27 February 2025
Agenda Paper 9

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) and the International Forum of Accounting Standard Setters (IFASS).

Summary of the Issue

Topics addressed in this paper include those discussed by the IASB at its January 2025 meeting as well as topics on the March 2025 IFASS and ASAF agendas.

Topic for discussion

- Financial Instruments with Characteristics of Equity
- Intangibles
- IASB Draft Prioritisation Criteria

Topics for noting

- Pollutant Pricing Mechanisms
- Equity Method
- Updating IFRS 19 *Subsidiaries without Public Accountability*
- Business Combinations – Disclosures, Goodwill and Impairment

IFRIC Update

Decisions and questions for the Board

The Board is not asked to make any decisions at this meeting.

The Board is asked the following questions:

Topics for discussion

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Financial Instruments with Characteristics of Equity (Appendix A)

1. Does the Board have any views on the IASB preference for presentation Approach C (the "Bridge approach")?
2. Is the Board satisfied that the UKEB's key concerns about the proposed disclosure requirements have been addressed?
3. Does the Board have views on the timing of finalising the amendments, taking into account factors such as the 1 January 2027 effective date of IFRS 18, and the time preparers may need to implement the proposed presentation and disclosure requirements?

Intangibles (Appendix B)

1. Do Board members have any comments on the IASB's key findings from its most recent outreach?
2. In preparation for ASAF, do Board members have preliminary views on how the IASB should proceed on the Intangibles project based on the feedback obtained so far?

IASB Draft Prioritisation Criteria (Appendix C)

1. Do Board members consider that the Draft Prioritisation Criteria and the content of the Due Process Handbook Exposure Draft on project prioritisation are complementary?

Topics for noting

Do Board members have any questions or comments on the topics for noting?

Interpretations Committee Update (Appendix H)

There are no questions for the Board this month.

Recommendation

N/A

Appendices

Appendix A: Financial Instruments with Characteristics of Equity

Appendix B: Intangibles

Appendix C: IASB Draft Prioritisation Criteria

Appendix D: Pollutant Pricing Mechanisms

Appendix E: Equity Method

Appendix F: Updating IFRS 19 *Subsidiaries without Public Accountability*

Appendix G: Business Combinations – Disclosures, Goodwill and Impairment

Appendix H: IFRIC Update

Appendix I: List of IASB projects

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Appendix A: Financial Instruments with Characteristics of Equity

Project Stage							
IASB	Research / Pipeline	Discussion paper	Redeliberation	Exposure Draft	Redeliberation	Final standard	Post Implementation Review
UKEB	Research / Influencing	Research / Influencing	Monitoring	Influencing	Monitoring	Endorsement	Influencing

IASB Next Milestone: Final Amendments	UKEB project page UKEB Final Comment Letter (published 3 April 2024)

Background

A1. The IASB met in October 2024 to discuss stakeholder feedback received on the presentation and disclosure proposals in its Exposure Draft (ED) Financial Instruments with Characteristics of Equity (FICE). IASB members asked staff to defer discussion with the consultative groups until further work had been done to develop the proposals. Updated proposals were discussed at the IASB February 2025 meeting. The IASB was not asked to make any decisions at this meeting.

A2. The purpose of this paper is to provide the Board with an update on the IASB meeting, and to seek views from the Board ahead of anticipated questions on this topic at the March 2025 ASAF meeting.

Presentation (proposed amendments to IAS 1)

A3. IASB's February 2025 Agenda Paper 5A explores developments of the presentation proposals in the ED, based on feedback from IASB members at the October 2024 meeting.

A4. In further developing the proposals, the IASB staff considered feedback from stakeholders that "information about the distribution of returns among the different types of equity instruments"[1] would be useful to investors. The IASB staff therefore recommended that the presentation proposals are directed towards attribution of profit or loss to different types of equity instrument holder. Such

[1] Paragraph 36 of Agenda Paper 5A

attribution should be based on contractual rights of equity instruments at the reporting date[2].

A5. The IASB staff identified two key characteristics of the different types of equity instruments, being "the right to distributions and the right to share in the net assets of the entity." The paper recommends that participating instruments should be defined by reference to the first of these characteristics i.e., the right to participate in profits.

