a non-current asset (or disposal group) held for sale that arise from the passage of time.
Management-defined performance measures
• Specified subtotal comprising operating profit and all income and expenses in the investing category.
Aggregation and disaggregation
• Requirement to present separately each material class of similar items in IAS 1 *Presentation of Financial Statements*. • Disclosure of specified expenses by nature—scope of entities required to provide the disclosure and scope of line items subject to the requirement. • Disclosure of specified expenses by nature—scope of employee benefits.
Transition
• Requirement to disclose a reconciliation of the statement of profit or loss in interim financial statements. • Whether to provide relief for paragraph 28(g) of IAS 8 *Accounting Policies, changes in Accounting Estimates and Errors* in transition to IFRS 18.
Other topics
• Relationship between the requirements of IFRS 14 *Regulatory Deferral Accounts* with the requirements in IFRS 18 and amendments to IAS 33 *Earnings per Share*.

21 A full description of these issues and how they will be addressed in drafting can be found in Appendix A of IASB Agenda paper 21A (October 2023).

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Appendix B: Climate-related matters (including IFRS Interpretations Committee discussions)

Climate-related commitments (IAS 37)

B1. In November 2023, the IFRS Interpretations Committee (the Committee) received a submission asking it to clarify how IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* applies to climate-related commitments.

B2. The submission described examples of net-zero transition commitments and raised three questions (see below). In addition, the Committee discussed other accounting consequences of a net zero transition commitment.

B3. To facilitate its analysis the IASB staff created the following fact pattern:

Fact pattern – Net zero transition commitment
In December 20X0 an entity, a manufacturer of household products, publicly states a commitment: a) to reduce its current greenhouse gas emissions by at least 60% by 20X9; and b) to offset its remaining emissions in 20X9 and thereafter, by buying carbon credits and retiring them from the carbon market. With its statement, the entity publishes a detailed plan setting out how it will gradually modify its manufacturing methods between 20X1 and 20X9 to achieve the 60% reduction in emissions by 20X9. The modifications will involve investing in more energy-efficient processes, buying energy from renewable sources and replacing existing petroleum-based product ingredients and packaging materials with lower-carbon alternatives. Management is confident that the entity can make all these modifications and continue to sell its products at a profit.

B4. A brief summary of the IASB staff analysis and the Committee discussion is presented in the paragraphs below.

Question 1 – does the public statement of a net zero transition commitment create a constructive obligation as defined in IAS 37?

B5. In the IASB staff view, a net zero transition commitment does not necessarily create a constructive obligation. Entities would need to assess their specific commitment under the requirements in IAS 37. In reaching its conclusion, management should consider all the facts of the commitment and the circumstances surrounding it. In their agenda paper the IASB staff listed examples of factors affecting management's conclusion.

B6. Overall, the Committee members expressed support for the IASB staff analysis and agreed a conclusion would depend on the specific facts and circumstances.

Question 2 – does a constructive obligation created by a net zero transition commitment meet the criteria in IAS 37 for recognising a provision?

B7. If an entity concludes its public statement of its commitment creates a constructive obligation to discharge it, the next step is to consider whether and when the obligation meets the criteria in IAS 37.14(a)-(c).

IAS 37.14(a) – present obligation recognition criterion

B8. In the IASB staff view, although the publication of a statement that creates a constructive obligation is an event, it is not the event that creates a present obligation unless the statement or law applies retrospectively. The event that creates a present obligation is the action to which the statement or law applies, resulting in a requirement for an outflow of resources. As per IAS 37.18 no provision is recognised for costs that need to be incurred to operate in the future.

B9. In the fact pattern, when the entity publishes its commitment in 20X0, both the costs of modifying its manufacturing methods and the costs of purchasing and retiring carbon credits, are costs that need to be incurred to operate in the future. The obligations do not exist independently of the entity's future actions. Therefore, there is no present obligation for those costs (as per IAS 37.18 and 19). The entity will have a present obligation to purchase and retire carbon credits only if and when it emits greenhouse gases in 20X9 and thereafter.

B10. Overall, the Committee members agreed with the IASB staff's analysis.

IAS 37.14(b) – probable outflows recognition criterion

B11. In the IASB staff view, whether the constructive obligation satisfies the probable outflows criterion depends on the nature of the actions required to settle it. Even if an entity will incur expenditure to settle an obligation, it will not suffer a net outflow of resources if it receives resources of equal value in exchange for that expenditure.

B12. In the fact pattern, the IASB staff concluded that the entity's commitment to reduce its greenhouse gas emissions does not satisfy the probable outflows recognition criterion. Although the entity will incur expenditure to modify its manufacturing methods, in exchange it will receive resources of equal value. On the other hand, the entity's commitment to offset its remaining emissions does satisfy the probable outflows recognition criterion from 20X9 and thereafter, as the entity will purchase and retire carbon credits without receiving any resources in exchange.

B13. During the meeting, some Committee members raised questions as to what 'outflow' means (e.g. gross vs net outflow) and suggested that this be clarified. In this context, one member noted that clarification should address what triggers the obligation: is it an exchange of resources (e.g. future purchases of PPE) or a transfer of resources (e.g. an obligation to buy something that will be expensed)? That member considered that, in the fact pattern, the purchase of carbon credits was an exchange of resources while the retiring of carbon credits would be a transfer of resources.

IAS 37.14(c) – reliable measurement recognition criterion

B14. IAS 37.25 states that except in extremely rare cases, an entity will be able to determine a range of possible outcomes and can therefore make an estimate of the obligation that is sufficiently reliable to use in recognising a provision.

B15. In the fact pattern, once the present obligation and probable outflows criteria are satisfied in 20X9 and thereafter, it is likely that the entity will be able to make a reliable estimate of the amount of the obligation to retire the number of carbon credits needed to offset greenhouse gases emitted to date.

B16. Overall, the Committee agreed with the IASB staff's analysis.

Question 3 – if a provision is recognised, is the expenditure required to settle it recognised as an asset or as an expense when the provision is recognised?

B17. When an entity recognises a provision, it recognises the expenditure required to settle that provision as an asset, rather than as an expense, only if that expenditure gives rise to (or forms part of the cost of) an item that qualifies for recognition as an asset in accordance with an IFRS Accounting Standard. Overall, the Committee agreed with the IASB staff's analysis.

Other accounting consequences of a net zero transition commitment

B18. The IASB staff noted that irrespective of whether an entity's commitment results in the recognition of a provision, the actions the entity plans to take to fulfil that commitment could affect the amounts at which the entity measures its assets and liabilities. Examples of requirements that need consideration are IAS 36

Impairment of Assets and IAS 16 *Property, Plant and Equipment* (useful life and residual value of assets) and IAS 37 (onerous contracts). An entity should also consider disclosure requirements, such as those in IAS 1 *Presentation of Financial Statements* (e.g. disclosures of key assumptions and other majors sources of estimation uncertainty). Overall, the Committee agreed with the IASB staff's analysis.

