

FEEDBACK STATEMENT

IASB Exposure Draft

Annual Improvements to IFRS Accounting Standards — Volume II

December 2023

The UK Endorsement Board (UKEB) is responsible for endorsement and adoption of IFRS for use in the UK and therefore is the UK's National Standard Setter for IFRS. The UKEB also leads the UK's engagement with the IFRS Foundation on the development of new standards, amendments and interpretations.

The comment letter to which this feedback statement relates forms part of those influencing activities and is intended to contribute to the IFRS Foundation's due process. The views expressed by the UKEB in its comment letter are separate from, and will not necessarily affect the conclusions in, any endorsement and adoption assessment on new or amended international accounting standards undertaken by the UKEB.

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Purpose of this feedback statement

This feedback statement presents the views of UK stakeholders received during the UKEB's outreach activities on the IASB's Exposure Draft (ED) [Annual Improvements to IFRS Accounting Standards—Volume 11](#) and explains how the UKEB's Final Comment Letter addressed those views.



The IASB's Exposure Draft

In September 2023 the IASB issued the ED IASB/AI/ED/2023/1 *Annual Improvements to IFRS Accounting Standards – Volume 11 (Annual Improvements)*. The ED included eight proposed amendments which are summarised on the next two pages.

The IASB issues amendments to international accounting standards as part of its continuous effort to maintain and improve IFRS Standards and to support consistent application.

Annual improvements are limited to changes that either clarify the wording in an IFRS Accounting Standard, or correct relatively minor unintended consequences, oversights or conflicts between requirements of the Accounting Standards.



The IASB's Exposure Draft

Transaction price (IFRS 9*)

- Revise the wording in paragraph 5.1.3 of IFRS 9; and
- Delete the reference to 'transaction price' and the associated references to IFRS 15 from Appendix A.

Derecognition of lease liabilities (IFRS 9*)

- Add a cross-reference to paragraph 3.3.3 of IFRS 9 in paragraph 2.1(b)(ii) of IFRS 9.

Hedge accounting by a first-time adopter (IFRS 1*)

- Add cross-references to paragraph 6.4.1 of IFRS 9 in paragraphs B5 and B6 of IFRS 1; and
- Replace the word 'conditions' with 'qualifying criteria' in paragraph B6 of IFRS 9.

Cost method (IAS 7*)

- Replace the term 'cost method', which is no longer defined in IFRS Accounting Standards, with 'at cost'.

* IFRS 9 *Financial Instruments*; IFRS 1 *First-time Adoption of International Financial Reporting Standards*; IAS 7 *Statement of Cash Flows*

The IASB's Exposure Draft

Gain or loss on derecognition (IFRS 7*)

- Replace the reference to paragraph 27A of IFRS 7, which no longer exists, with a reference to paragraphs 72–73 of IFRS 13; and
- Replace the phrase 'inputs that were not based on observable market data' with 'unobservable inputs'.

Disclosure of deferred difference between fair value and transaction price (Implementation Guidance accompanying IFRS 7*)

- Propose an amendment to paragraph IG14 to improve its consistency with paragraph 28 of IFRS 7 which it illustrates.

Introduction and credit risk disclosures (Implementation Guidance accompanying IFRS 7*)

- Add a statement that the implementation guidance accompanying IFRS 7 does not illustrate all the requirements in IFRS 7 in paragraph IG1 of IFRS 7; and
- Simplify the wording in paragraph IG20B of IFRS 7.

Determination of a 'de facto agent' (IFRS 10*)

- Clarify the requirements in paragraph B74 of IFRS 10.

Outreach approach & comment letter assessment

The UKEB's outreach activities took place between September and November 2023 and were conducted to assist the UKEB in developing its Comment Letter.

The outreach approach was underpinned by the UKEB's guiding principles of thought leadership, transparency, independence and accountability.

As the IASB's ED related to targeted improvements to the IFRS Accounting Standards, the Board took a proportionate approach to outreach on the IASB proposals and the UKEB's Draft Comment Letter (DCL).

Outreach activities included:

- discussion with the UKEB's Preparer Advisory Group and Accounting Firms & Institutes Advisory Group; and
- public consultation on the UKEB's DCL.

One written response to the UKEB's Invitation to Comment on its DCL was received and was supportive of the UKEB's DCL.

No substantive comments were received from the UKEB's Advisory Groups and UK stakeholders on the proposed amendments.

Our final comment letter remains supportive of the IASB's ED on *Annual Improvements*.

All comments and views received were considered in reaching the UKEB final views on the proposals.

Disclaimer

This feedback statement has been produced in order to set out the UKEB's response to stakeholder comments received on the UKEB's project responding to the IASB's Exposure Draft *Annual Improvements to IFRS Accounting Standards – Volume 11* and should not be relied upon for any other purpose.

The views expressed in this feedback statement are those of the UKEB at the point of publication.

Any sentiment or opinion expressed within this feedback statement will not necessarily bind the conclusions, decisions, endorsement or adoption of any new or amended IFRS by the UKEB.

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