A6. The paper outlines three potential presentation approaches, which reflect the feedback from stakeholders responding to the ED and from IASB members in October 2024 (paragraph A1):

a) **Approach A (the "Revised ED approach")** which would require "presenting profit or loss attributable to ordinary shareholders separately and aggregating all other equity instrument holders of the parent"[3];

b) **Approach B (the "Revised October approach")** which would require "presenting profit or loss attributable to participating instrument holders (being ordinary shareholders and other participating instrument holders) separate from non-participating instrument holders"[4]; and

c) **Approach C (the "Bridge approach")** which bridges the approaches described at paragraphs A6(a) and A6(b) and involves "presenting separately profit or loss attributable to ordinary shareholders, other participating instrument holders, and non-participating instrument holders."[5]

A7. The IASB staff analysed each approach in terms of its benefits and disadvantages and whether it would meet the information needs of investors. A comparison of the three approaches is set out at in the IASB Board paper at Appendix A of the paper.

A8. The IASB staff have also considered the extent to which each approach would be consistent with IAS 33 *Earnings per Share*. At the October 2024 meeting, a majority of IASB members said they wished to further explore whether existing requirements in IAS 33 could be brought into the presentation proposals, to mitigate the risk of creating confusion by introducing another 'cut' within equity for the purposes of allocating amounts attributable[6].

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2 Paragraph 40 of Agenda Paper 5A also states that amounts presented should not consider "the effects of contingent events or the amount and priority of claims upon liquidation."
3 Paragraphs 56 – 69 of Agenda Paper 5A
4 Paragraphs 70 – 83 of Agenda Paper 5A
5 Paragraphs 84 – 87 of Agenda Paper 5A
6 Paragraph B14 – B15 of Agenda Paper 8B of the UKEB November 2024 meeting

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A9. The paper also recommends potential disclosures to supplement the proposals on presentation of equity instruments, for example, information about the different equity instruments to which profit or loss is attributed and separately presented[7].

Output from February 2025 IASB meeting

A10. In discussion at the February 2025 IASB meeting, IASB members expressed a clear preference for Approach C, the Bridge approach. While some challenges were identified around the definition of participating and non-participating instruments, and how to present amounts arising on instruments possessing both these features, it was felt this approach addressed concerns raised in relation to the ED, and would provide information which users had requested.

A11. The UKEB Final Comment Letter welcomed the ED proposals, "as they increase the visibility of complex capital structures for users".

Question for the Board	
1.	Does the Board have any views on the IASB preference for presentation Approach C (the "Bridge approach")?

Disclosure (proposed amendments to IFRS 7)

A12. IASB Board Agenda Paper 5B explores developments to the disclosure proposals in the ED, based on feedback from IASB members at the October 2024 meeting. The paper includes an Appendix which sets out a comparison between the ED proposals and the IASB staff's preliminary views and assessment of cost.

A13. The main concerns raised in the UKEB FCL related to practical aspects of the priority of claims on liquidation disclosures. The IASB has responded to these concerns, which were also highlighted by other respondents, and has revised these proposals. The agenda paper refers to changing the focus of the disclosures away from liquidation, but it is not entirely clear from the paper what will now be required instead.

A14. The appendix to the IASB paper refers to changing the focus away from liquidation, but this suggests that some other form of nature and priority of claims disclosure may be required. It is not clear what this would be, or whether some of the practical challenges raised in the UKEB FCL may remain relevant.

A15. A summary of the further refinements recommended by the IASB staff is included in the table below.

7 Paragraphs 88 to 95 of Agenda Paper 5A

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Disclosure topic	UKEB FCL comments	Changes proposed in February 2025 IASB Agenda Paper 5B
Nature and priority of claims on liquidation, arising from financial instruments	The FCL raised concerns about the priority of claims on liquidation disclosure proposals at paragraphs A49 to A53, referring to practical challenges in obtaining and preparing the information and the possibility that the disclosure would not provide relevant or useful information for users.	• Based on feedback received, the IASB staff have come to the view that many of the concerns raised by stakeholders relate to the reference to liquidation. The paper therefore makes a recommendation to "change the focus of the proposed disclosure away from liquidation"[8]. • The IASB staff previously explored an approach to reducing the proposed scope of the disclosures based on IFRS 18 principles related to transactions that involve only the raising of finance. However, such an approach would exclude supplier finance arrangements which was considered to be contrary to the purpose of the proposed disclosure[9]. Therefore, the paper makes a recommendation to "align the scope of claims classified as financial liabilities with that of the liquidity risk disclosures required by IFRS 7 *Financial Instruments: Disclosures*"[10].
Terms and conditions	Paragraph A48 of the FCL raised a concern about the potential volume and cost of the additional disclosures relative to the benefits to investors. Paragraph A54 of the FCL recommended removing	To address concerns about the potential volume of disclosures, the IASB staff suggested refinements to the proposals for consideration at the October 2024 IASB meeting. Having considered feedback from IASB members, the IASB staff have made a recommendation to:

8 Paragraph 4(a)(i) of Agenda Paper 5B. Further detail on the recommendation is included at paragraphs 9 – 12 of that paper.

9 Paragraph 20 of Agenda Paper 5B states "the purpose of the proposed disclosure is to help users of financial statements assess the nature of the claims against the entity and how they affect the entity's liquidity and solvency."

10 Paragraph 4(a)(ii) of Agenda Paper 5B. Further detail on the recommendation is included at paragraphs 13 – 23 of that paper.

Disclosure topic	UKEB FCL comments	Changes proposed in February 2025 IASB Agenda Paper 5B
	the requirement for entities to disclose how significant uncertainty about laws or regulations could affect priority on liquidation, noting that it could be difficult to make this disclosure without disclosing sensitive legal advice.	• "retain financial instruments that contain indirect obligations in the scope of financial liabilities with equity-like characteristics"[11]. • "retain the disclosure of terms and conditions of financial instruments that could lead to a change in priority[12] and…change the focus away from liquidation[13].
Potential dilution of ordinary shares		• In October 2024, the IASB staff proposed a one-off "qualitative disclosure to explain the link or the difference between maximum potential dilution and diluted EPS[14] as part of the transition disclosures."[15] Having considered feedback from IASB members, the IASB staff recommend, on a recurring basis, to "require entities that are applying IAS 33 Earnings per Share to disclose qualitative information about the main differences between diluted earnings per share (DEPS) and potential/maximum dilution of ordinary shares"[16] (paragraphs 46–52 of this paper). • Some ED respondents observed that without information about potential related cash inflows, "the

11 Paragraph 4(b)(i) of Agenda Paper 5B. Further detail on the recommendation is included at paragraphs 26 – 30 of that paper.
12 Paragraph 44 of Agenda Paper 5B clarifies that the proposal is not to retain requirements to disclosure "the terms and conditions of financial instruments that indicate their priority."
13 Paragraph 4(b)(ii) of Agenda Paper 5B. Further detail on the recommendation is included at paragraphs 37 – 44 of that paper.
14 Earnings per share
15 Paragraph 90 of Agenda Paper 5D of the October 2024 IASB meeting.
16 Paragraph 4(c)(i) of Agenda Paper 5B. Further detail on the recommendation is included at paragraphs 46 – 52 of that paper.

Disclosure topic	UKEB FCL comments	Changes proposed in February 2025 IASB Agenda Paper 5B
		potential/maximum dilution disclosures would not provide accurate insights into how dilution could affect the interests of ordinary shareholders"[17]. In the February 2025 paper, the IASB staff have noted that this requirement would go beyond the objective of the disclosure but recommend the inclusion of "examples of the terms and conditions of instruments an entity can disclose to enable users of financial statements to understand the potential/maximum dilution of ordinary shares. This could include for example the par value of convertible instruments, conversion ratios and contingent events affecting the conversion ratio"[18].

A16. The UKEB Final Comment Letter (FCL) recommended that the IASB further investigate the cost of disclosures relative to the benefits for investors, given the potential volume of the additional disclosures proposed in the ED (paragraph A48 of the FCL). The IASB staff have responded to this and similar concerns raised by other respondents to the ED by stating that they expect the majority of costs to be incurred once, on initial application (see paragraphs 61 to 65 of Agenda Paper 5B).

Output from February 2025 IASB meeting

A17. The IASB was broadly supportive of the proposed changes to address concerns raised during the consultation about the priority of claims on liquidation disclosures. However, the IASB did not discuss in detail what would be required from these disclosures instead.

A18. A number of IASB members raised concerns about the proposals in the staff paper to provide an explanation of differences between the potential maximum dilution proposed in the ED, and diluted EPS.