The Committee's conclusion

B19. Overall, the Committee agreed with the IASB staff recommendation and concluded that the principles and requirements in IAS 37 provide an adequate basis for an entity to determine how to apply that Standard to climate-related commitments. The Committee decided not to add a standard-setting project to the work plan. Instead it will publish a tentative agenda decision (TAD) that outlines how an entity applies IAS 37 to climate-related commitments. The TAD will be subject to public consultation.

Initial reaction and next steps

B20. In the light of their discussion, the Committee requested some changes to the draft TAD that had been presented by the IASB staff. As of the date of finalising this paper the TAD has not yet been published. A detailed analysis of the final TAD will be required to assess whether there could be any unintended consequences and to determine whether it might be appropriate to respond to the TAD.

B21. Based on the IASB staff paper and the Committee's discussion, the Secretariat's initial view is that the following aspects are likely to need further exploration:

1) Interaction of the TAD with the separate active IASB project *Provisions – Targeted Improvements.* The TAD is based on IAS 37 as it stands, but through its other project the IASB plans to make changes to IAS 37. It will be important to consider the potential interaction of the two workstreams. For example, in the *Provisions* project there is discussion of the concept of 'no practical ability to avoid', explained in the Conceptual Framework, and the IASB staff have noted that applying this concept in the context of IAS 37 would change the timing of recognition of some provisions. It is currently not clear to the Secretariat whether and, if so, how that concept might interact with the Committee's decision.

2) The clarification of the 'probable outflows recognition criterion' and the questions around exchanges versus transfers of resources. It is not yet clear whether the TAD might result in clarification that goes beyond what is included currently in IAS 37.

B22. The Board decides whether to respond to a TAD[1]. Some of the factors to consider when deciding whether to respond include the degree of impact of the TAD on UK companies, disagreement with the analysis performed by the Committee or usefulness of the explanations and clarifications included in the TAD.

B23. The TAD comment period is normally 60 days[2]. Such a timeline would permit the Board to consider the TAD in more detail at its January 2024 meeting before determining whether to issue a formal response to the Committee's consultation. However, there would be insufficient time for public stakeholder consultation after the January 2024 meeting.

B24. The UKEB due process allows for the application of a proportionate approach. A draft comment letter is generally mandatory, unless impracticable[3]. The Board may decide not to undertake a 'mandatory' milestone for a particular project[4]; however, the Board discusses the reasons for that decision at a public meeting and those reasons are outlined in the corresponding Project Initiation Plan (PIP).

B25. If the Board decided to respond to the TAD, at a minimum, a project webpage on the UKEB website would need be created and a PIP would need to be presented together with the draft Final Comment Letter at the Board's January 2024 meeting.

B26. In anticipation of the January meeting, the Secretariat may prepare a draft response for the Board's consideration. To support the Secretariat's analysis, it is considering emailing advisory group members for feedback on the published TAD.

Questions for the Board
1. Does the Board have any initial comments on the Committee's discussion?
2. Does the Board agree to consider the Committee's Tentative Agenda Decision (TAD) at its January 2024 meeting?
3. Does the Board agree that we should engage with advisory group members in advance of that meeting?

1 UKEB Due Process Handbook, paragraph 5.28-5.31.
2 As per paragraph 8.2 of the IASB/IFRS Interpretations Committee Due Process Handbook.
4 UKEB Due Process Handbook, paragraphs 3.8-3.9
4 UKEB Due Process Handbook, paragraphs 3.8-3.9

UK Endorsement Board

Power Purchase Agreements (IFRS 9)

B27. As part of the IASB work plan project to research possible narrow scope amendments to IFRS 9 in relation to the accounting for power purchase agreements (PPAs), IASB staff sought input from the IFRS Interpretations Committee (Committee) on possible standard setting solutions.

B28. The options explored in the session were to:

1) amend the 'own use' requirements of IFRS 9;

2) amend hedge accounting requirements in IFRS 9; or

3) create a scope exception for PPAs from either the definition of derivatives or scope of IFRS 9.

B29. Option 1 would provide a possible solution only in relation to physical PPAs. Option 2 would potentially enable virtual PPAs to be designated as the hedging instrument in a hedging relationship. Option 3 could potentially be applicable to both physical and virtual PPAs.

B30. Feedback from Committee members confirmed that there is an urgent need for action in relation to PPAs. Members highlighted a number of jurisdictions where these contracts are increasingly prevalent. It was noted there had been increased attention to this area due to specific energy issues in European markets last winter, as well as the increase in prevalence of long-term renewable energy contracts.

B31. Members highlighted that solutions were required in relation to both physical and virtual PPAs. Corporates often had little choice about whether a physical or virtual PPA was available but would be constrained by the domestic market structure.

B32. A wide variety of views was expressed over the course of the session. These included:

a) One member felt that IFRS 9 gives an adequate answer, and that the potential downsides from any changes outweighed the benefits. Volatility in profit and loss can be explained to stakeholders.

b) Another member agreed with this position and highlighted the importance of good disclosure of the exposures under these contracts. Other members also highlighted the importance of disclosure where these contracts were accounted for as executory contracts.

c) One member expressed a desire to revisit the 'own use' requirements of IFRS 9, more generally, and others echoed difficulties in this area for some commodity contracts.

d) Several members highlighted the complexity of taking action in this area, and noted there were often intermediaries involved in these contracts, and that this was more complex than just producer and consumer. It was recognised that for those trading in these contracts, IFRS 9 was the right outcome, but that any change would need to be tightly drawn.

e) A number of members highlighted concern about potential unintended consequences.

B33. The majority of members supported action in some form, and most also agreed it was important to address issues with both physical and virtual PPAs. A majority of members appeared supportive of option 3 ahead of other options. It was noted that a rules-based approach was unattractive, and conflicted with principle-based standard setting, but was a potentially quicker solution than options 1 or 2.

B34. Several members were supportive of potentially implementing option 3 on a temporary basis, to allow more principle-based solutions in the longer term.

B35. Among other points suggested in relation to any solution:

a) Members were supportive of some form of business model test – it was acknowledged that any scope exception should only apply where the purchaser was in a net purchasing position over the term of the contract.

b) Some considered whether some form of 'tainting' test would be appropriate, defining an amount that the purchaser was allowed to sell without undermining the classification such as 5% or 10%.

c) Members also suggested that given the urgency of the matter, it may be expedient to decouple any combination of options 1 and 2, to ensure that a hedge accounting solution could proceed independently of any changes to the 'own use' requirements.