17 Paragraph 53 of Agenda Paper 5B
18 Paragraph 4(c)(ii) of Agenda Paper 5B. Further detail on the recommendation is included at paragraphs 53 – 60 of that paper.

Question for the Board	
2.	Is the Board satisfied that the UKEB's key concerns about the proposed disclosure requirements have been addressed?

Timeline for finalising amendments

A19. IASB Board Agenda Paper 5 indicates IASB staff will seek input from consultative groups to expedite the presentation and disclosure amendments before finalising other elements of the project. This would enable entities to apply the presentation and disclosure amendments at the same time as they first apply IFRS 18 *Presentation and Disclosure in Financial Statements*.

Question for the Board	
3.	Does the Board have views on the timing of finalising the amendments, taking into account factors such as the 1 January 2027 effective date of IFRS 18, and the time preparers may need to implement the proposed presentation and disclosure requirements?

Next steps

A20. The IASB staff will discuss the proposals with consultative groups in March and May. The IASB staff will consider any feedback and bring updated proposals to a future IASB meeting for redeliberation.

A21. The Secretariat will continue to monitor discussions and will prepare updates for the Board as required.

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Appendix B: Intangible Assets

Discussion

Project Stage							
IASB	Research / Pipeline	Discussion paper	Redeliberation	Exposure Draft	Redeliberation	Final standard	Post Implementation Review
UKEB	Research / Influencing	Research / Influencing	Monitoring	Influencing	Monitoring	Endorsement	Influencing
IASB Next Milestone: Review research				UKEB project page			

Background

B1. At its February 2025 meeting, the IASB discussed its findings from research conducted by staff on the intangible assets project. The project was last discussed by the IASB in October 2024. Since then staff have been obtaining additional views from preparers in various jurisdictions and sectors where intangibles are prevalent such as retail, pharmaceuticals, software, media, and entertainment.

B2. The IASB project team has been focused on identifying the overall problem with the current accounting for intangibles, the possible project scope and priority topics, and the project approach. The IASB was not asked to make any decisions at this meeting.

Key findings

B3. The outreach conducted by the IASB staff since October 2024 is outlined in February 2025 IASB meeting Staff Paper 17a. The paper highlights the following key findings on each of the three areas explored.

The overall problem

B4. The main themes identified in the paper are consistent with those from the UKEB's own research. The staff note that while "there is not a single overall problem or a single overarching description of the specific problems stakeholders ask the IASB to solve", two key themes emerged:

a) "IAS 38 is out of date and therefore needs to be both modernised and futureproofed"; and

b) "financial statements are not providing users with enough information about intangible assets or the expenditure on intangible items. Users are looking for more disaggregation of expenses to help identify costs expected to generate future benefits."

> UKEB Qualitative Report: IAS 38 is not wholly aligned with the *Conceptual Framework for Financial Reporting.*
>
> Comparing companies that have grown organically with those that have grown by acquisition is problematic due to thee different accounting requirements applicable to internally generated and purchased intangibles.
>
> The disclosure about intangible expenditure in the financial statements could be enhanced, with more disaggregation of information. This would be preferred over additional information in the financial statements because information in the financial statements is audited and therefore given more weight by investors.
>
> Both qualitative and quantitative factors influence materiality judgements about intangibles.

Project scope and priority topics

B5. Feedback on the scope and priority topics reflects that:

a) While a few preparers from Europe and Asia-Oceania thought the current scope exclusions from IAS 38 *Intangibles Assets,* such as goodwill, should be included in the scope of the project, most stakeholders were not in support of reconsidering the exclusions.

b) Almost all stakeholders thought the IASB should explore the accounting requirements for intangible assets held for investing e.g. cryptocurrencies and carbon credits. However, there were mixed views on whether this topic should be explored as a separate project or as part of the intangibles project.

c) Only a few stakeholders, notably including the national standard setters represented at International Forum of Accounting Standard Setters (IFASS), expressed support for expanding the scope of IAS 38 beyond the requirements relating to the financial statement elements such as assets and expenses[1].

d) Many stakeholders suggested that the IASB should explore specific application issues which may involve consideration of the definition of an intangible asset, recognition criteria and related guidance. Examples of these topics included:

  i. cloud computing including Software as a Service (SaaS), infrastructure as a service (IaaS) and platform as a service (PaaS) arrangements;

  ii. accounting for data resources which are fast becoming an important driver of entity value;

  iii. how new approaches to developing software affect the recognition of software development costs; and

  iv. accounting for artificial intelligence and other emerging intangible assets which may arise in the future.

e) Many stakeholders thought that presentation and disclosure are a high priority.