B36. The IASB is expected to discuss PPAs at its meeting on 12 December 2023. The Board paper for that meeting published on the IASB's website sets out IASB staff advice that the IASB should not pursue option 3. Instead, the advice suggests the IASB explore potential narrow scope standard setting in relation to own use and hedging (options 1 and 2).

B37. A verbal update on the IASB's discussions will be provided at the Board meeting.

Climate-related and Other Uncertainties in the Financial Statements

Impairment – Measurement of value in use (IAS 36)

B38. The IASB decided to consult the IFRS Interpretations Committee about the application of the requirements of IAS 36 *Impairment of Assets* in measuring value in use, in particular where an asset is subject to highly variable future cash flows over an extended time horizon.

B39. In general, the members of the Committee indicated they were able to apply IAS 36 appropriately to these circumstances to account for uncertainty. Members referred to a range of approaches to capturing risk, either through the discount rate or through forecast cashflows, and did not identify any significant areas of concern with application of the standard in the circumstances described.

B40. Members noted that it could be difficult to identify an explicit climate element in forecasts, as a number of different uncertainties may be incorporated into either the cashflow forecast or discount rate. It was also noted that, at times, it may be appropriate to reflect a negative growth rate, depending on the industry.

B41. One member highlighted that judgement was required as to whether forecast expenditure related to enhancement of assets, which is not permitted by IAS 36.33(b). The IASB staff noted that as part of the simplifications proposed to IAS 36 from the IFRS 3 Business Combinations project, the IASB is expected to propose the removal of this restriction.

ASAF Update - Climate-related and Other Uncertainties in the Financial Statements (*information only*)

B42. At the December 2023 ASAF meeting, the IASB requested guidance from ASAF members on the direction of the project which aims to explore targeted actions to improve the reporting of climate-related and other uncertainties in the financial statements.

B43. The IASB staff noted that the project would not seek to:

1) develop an accounting standard on climate-related risks;

2) broaden the objective of financial statements;

3) change the definitions of assets and liabilities; or

4) develop accounting requirements for pollutant pricing mechanisms.

B44. The IASB staff noted that stakeholder engagement indicated concerns with insufficient information about the effects of climate-related risks in the financial statements and inconsistencies with these risks disclosed elsewhere. However, they also noted that stakeholders considered IFRS Accounting Standards were generally sufficient but that there may be challenges in application.

B45. The IASB staff provided an update on the project and feedback was requested to support the development of illustrative examples regarding the application of materiality and uncertainties (other than climate). It was noted that the potential examples were not intended to add or change the requirements in the standards.

Materiality illustrative examples

B46. As ASAF members had previously noted that different interpretations of materiality were an issue, the IASB proposed tailoring existing examples C and K in IFRS Practice Statement 2 *Making Materiality Judgments* for climate-related risks.

B47. The IASB also requested feedback on the most appropriate 'vehicle' for delivering any changes, e.g. through further educational material, illustrative examples accompanying IFRS Accounting Standards or actual standard setting.

Questions to ASAF members - Materiality illustrative examples

1. Would materiality examples significantly improve how entities apply IFRS Accounting Standards in reporting the effects of climate-related and other uncertainties?
2. What is your experience of the application of Examples C and K by preparers in practice? What are the challenges in applying the concepts illustrated in Examples C and K in your jurisdiction?
3. What recommendations do you have about the possible content of the example?
4. If the IASB decides to develop new examples on materiality, should those examples be included in:
    a) educational material;
    b) illustrative examples accompanying Accounting Standards; or
    c) Accounting Standards?

B48. Several members noted preparers' current concerns regarding the risk of potential climate-related litigation.

B49. Most ASAF members considered that further climate specific illustrative examples regarding materiality were likely to improve the application of IFRS Accounting Standards.

B50. In relation to the current examples C and K in the Practice Statement, most members advised that the Practice Statement was not mandatory and therefore not used by preparers in their jurisdictions. While the content of the examples was considered generally useful, it was not considered an effective way to cause a global change in disclosure behaviour.

B51. Two members observed that example K assumed that preparers were aware of what may be qualitatively material to users which was not always the case, and that clarification was needed to ensure a consistent approach and avoid the risk of over disclosure.

B52. Members made the following recommendations regarding potential illustrative examples for the IASB to consider.

1) *Materiality perspective*. An example to emphasise that the concept of materiality should be from a user's perspective and include both quantitative and qualitative materiality.

2) *Connectivity with ISSB Sustainability Disclosure Standards*. An example to demonstrate how a preparer may consider connecting the short, medium and long-term climate-related financial impacts disclosed under ISSB Standards with the financial statements, where appropriate.

3) *Statement of immateriality*. An example explaining management's rationale in the situation where an entity has disclosed that climate is a material sustainability risk but has not been considered material for the preparation of the financial statements.

B53. Members discussed the preferred vehicle to deliver the potential examples and the advantages and disadvantages of each option. Some members preferred a phased approach involving initial educational material followed by standard setting.

B54. Several members considered that educational material would be ineffective and preferred that the illustrative examples should accompany the Accounting Standards (bound volume) or be included within the actual standard. These members considered that this was the only approach that would change behaviours but recognised the longer time frame involved.

Other uncertainties illustrative examples

B55. The IASB requested feedback on which fact patterns and areas of accounting should be in scope and the most appropriate 'vehicle' for delivering any changes.

Questions to ASAF members – Other uncertainties illustrative examples
5. Would examples (other than on materiality) significantly improve how entities apply IFRS Accounting Standards in reporting the effects of climate-related and other uncertainties?
6. What areas of IFRS Accounting Standards and fact patterns do you think should be illustrated through examples? Should the examples illustrate the application of specific requirements (stand-alone examples) or walk through requirements across multiple Standards (walk-through examples)?
7. What are your views regarding the best vehicle and timing for the examples?

B56. Members considered that further examples may be helpful for wider material uncertainties in addition to climate. Several members noted caution that these examples should not attempt to resolve any perceived uncertainties but be complementary to the accounting standards.

B57. Topics suggested by members included Green House Gas emissions over the short, medium and long terms, asset impairment testing, fair value measurement, provisions and ESG loans.

B58. Members had mixed views on whether these should be standalone or based on an extended fact pattern i.e., a 'walk-through' approach. Two members recommended avoiding multiple walk-through scenarios and instead suggested that the IASB consider looking to recent examples provided by UK and European regulators to complement the project objectives.