B6. Other topics which also received support were:

a) aligning the definition of intangible assets with the *Conceptual Framework* including better guidance on the definition; and

b) measurement issues, specifically the guidance on the determination of amortisation methods and useful lives, when capitalisation should stop, impairment testing and the use of the revaluation model.

> UKEB Qualitative Report: Cryptocurrencies and intangible assets were both rated as high priority and the IASB was encouraged to focus on these areas.
>
> There is concern about the accounting under IAS 38 for more of the recent innovations such as algorithms, cryptocurrency or artificial intelligence, all of which may already, or could in the future, represent significant intangible value.

[1] The IFASS is a conference for National Standard Setters (NSS) from around the world, plus other organisations that have a close involvement in accounting and sustainability reporting issues. 36 jurisdictions were represented at this conference, including Australia, Brazil, Canada, France, Germany, Malaysia, Sudan, Uganda, United Kingdom and the United States.

Stakeholders did not raise issues regarding the classification of cryptocurrencies as intangible assets. However they did raise concerns about measurement, suggesting that a model similar to IFRS 9 *Financial Instruments* (which uses fair value measurement when assets are held for the purpose of trading) would be more appropriate for cryptocurrencies.

Any future accounting standard on intangibles will need to balance any enhanced recognition with concerns about measurement uncertainty of the future economic benefits.

One difficulty with recognising intangibles lies in working out when a company would stop capitalisation of expenditure.

Project approach

B7. The IASB had previously developed three project approaches it could follow for the intangibles project, and asked stakeholders to comment on the approach they considered the most appropriate.

B8. The following feedback was received:

a) Many stakeholders did not support the All-in-one approach as they thought it would take too long to complete and would be challenging.

b) Most stakeholders supported the Early Evaluation approach as they thought it was the most pragmatic of the three and would allow the IASB to make timely progress and discuss the most pressing issues first.

c) Many stakeholders said the Phased approach would allow the project to be conducted in manageable portions by looking at the different parts of the standard (i.e. recognition, measurement, presentation and disclosure) in an approach similar to that taken for IFRS 9 *Financial Instruments*.

B9. Overall, most stakeholders were in support of the Early Evaluation approach, the Phased approach or a combination of the two.

UKEB Summary: The IASB's intangibles project offers the opportunity to comprehensively consider the accounting for intangibles. A thorough exploration of stakeholder views about different alternatives will be important. This includes examining the recognition, measurement and disclosures of intangible expenditure in the financial statements.

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IASB Intangible Assets Surveys

B10. In addition to the general outreach the IASB launched two surveys—for users of financial statements and for other stakeholders—to obtain feedback on the information about intangibles currently provided in financial statements.

User survey

B11. The IASB's user survey is similar in nature to the UKEB survey research. The main findings of the user survey (February 2025 IASB meeting Staff Paper 17c) were consistent the feedback on the UKEB survey. The following high-level conclusions are quoted from the IASB's staff paper, based on 71 responses:

a) Most users (76%) said that financial statements were either the most useful (59%) or second most useful (17%) source of information related to intangibles.

UKEB Survey: 52% of respondents viewed the existing intangibles information provided in IFRS financial statements as "extremely" or "very" useful.

b) Most users (83%) said they adjust the balances reported in the financial statements in relation to intangibles when developing their own financial models. Responses indicate that users make a range of adjustments. Users commonly indicated that they replace the amount of intangible assets on the balance sheet with their own estimates (25%), remove all intangible assets and amortisation from their analyses (17%) or add back amortisation related to acquired intangible assets (11%). This is consistent with the UKEB's findings.

UKEB Survey: Focussed on comparing companies but found 74% made adjustments to the intangibles value reported in the financial statements. 33% disregard recognised intangible assets altogether; 26% estimate internally generated intangible assets by using granular intangible expenses (when reported); 11% of respondents use a portion of administrative costs to estimate internally generated intangible assets; and 17% of respondents selected 'other'.

d) Even though financial statements were rated as an important source of information, most users indicated that financial statements do not provide sufficient information about some types of intangibles. Most commonly, respondents to the survey said that financial statements provide insufficient information on data (73%), human capital (69%) and customer-related intangibles (58%).