B59. Other members expressed a preference for walk-through examples on the basis that preparers were affected by multiple standards, while others preferred a combination of both standalone and walk-through examples to ensure clarity.

B60. Several members raised the challenge of a user 'expectation gap' and suggested the examples could also consider illustrating how financial information in the ISSB sustainability disclosures related to the financial statements.

B61. Members' views on the vehicle and timing of the potential examples were similar to those expressed for the potential materiality illustrative examples.

Question for the Board	
4.	Does the Board have any questions or comments on the updates on 'Power Purchase Agreements' or 'Climate-related and Other Uncertainties in the Financial Statements' projects?

UKEB
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Appendix C: Amendments to the Classification and Measurement of Financial Instruments

UKEB Project Status: Active Monitoring **IASB Next Milestone:** Final Amendment (H1 2024)	UKEB Project page UKEB Final Comment Letter (Published July 2023)

Derecognition of financial liabilities through electronic transfer

Background

C1. At its November meeting, the IASB discussed the responses it had received from the public consultation on the Exposure Draft (ED) *Amendments to the Classification and Measurement of Financial Instruments* in relation to its proposals on the derecognition of a financial liability through electronic transfer. It also took tentative decisions on how it would address those responses.

Summary of ED proposals

C2. Paragraph B3.1.2A of the ED proposed to clarify that an entity is required to apply settlement date accounting when derecognising a financial asset or a financial liability, other than in circumstances specified by proposed paragraph B3.3.8.

C3. That paragraph proposes permitting entities to deem a financial liability to be discharged before the settlement date if the entity has initiated the payment instruction, has no ability to withdraw, stop or cancel the payment instruction, has no practical ability to access the cash to be used for settlement as a result of the payment instruction, and the settlement risk associated with the system is insignificant. Proposed paragraph B3.3.9 provides criteria for assessing whether the settlement risk is significant.

C4. Paragraph 3.3.10 of the ED requires that entities should apply these requirements on a system-by-system basis.

Feedback received on ED proposals

Date of initial recognition or derecognition

C5. Most respondents agreed with the proposal to clarify the settlement date principle when recognising or derecognising financial assets and financial liabilities. However, they also considered that further clarification of the application of settlement date accounting was required to mitigate the risk of unintended consequences.

C6. Many respondents observed that it was unclear whether or how the proposals would apply to derivatives.

C7. Some respondents were concerned about potential unintended consequences of the proposals as they considered that existing paragraphs 3.3.1 and B3.3.1 of IFRS 9 *Financial Instruments* were based on legal extinguishment rather than on settlement date accounting. Some other respondents observed that section B32 of the Implementation Guidance[1] to IFRS 9 states that there is no specific requirement to apply settlement date accounting to financial liabilities. Those respondents therefore considered that the proposed B3.1.2A should be removed as it went beyond clarification of existing requirements.

Derecognition before settlement date

Scope

C8. Some respondents considered that not including other means of payment, principally cheques, within the scope of the exception to settlement date accounting would significantly change longstanding practice. Some thought that excluding cheques from the requirement implied that entities would have to confirm a counterparty has received cash before a financial liability could be derecognised, and therefore, that cheques should be included within the scope of the amendments.

C9. Furthermore, some respondents considered that the scope of the requirements, including the exception, should be broadened to include the derecognition of financial assets, because not permitting the derecognition of a trade receivable before the settlement date will require changes to practice. They further considered that this could give rise to inconsistencies in accounting for intercompany balances, if one group entity applies the exception for financial liabilities, but the counterparty waits for the settlement date to derecognise the intercompany receivable.

C10. In addition, some respondents observed that at present trade receivables are often reclassified to cash-in-transit receivables, once the entity is notified that the

[1] The Implementation Guidance accompanies, but is not part of, IFRS 9.

counterparty has made a payment instruction. The proposed scope may give rise to changes to this current practice, because it is unclear whether cash-in-transit meets the definition of a cash equivalent or not. They also considered that, in the light of these proposals, it was unclear where these balances should be presented in the cash flow statement.

Criteria for derecognition before the settlement date

C11. Most respondents agreed with the criteria for derecognition before the settlement date set out in paragraph B3.3.8(a) of the ED. Some respondents observed that the proposed criteria set too high a bar to be used widely.

C12. Many respondents considered that nearly all systems would fail the test of having "*no ability to withdraw, stop or cancel a payment instruction*", as systems retain such functionality in case of fraud or error. In addition, it was complex to determine the point of no return, as this depended on the specific system and whether the transaction was international. Respondents therefore either suggested removing the requirement or modifying the requirement to having "*no **practical** ability to withdraw, stop or cancel a payment instruction*", mirroring B3.3.8(b).

C13. Some respondents asked for more guidance on the meaning of key terms in paragraph B3.3.9 of the ED. A few respondents thought that transition would be operationally complex.

IASB staff analysis and recommendations

Settlement date accounting

C14. The IASB staff considered that stakeholder concerns on the potential inconsistency of references to settlement date accounting with other requirements in IFRS 9 and the risk of unintended consequences should be addressed by refining the ED wording.

C15. Regarding derivatives, the IASB staff considered that the commitment date and the settlement date are the same, because no part of the contract remains executory.

C16. The IASB staff considered that 'settlement date' refers to the date on which "*an entity's right to receive or obligation to pay cash is established or extinguished*".[2]

C17. The IASB staff acknowledged that the existing paragraph B3.1.6, which refers to settlement date accounting, only applies in the context of a purchase or sale of a financial asset in a regular way purchase. It also acknowledged that section B32 of the Implementation Guidance to IFRS 9 states that IFRS 9 does not include any

2 IASB Staff Paper paragraph 45.

specific requirements about the application of trade date accounting and settlement date accounting in relation to financial liabilities. However, B32 refers back to the general recognition and derecognition requirements, which in the IASB staff view is what is referred to as the 'settlement date' in the context of regular way transactions.

C18. In order to avoid unintended consequences resulting from referring to settlement date accounting in paragraph B3.1.2A, the IASB staff proposed to replace this with "*a reference to 'settlement date' along with an explanation that it refers to the date on which the right to receive or obligation to pay cash (or another financial asset) is established or extinguished.*"[3]

Scope

C19. The IASB staff considered that when payment methods other than electronic transfer, such as cheques, are used, settlement risk remains more than insignificant until the cash is delivered. The IASB staff therefore did not recommend that the scope of the amendments should be broadened to include cheques.

C20. The IASB staff did not consider that financial assets should be scoped into the exception, as there is no equivalent of withdrawing a payment instruction for financial assets. Knowing when a counterparty can no longer withdraw a payment instruction would not be consistent with the idea of derecognition in IFRS 9, which is based on the right to receive cash, not on a counterparty position, so an exception similar to that in B3.3.8 for financial liabilities could not be established. The IASB staff therefore recommended that the scope should not be broadened to include the derecognition of financial assets.

Criteria for derecognising a financial liability before the settlement date

C21. The IASB staff acknowledged respondents' concerns about the usefulness of the requirement that entities could only derecognise a financial liability before the settlement date if they do not have the ability to withdraw, stop or cancel a payment instruction. The IASB staff therefore recommended suggested softening the wording such that entities were required to have no **practical** ability to withdraw, stop or cancel a payment instruction. This wording mirrors B3.3.8(b).

IASB tentative decision

C22. The IASB approved the IASB staff recommendations.

3 IASB Staff Paper paragraph 48.

Equity instruments and other comprehensive income

Background

C23. At its November meeting, the IASB staff discussed the responses it had received from the public consultation in relation to the ED proposals on equity instruments and other comprehensive income (OCI). It also took tentative decisions on how it would address those responses.

Summary of ED proposals

C24. To distinguish between changes in fair value related to investments derecognised during the reporting period and those held at the period end, thus providing better information, the IASB proposed to:

a) amend paragraph 11A(c) of IFRS 7 to not require disclosure of the fair value of *each* investment at the period end; and

b) add paragraph 11A(f) to IFRS 7, requiring an entity to disclose the changes in fair value presented in OCI during the reporting period, distinguishing between changes related to those equity investments derecognised during the period and those held at the period end.

Summary of feedback received

C25. Most respondents welcomed the proposal not to require disclosure of the fair value of each equity instrument at the period end, as they regarded it as onerous. However, some observed that the proposed requirement in paragraph 11A(c) does not explicitly require disclosure of the fair value of those investments in aggregate at the reporting date.

C26. Many respondents also welcomed the proposed requirements in paragraph 11A(f) of IFRS 7 to disclose the changes in fair value presented in OCI, distinguishing between changes related to those equity investments derecognised during the period and those held at the period end.

C27. Some remained disappointed that the IASB did not permit recycling of fair value gains or losses accumulated in OCI to profit or loss. A subset of that group of respondents considered that disclosure requirements distinguishing between realised and unrealised accumulated fair value gains and losses in OCI would be more useful than the proposed requirements in paragraph 11A(f).

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IASB staff analysis and recommendations

C28. The IASB staff recommended that:

a) The introductory sentence in paragraph 11A of IFRS 7 *Financial Instruments: Disclosure* should be amended to require disclosure per 'class' of equity investment. This will permit entities to determine the appropriate level of aggregation as well as clarifying the requirements.

b) The proposed amendments to paragraphs 11A(c), together with paragraph 11A(f), should be finalised as in the ED. Changing 11A(f) to include whether gains or losses are realised or not, as proposed by some stakeholders, would entail a conceptual change to IFRS 7, as determining whether gains or losses are realised would raise questions similar to those related to recycling. It would also raise the question of whether these equity investments should be subject to impairment.

c) A disclosure requirement similar to that in paragraph 11A(e) of the ED, a requirement to disclose amounts being transferred and the component of equity that is being transferred to, if an entity chose to transfer any amounts within equity relating to equity investments that were disposed of during the year, should be included in paragraph 11B of IFRS 7. All disclosure requirements relevant to derecognition of an equity investment would then be included in the same paragraph.

IASB tentative decision

C29. The IASB approved the IASB staff recommendations.

Next steps

C30. The IASB will continue its discussions on this project. According to the IASB work plan, the IASB expects to finalise the amendments in H1 2024. The UKEB Secretariat will continue to monitor the IASB discussions.

Question for the Board
1. Does the Board have any views on the IASB tentative decisions on this project?

UK Endorsement Board

Appendix D: Post-implementation Review of IFRS 9 - Impairment

UKEB Project Status: Active Monitoring **IASB Next Milestone:** Project Summary (H2 2024)	UKEB Project page UKEB Final Comment Letter (Published September 2023)

Background

D1. At its November meeting, the IASB discussed a summary of responses received to its *Request for Information - Post-implementation Review: IFRS 9 – Impairment*. In addition, the IASB staff presented a plan for the next phase of the project. The IASB was not asked to make any decisions.

Summary of feedback received

D2. Overall, the post-implementation review (PIR) feedback is very positive. Almost all respondents agreed that the impairment requirements in IFRS 9 *Financial Instruments*:

a) Result in more timely recognition of credit losses compared with IAS 39 *Financial Instruments: Recognition and Measurement*. They said applying the requirements helped resolve the 'too little, too late' problem identified during the financial crisis.

b) Work as intended with no fundamental questions ('fatal flaws').

D3. These respondents said applying the requirements generally results in an entity providing useful information about the effect of credit risk on future cash flows. The requirements also result in greater alignment between accounting and credit risk management practices, thereby supporting transparency about credit risk management practices and facilitating credit quality monitoring and controls.

D4. Most respondents commented that applying the requirements during periods of uncertainty, such as the covid-19 pandemic or the recent geopolitical and economic uncertainties, demonstrated the model is based on robust principles. However, some noted the requirements have yet to be tested in a scenario of significant defaults. Others noted that the increased use of judgemental management overlays highlights the limitations of scenario analysis.

D5. Although no fatal flaws were identified, respondents identified specific areas where entities experience application challenges and where diversity in practice can arise, mostly in areas that require the use of judgement. Most feedback focused on:

a) application issues arising from the interaction between the impairment requirements and the requirements in IFRS 9 for modifications, derecognition and write-off; and

b) diversity in application of, and potential improvements to, the disclosure requirements on credit risk in IFRS 7 *Financial Instruments: Disclosures*.

Next steps

D6. The IASB staff plan to present papers by topic, with staff analysis and recommendations, as follows:

Topics for discussion	Expected timing
1.- General approach to recognising Expected Credit Losses (ECL)	Jan/Feb 2024
2.- Determining significant increases in credit risk	Feb 2024
3.- Measuring ECL	Q1/Q2 2024
4.- Purchased or originated credit-impaired	Q2 2024
5.- Interaction of impairment requirements with other requirements	Q2 2024
6.- Credit risk disclosures	Q2 2024
7.- Other matters	Q2 2024

D7. At the end of the PIR, the IASB will publish a project report and feedback statement.

D8. The UKEB Secretariat will continue to monitor the IASB discussions.

UK Endorsement Board

Appendix E: Provisions – Targeted Improvements

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

Background

E1. 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.

Present obligation recognition criterion

E2. The IASB discussed this topic in April 2023 but was not asked to make any decisions at that meeting. (This was part of the IASB General Update of the public session held on 18 May 2023[1]).