UKEB Survey: Although respondents indicated that the disclosure requirements of existing IFRS Accounting Standards are generally beneficial, some indicated that additional, targeted, disclosures would be advantageous.

f) Many respondents (45%) said that financial statements provide insufficient information about entities' intangibles—they should provide better information about intangibles (for example, by capitalising more intangibles on the balance sheet or improving disclosures about capitalised and expensed intangibles).

UKEB Survey: Among the proposed disclosures, quantifying the expected contribution of a company's intangible assets to current or future revenues was ranked as the most important type of disclosure for investment or lending advice. 52% of respondents suggested that this type of disclosure is important for investment or lending purposes.

h) Many respondents (50%) said that a broader range of intangible resources, such as assembled workforce or customer satisfaction, should be included for consideration in the Intangible Assets project.

i) Users showed strong support (73% of respondents) for addressing the reporting of intangible assets held for investment, such as cryptocurrencies and emission rights and carbon credits, but had mixed views on whether this topic should be addressed in the Intangible Assets project (44%) or in a separate project (29%).

UKEB Survey: Respondents have a preference for capitalising these items, though no strong majorities emerged from the responses. In addition, respondents indicated that they would like to see more disclosures in the notes around these items.

k) Respondents expressed support for the following topics:

i. the most support (61%) for improving disclosure about capitalised and expensed intangibles (for example, by requiring disaggregation of expenses related to intangibles or information on how key intangibles create value for the entity).

ii. the second most support (54% of respondents) for updating the definition of an intangible asset and associated guidance to help make it easier to apply, particularly to new types of intangibles such as software as a service.

UKEB Survey: For internally generated intangibles, the preference for most items is for separate disclosure in the financial statements. A majority of respondents indicated that they wanted some level of disaggregated information for internally generated product development, software development, applied research, advertising and primary (blue sky) research. However, for internally generated data, public relations and employee training, fewer respondents indicated they would like to see these disaggregated, so it appears users are comfortable with these items being aggregated with other expenses, as they see them part of ongoing business as usual

m) Respondents' views on the project approach were mixed. Many respondents (54%) said the IASB should prioritise by topic. Many other respondents (40%) were in favour of the all-in-one approach addressing all aspects in a single project.

General survey

B12. The IASB also surveyed other stakeholders on the accounting for intangibles. This general survey received 203 responses. 56% of the responses came from preparers, 16% from auditors, 7% from academics, 4% from regulators and 17% from other stakeholders.

B13. The following high-level conclusions are quoted from the IASB's staff paper (February 2025 IASB meeting Staff Paper 17d):

a) Most respondents (77%) said that financial statements were either the most useful or second most useful source of information related to intangibles.

b) Respondents said that financial statements provide insufficient information on human capital (60%) and data (53%). The views on research and development and customer-related intangibles were more evenly spread. Many respondents said that information on software and intellectual property (IP) and licences is sufficient.

c) Many respondents (63%) ranked uncertainty and risks associated with intangibles as the biggest or the second biggest constraint to providing information about intangibles. Commercial sensitivity, lack of consistent terminology and cost to provide information were also highly rated.

d) The following three issues [were identified as] the most pressing:

   i. financial statements provide insufficient information about entities' intangibles;

   ii. financial statements do not provide information on new types of intangibles and new ways to use them; and

   iii. the market value of entities differs significantly from the book value of their assets because some intangibles are not capitalised on the balance sheet or are measured at cost instead of fair value.

e) More than half of the respondents supported:

   i. improving disclosure about capitalised and expensed intangibles (57% of all respondents); and

   ii. improving consistency in measuring intangible assets (51% of all respondents.

f) The survey asked for respondents' views on the project approach. The respondents' views were mixed:

   i. 57% would prefer the IASB to prioritise topics; and

   ii. 39% would prefer the IASB to address all the aspects in a single project.

Next steps

B14. The IASB staff will be seeking ASAF members' views on the project direction at the March 2025 meeting. Subsequent to that, it will ask the IASB to make its decision on the project direction at a future meeting.