IFRS Interpretations Committee discussion

E3. As part of its outreach activities, on 29 November 2023 the IASB staff asked for IFRS Interpretations Committee (the Committee) members' input on the possible amendments in relation to the present obligation recognition criterion.

E4. The Committee members discussed detailed staff suggestions for possible amendments, including drafting for the illustrative guidance and provided suggestions for improving the structure and drafting of the amended requirements.

[1] Link to 18 May 2023 - IASB General Update - Agenda Paper 6: Appendix A.

E5. One of the key messages from the discussion was that the IASB staff needed to prepare a flow chart or a step-by-step guide in the illustrative examples to make them more straightforward to apply to other scenarios.

Discount rates

E6. On 15 November 2023, the IASB tentatively decided to propose amendments to IAS 37:

a) To specify the basis on which an entity calculates the discount rate it uses when measuring a provision.

b) To specify that an entity uses a rate that reflects the time value of money—represented by a risk-free rate—with no adjustment for non-performance risk.

Costs to include in measuring a provision.

E7. On 26 July 2023, the IASB tentatively decided to specify that:

a) the expenditure required to settle an obligation comprises the costs that relate directly to settling the obligation; and

b) the costs that relate directly to settling an obligation consist of both:

i. the incremental costs of settling the obligation; and

ii. an allocation of other costs that relate directly to settling obligations of that type.

Next Steps

E8. The IASB is expected to decide on the project's direction at its December 2023 meeting.

E9. The IASB staff have recommended that the IASB continue developing proposed amendments to IAS 37 and make the next project milestone the publication of an exposure draft for stakeholder comment.

UK Endorsement Board

Appendix F: Subsidiaries without Public Accountability: Disclosures

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

Background

F1. The IASB expects to issue the IFRS Accounting Standard *Subsidiaries without Public Accountability: Disclosures* ("Subsidiaries standard") in H1 2024.

F2. When the IASB developed the reduced disclosure requirements, it considered issued IFRS Accounting Standards as at 28 February 2021 (cut-off date)[1].

F3. Since the cut-off date, the IASB has issued new and amended disclosure requirements in IFRS Accounting Standards.

F4. The IASB tentatively decided that until an amendment to the Subsidiaries standard is issued, eligible subsidiaries would be required to comply with all disclosure requirements in amendments to IFRS Accounting Standards that have been issued after the publication of the ED.

F5. At its November 2023 meeting, the IASB staff presented the project plan that heralded the start of the work on the "Catch-up Exposure Draft" (catch-up ED) which will be published after the issue of the Subsidiaries standard.

F6. The catch-up ED will consult on new or amended standards proposed or issued between the cut-off date and the issue of the Subsidiaries standard.

Content of the catch-up ED

F7. The table below outlines the new or amended disclosure requirements issued between the cut-off date and the issue of the Subsidiaries Standard which will be included in the catch-up ED:

[1] See paragraph A44-A45 of Agenda Paper 9: Appendix A of the July 2023 UKEB meeting.

Project	Effective date
International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12)	1 January 2023
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	1 January 2024
Non-current Liabilities with Covenants (Amendments to IAS 1)	1 January 2024
Lack of Exchangeability (Amendments to IAS 21)	1 January 2025
Primary Financial Statements[2]	1 January 2027

F8. In addition, the catch-up ED will include the following new or amended disclosure requirements proposed since the cut-off date and which are expected to be issued after the Subsidiaries standard is issued:

Project	Comments
Rate-regulated Activities	A new standard to replace IFRS 14 *Regulatory Deferral Accounts* is expected after the issue of the Subsidiaries standard. The catch-up ED will propose disclosure requirements based on the requirements that will have been drafted and tentatively agreed by the IASB[3].
Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	The final amendments are expected to be issued in H1 2024.

2 Expected to be issued in H1 2024 before the Subsidiaries standard.

3 The IASB staff clarified at the November 2023 meeting that although the catch-up ED will consult on reduced disclosures for the forthcoming standard on Rate-regulated Activities, the final reduced disclosures for the Subsidiaries standard will be included in the new Rate-regulated Activities standard rather than in the final amendments resulting from the catch-up ED.

Forthcoming Exposure Drafts

F9. The table below outlines the new or amended disclosure requirements proposed between the cut-off date and the issue of the Subsidiaries standard and which are expected to be issued in forthcoming Exposure Drafts. These disclosure requirements will not be included in the catch-up ED but will be consulted on at the same time as the proposed disclosure requirements in each exposure draft.

Project	ED publication date
Financial Instruments with Characteristics of Equity (Amendments to IAS 32, IFRS 7 and IAS 1)	November 2023
Business Combinations— Disclosures, Goodwill and Impairment (Amendments to IFRS 3 and IAS 36)	H1 2024
Equity Method	H2 2024
Dynamic Risk Management	2025

Next steps

F10. The IASB acknowledges that a timely finalisation of the proposals in the catch-up ED is important because eligible subsidiaries will not benefit from reduced disclosures in these areas until the Subsidiaries standard has been amended.

F11. The IASB staff's expectation is that the bulk of the technical discussion can take place in January 2024 with transition and due process in March 2024.

F12. Based on this project plan, the catch-up ED is expected to be published within a few months from issuing the Subsidiaries standard in H1 2024.

F13. The UKEB Secretariat will continue to monitor the IASB discussions and provide updates to the Board.

UK Endorsement Board

Appendix G: Equity Method[1]

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

Background

G1. At its September 2023 meeting, the IASB tentatively decided to propose disclosure requirements for investments in associates in relation to its tentative decisions on the Equity Method project to date.

G2. At its November 2023 meeting, the IASB discussed whether those disclosure requirements should also be proposed for investments in joint ventures; and for investments in subsidiaries when a parent elects to use the equity method to account for its investments in subsidiaries in separate financial statements as permitted in IAS 27 *Separate Financial Statements*.

G3. The IASB also discussed the transitional provisions to be proposed in the Exposure Draft (ED)[2] for the proposed amendments to IAS 28 *Investments in Associates and Joint Ventures*.

Possible improvements to disclosure requirements for investments in joint ventures

G4. The IASB staff paper recommended the IASB propose the same improvements to the disclosure requirements for investments in joint ventures as those it had previously tentatively decided to propose for investments in associates[3].

Possible improvements to disclosure requirements for investments in subsidiaries accounted for using the equity method

G5. At its October 2023 meeting, the IASB decided that its tentative decisions on application questions for investments in associates apply when a parent elects to use the equity method to account for its investments in subsidiaries in separate

1 A condensed summary of the IASB's tentative decisions on application questions can be accessed here.
2 At its meeting in April 2023 the IASB decided to move the Equity Method research project to its standard-setting work plan and work towards publishing an exposure draft as the next due process step. See paragraph B12-B21 of Agenda Paper 6: Appendix B of the May 2023 UKEB meeting.
3 See paragraph D6 of Agenda Paper 7: Appendix D of the October 2023 UKEB meeting.

financial statements[4]. However, a parent electing to use the equity method for its investments in subsidiaries is not required to apply the disclosure requirements for investments in associates and joint ventures in IFRS 12 *Disclosure of Interests in Other Entities*[5] . Therefore, the IASB's tentative decision at the October 2023 meeting does not necessarily mean that the IASB must also propose the same disclosure requirements.

G6. However, the IASB's tentative decision that a parent recognises in full gains or losses from transactions with its subsidiaries in its separate financial statements when applying the equity method to its investments in subsidiaries will be a change to the requirements in IAS 28[6].

G7. The IASB staff paper recommended the IASB propose that a parent, that elects to use the equity method to account for its investments in subsidiaries in separate financial statements, discloses the amount of gains or losses from transactions to its subsidiaries ('downsteam' transactions e.g. a sale of assets from the investor to its associates)[7].

G8. The rationale for the recommendation is that, for a user interested in the parent entity's performance, it may be helpful to understand how much of the parent's net profit or loss has been generated from transactions with the subsidiaries.

IASB tentative decision

G9. All IASB members agreed with the IASB staff recommendation for investments in joint ventures. This was mainly because associates and joint ventures were considered sufficiently similar in nature, including the accessibility and costs of obtaining the relevant information which would not be expected to be different.

G10. Most IASB members supported the staff recommendation for investments in subsidiaries.

Transitional provisions

G11. Paragraph 19 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* states that:

a) an entity shall account for a change in accounting policy resulting from the initial application of an IFRS Accounting Standard in accordance with the specific transitional provisions, if any, in that IFRS Accounting Standard; and

4 See paragraph E9 of Agenda Paper 6: Appendix E of the November 2023 UKEB meeting.
5 Paragraph 6 of IFRS 12.
6 See paragraph D5-D17 of Agenda Paper 8: Appendix D of the April 2023 UKEB meeting.
7 The IASB tentatively decided not to require an investor to disclose the gains or losses on transactions from its associates ('upsteam' transactions e.g. a sale of assets from an associate to the investor).

b) *when an entity changes an accounting policy upon initial application of an IFRS Accounting Standard that does not include specific transitional provisions applying to that change, or changes an accounting policy voluntarily, it shall apply the change retrospectively.*

G12. Under retrospective application an entity would be required to present its financial statements as if the proposed requirements had always been effective which would result in the most useful information for users of financial statements. This is because information presented for prior periods would be comparable.

G13. However, in assessing whether the IASB should propose retrospective application of the requirements to be proposed in the ED, the IASB is cognisant that some of the proposals to be included in the ED may be difficult to apply to transactions that occurred in a previous reporting period, e.g. the new requirements to be proposed for purchases of additional interests. Retrospective application might be complex and costly because it could require information (such as fair values of assets or liabilities) for transactions that occurred long before the effective date of the new or amended requirements.

IASB tentative decision

G14. In balancing the usefulness of information to users and the cost and complexity for preparers of retrospective application, the IASB tentatively decided to propose that an investor or a joint venturer would:

a) retrospectively apply the requirement to recognise the full gain or loss on all transactions with its associates or joint ventures;

a) recognise and measure contingent consideration at fair value at the transition date, and recognise any corresponding adjustment to the carrying amount of its investments in associates or joint ventures; and

b) prospectively apply all the other requirements from the transition date.

Next steps

G15. At a future IASB meeting, the staff will ask the IASB to consider:

a) any sweep issues; and

b) whether it is satisfied the required due process steps have been completed before publishing an ED of amendments to IAS 28.

G16. The IASB work plan, at the time of writing, indicates that the ED is expected in H2 2024.

G17. The UKEB Secretariat will continue to monitor the IASB discussions.

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Appendix H: Business Combinations under Common Control

UKEB Project Status: Monitoring **IASB Next Milestone:** Project summary	UKEB project page UKEB Final Comment Letter **(Published September 2021)**

Background

H1. The IASB published a Discussion Paper DP/2020/2 *Business Combinations under Common Control* in November 2020[1]. The DP was the first stage in developing requirements to account for business combinations under common control (BCUCCs), as they are currently excluded from the scope of IFRS 3 *Business Combinations*. Since that date, the IASB has been discussing the feedback received and redeliberating the preliminary view that BCUCCs would typically be accounted for at book value, unless an external party or non-controlling shareholder is part of the transaction, i.e. where there is some third-party influence.

H2. The feedback given by the UKEB Chair at the July 2023 ASAF meeting was that the BCUCC project should be discontinued and that the IASB should give priority to more relevant projects. Some other members of ASAF also considered that the project should be discontinued.

Update

H3. The IASB met on 14 November 2023 and decided to discontinue the project. In arriving at their decision, the IASB assessed whether the benefits of standard-setting to reduce or eliminate diversity in practice would outweigh the costs of standard-setting.

H4. This decision was made after the IASB had engaged in consultation with stakeholders, considering all the costs and benefits, including the cost of stakeholders to continue to engage in the development of requirements, the costs of implementing requirements, the ongoing costs of applying the requirements, and the ongoing benefits for users, the IASB was in favour of discontinuing the project.

[1] DP/2020/2 Business Combinations under common Control can be found here

H5. Entities must still consider the general requirements in IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* when accounting for BCUCCs.

Next steps

H6. The IFRS Foundation staff will produce a project summary, expected in Q2, 2024, which will detail the feedback from stakeholders and the rationale for the IASB's decision.

UKEB
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Appendix I: IFRS Interpretations Committee Update

UKEB Project Status: Monitoring **IASB Next Milestone:**	

Background

I1. The UKEB's Due Process Handbook notes that the UKEB expects to respond to a limited number of tentative agenda decisions published by the IFRS Interpretations Committee (Interpretations Committee). Some factors to consider when deciding whether to respond may be:

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

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

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

I2. The Interpretations Committee held a meeting on 28 – 29 November 2023. At the time of drafting this paper the IFRIC Update has not been published by the IASB.

I3. A number of the items discussed by the Interpretations Committee are addressed in other papers:

a) **Tentative Agenda Decision**: Climate-related Commitments (see Appendix B to this paper).

b) **Input:** Climate-related and Other Uncertainties in the Financial Statements (see Appendix B to this paper).

c) **Input:** Provisions—Targeted Improvement (see Appendix E to this paper).

d) **Input:** Power Purchase Agreements (see Appendix B to this paper).