Questions for the Board
1. Do Board members have any comments on the IASB's key findings from its most recent outreach? 2. In preparation for ASAF, do Board members have preliminary views on how the IASB should proceed on the Intangibles project based on the feedback obtained so far?

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Appendix C: Draft Prioritisation Criteria

UKEB Project Status: Monitoring **IASB Next Milestone:** N/A	

C1. The IASB met on 29 January 2025 to discuss an updated draft[1] of the project prioritisation framework.

Background

C2. The IASB Executive Technical Director presented a proposed project prioritisation framework to the IASB in April 2024. The purpose of the framework is to facilitate relative project prioritisation decisions between IASB Agenda Consultations.

C3. Since the April 2024 IASB meeting, the IASB staff have applied the proposed framework to several project prioritisation decisions, sought feedback from the Due Process Oversight Committee (DPOC) (June 2024) and the IFRS Advisory Council (November 2024). The proposed framework incorporates the feedback received.

C4. The development of the framework is separate from the proposed amendments to the IFRS Foundation's Due Process Handbook (DPH), currently open for consultation. The Exposure Draft (ED) *Proposed Amendments to the IFRS Foundation Due Process Handbook* contains a section on (non-exhaustive) considerations relevant to adding a new IFRS standard or major amendment project to the IASB (and ISSB's) workplan.

C5. The IASB staff paper on the draft prioritisation framework acknowledges the open consultation on the DPH and states that feedback on the revised considerations for adding a project to the workplan will be monitored by the staff. The considerations in the ED, relating to adding a project to a board's workplan, are largely unchanged from the previous DPH. Only minor wording changes have been made, to incorporate the ISSB.

C6. The decision whether to include the proposed prioritisation framework in the DPH is within the remit of the DPOC and has not been considered yet.

[1] IASB January 2025 Agenda Paper 8

Draft prioritisation framework

C7. At the January 2025 meeting, the IASB staff advised IASB members that they do not expect use of the draft framework to significantly change prioritisation outcomes. Instead, it is aimed at bringing efficiencies to prioritisation decisions and provide consistent language for future staff papers and IASB discussions on project prioritisation.

C8. The draft framework consists of a base framework, with variations and judgement to be applied depending on the nature of the prioritisation decision and type of project.

C9. The base framework comprises two types of consideration: technical and operational. The table below provides more detail, and a comparison with the considerations for adding a project to the workplan from the DPH.

Draft prioritisation framework consideration		DPH consideration[2]
Technical	**Definition**	
Pervasiveness	A large number of entities are affected or expected to be affected by the matter, taking into account jurisdictions, entities and industries.	5.4 (c) The types of entities the matter is likely to affect including whether the matter is more prevalent in some jurisdictions than others 5.4 (d) How pervasive or acute the matter is likely to be for entities
Effects	Expected financial reporting benefits exceed costs, focusing on the needs of users.	5.4 (a) Whether there is a deficiency in the way entities report a particular type of transaction or activity in general purpose financial reports 5.4 (b)The importance of the matter to users of general-purpose financial reports 5.7 Benefits are expected to outweigh the costs
Feasibility of standard-setting	Feasibility of scope identification and solutions development, balanced against standard-setting investment required	Not mentioned
Strategic priority	Could include:	Not mentioned

[2] Due Process Handbook Exposure Draft, December 2024, paragraphs 5.4 and 5.7

Draft prioritisation framework consideration		DPH consideration[2]
Technical	**Definition**	
	• Maintaining the principles-based nature of IFRS accounting standards • Facilitating connectivity with the ISSB • Maintaining convergence where previously achieved with US GAAP • Facilitating digital reporting • Improving understandability to improve application of IFRS accounting standards	
Operational	**Definition**	
Time-sensitivity	Urgency of need for a solution, which might be linked to the pervasiveness and effect technical considerations above	Not mentioned
Synergies with other projects	Including relevant research being performed by other standard-setters and organisations that could expedite the work of the IASB	Not mentioned
Internal and stakeholder capacity	Availability of capacity to meet project needs. If capacity is not available, relative prioritisation decisions will need to be made to source capacity from active projects or by delaying the anticipated start of pipeline projects	Not mentioned
Effort to restart	If a project had previously been paused, this would be a consideration in a decision to restart it	Not mentioned

C10. The IASB staff paper on the draft prioritisation framework explains types of prioritisation decision and which of the above considerations would be relevant for each type of decision:

a) **whether** to add a project to the pipeline: main focus is technical considerations;

b) **when** to start a pipeline project/pause an active project: main focus is operational considerations;

c) changing project **scope**: both technical and operational considerations; and

d) whether to **retire** an active project: main focus is technical considerations.