I4. The following tables summarise the other current matters on the Interpretations Committee agenda.

TENTATIVE AGENDA DECISIONS OPEN FOR COMMENT	
Topic	[Disclosure of revenues and expenses for reportable segments—Application of IFRS 8]
Standard	IFRS 8
Deadline	TBC
Question*	Three questions are asked regarding the current application of IFRS 8 paragraph 23: 1. is an entity required to disclose the specified amounts in paragraph 23(a)–(i) of IFRS 8 for each reportable segment if those amounts are not reviewed separately by the chief operating decision maker (CODM)? 2. is an entity required to disclose the specified amounts in paragraph 23(f) of IFRS 8 for each reportable segment if the entity presents or discloses those specified amounts applying a requirement in IFRS Accounting Standards other than paragraph 97 of IAS 1 Presentation of Financial Statements? 3. How does an entity determine 'material items' in paragraph 23(f) of IFRS 8? In particular: a. are 'material items' only those that are material on a qualitative basis? b. do 'material items' include amounts that are an aggregation of individually quantitatively immaterial items? c. is the materiality assessment performed at an income statement level (from an overall reporting entity perspective) or at a segment level?
Tentative conclusion*	The Committee concluded that an entity is required to disclose the specified amounts in paragraph 23 of IFRS 8 not only when those specified amounts are separately reviewed by the CODM. The Committee observed that, in applying paragraph 23(f) of IFRS 8, an entity: a. applies paragraph 7 of IAS 1 and assesses whether the disclosure of information is material in the context of its financial statements taken as a whole;

	b. applies the requirements in paragraphs 29–31 of IAS 1 in considering how to aggregate information in the financial statements; c. considers both qualitative and quantitative factors, representing the nature or magnitude of information, or both, in assessing whether an item of income and expense is material; and d. does not omit material items on the basis that those items are presented or disclosed applying a requirement in IFRS Accounting Standards other than paragraph 97 of IAS 1. The Committee concluded that the principles and requirements in IFRS Accounting Standards provide an adequate basis for an entity to apply the disclosure requirements in paragraph 23 of IFRS 8. Consequently, the Committee [decided] not to add a standard-setting project to the work plan.
Comment	The UKEB considered this matter in September 2023 and concluded that it did not appear to affect a significant number of UK companies. It concluded it would not respond to this matter.

*This provides a summary only, please review the IFRS Website for the full details

Question for the Board
1. In the light of the Interpretation Committee's tentative conclusion, do Board members agree that the UKEB will NOT undertake further work on this matter at this point in time?

TENTATIVE AGENDA DECISIONS CLOSED FOR COMMENT	
Topic	[Payments Contingent on Continued Employment during Handover Periods]()
Standard	IFRS 3
Deadline	20 November 2023
Question*	How an entity accounts for payments to the sellers of a business it acquired when those payments are contingent on the sellers' continued employment during a post-acquisition handover period.
Tentative conclusion *	Evidence gathered by the Committee [to date] does not indicate significant diversity in the accounting for payments contingent upon continued employment in fact patterns such as that described in the request. In these fact patterns, entities apply the accounting described in the agenda decision *Contingent payments to shareholders and continuing employment* (published in January 2013) and account for the payments as compensation for post-combination services rather than as additional consideration for the Based on its findings, the Committee concluded that the matter described in the request does not have widespread effect. Consequently, the Committee [decided] not to add a standard-setting project to the work plan.
Comment	The UKEB considered this matter in January 2023 and September 2023 and concluded that it did not appear to affect a significant number of UK companies. It concluded it would not respond to this Tentative Agenda Decision. The Interpretations Committee received 12 letters. The majority agreed with its conclusion, however a small minority of respondents (including the Danish Auditors (FSR)) seemed to have more substantive, though jurisdiction-specific, concerns.

*This provides a summary only of the IASB staff recommendation which could be subject to further editorial amendment, please review the IFRS Website for the full details

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AGENDA DECISIONS WAITING FOR IASB RATIFICATION	
Topic	**Merger between a parent and its subsidiary in separate financial statements**
Standard	IAS 27
Deadline	14 August 2023
Question*	How a parent that prepares separate financial statements applying IAS 27 *Separate Financial Statements* accounts for a merger with its subsidiary in its separate financial statements.
Tentative conclusion*	Evidence gathered by the Committee indicates little, if any, determining whether to apply the acquisition method (and related requirements) in IFRS 3 to the merger transaction described in the request. In accounting for the merger transaction described in the request in their separate financial statements, parent entities generally do not apply the acquisition method (and related requirements) in IFRS 3. Therefore, the Committee concluded that the matter described in the request does not have widespread effect. Consequently, the Committee [decided] not to add a standard-setting project to the work plan.
Comment	The UKEB considered this matter in January 2023 and July 2023 and concluded that it did not appear to affect a significant number of UK companies. It concluded it would not respond to this Tentative Agenda Decision. The Interpretations Committee received 14 letters. The majority agreed with its conclusion, however some respondents suggest wording changes that should be considered by the Interpretations Committee.

*This provides a summary only of the IASB staff recommendation which could be subject to further editorial amendment, please review the IFRS Website for the full details

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Appendix J: 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)
Annual Improvements (Amendments to IFRS Accounting Standards: IAS 7, IFRS 1, IFRS 7, IFRS 9, IFRS 10)	
UKEB Project Status: Influencing	UKEB project page

[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).

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List of IASB projects	
IASB Next Milestone: Exposure Draft Feedback January 2024 Submit letter by: 11/12/23	UKEB Project Initiation Plan (Published October 2023) UKEB Draft Comment Letter (Published October 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 Q1 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)
Climate-related and Other Uncertainties in the Financial Statements	
UKEB Project Status: Monitoring **IASB Next Milestone:** Decide Project Direction Q1 2024	

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List of IASB projects	
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 2025	
Equity Method	
UKEB Project Status: Monitoring **IASB Next Milestone:** Exposure Draft H2 2024	
Extractive Activities	
UKEB Project Status: Monitoring **IASB Next Milestone:** Project Summary December 2023	

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List of IASB projects	
Financial Instruments with Characteristics of Equity	
UKEB Project Status: Monitoring **IASB Next Milestone:** Exposure Draft Feedback Q1 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)
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)

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List of IASB projects	
	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:** Discuss Feedback December 2023	
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)
Provisions—Targeted Improvements	
UKEB Project Status: Monitoring	

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List of IASB projects	
IASB Next Milestone: Decide Project Direction December 2023	
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 H1 2024	