C11. **Paused** projects should be clearly distinguished from **retired** projects in future IASB materials. A project retired due to technical considerations would not be restarted unless there is new technical information. A project paused due to operational considerations could be restarted if operational conditions became more favourable, regardless of whether new technical information became available.

C12. Decisions about whether to add a project arising from an IASB Post-Implementation Review (PIR), and when to start such a project, are currently based on a separate PIR prioritisation framework, which is set out on the IASB's website[3].

C13. The IASB staff acknowledge that the International Sustainability Standards Board is at a different stage from the IASB regarding prioritisation of projects, but that opportunities to align the two frameworks can be considered in the future.

IASB discussion

C14. The majority of IASB members were supportive of the proposed framework.

C15. Several expressed the view that the framework should remain under review and that it should not be included in the DPH, as it is still evolving and will allow the Board flexibility in making future prioritisation decisions.

C16. Two IASB members made similar comments that the technical criterion on effects (see table in C9 above) should be redrafted to clarify that the focus remains on users' needs, in line with the DPH.

C17. The IASB was not asked to make any decisions.

C18. The UKEB Secretariat's observation is that prioritisation is being addressed separately in two current strands of IFRS Foundation activity (this and the DPH review), which may limit the level of coordination in approach.

[3] IASB Post-implementation reviews

Next steps

C19. The IASB staff plan to:

a) Provide a short follow-up paper at a future meeting of the Due Process Oversight Committee to:

i. clarify the expected impact of the change being proposed; and

ii. discuss plans to deal with situations in which there is a matter potentially requiring prioritisation decisions by both the IASB and ISSB.

b) Further test the proposed framework. The proposed framework has been used in the staff paper on Pollutant Pricing Mechanisms[4] for the January 2025 IASB meeting (see Appendix D of this paper).

c) Continue discussions with the ISSB on how to address connected prioritisation decisions, and specifically whether adjustments to the proposed IASB prioritisation framework are needed to incorporate the ISSB.

C20. The UKEB Secretariat will monitor further development of the draft framework and will continue to provide the Board with updates.

Question for the Board
1. Do Board members consider that the Draft Prioritisation Criteria and the content of the Due Process Handbook Exposure Draft on project prioritisation are complementary?

[4] IASB January 2025 Agenda Paper 10

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Appendix D: Pollutant Pricing Mechanisms (PPMs)

UKEB Project Status: Monitoring **IASB Next Milestone:** N/A	

D1. The IASB met on 29 January 2025 to decide whether to start or defer a decision to add a PPMs project to the work plan.

Background

D2. The PPMs project is currently on the IASB reserve project list. It was last discussed by the IASB in June 2024.

D3. Since June 2024, the IASB staff have conducted further horizon-scanning activities:

a) consultation at the July 2024 meeting of the Accounting Standards Advisory Forum (ASAF);

b) consultation at the September 2024 meeting of the IFRS Interpretations Committee;

c) targeted outreach with four preparers from the Global Preparers' Forum and users from a global asset management firm; and

d) consultation at the November meeting of the IFRS Advisory Council.

Project prioritisation

D4. The IASB staff reported mixed views from these consultations regarding when the IASB should consider starting a PPMs project.

D5. The staff acknowledged that there was diversity in accounting treatments and that compulsory and voluntary schemes were increasing in prevalence and significance. They also noted that PPMs may become material to a significant number of IFRS reporting entities.

D6. The IASB staff paper[1] applied the draft IASB project prioritisation framework (see paper 9C for this meeting) to PPMs, considered the implications of starting the project immediately on current and other potential projects and considered the

1 IASB January 2025 Agenda Paper 10

implications of deferring a decision on this project to the Fourth Agenda Consultation.

D7. The staff noted that a decision to start a PPMs project immediately would require pausing, retiring or slowing one or more active projects due to resource constraints.

D8. The IASB staff recommendation was to defer a decision on this project to the Fourth Agenda Consultation, so that its prioritisation could be considered relative to other topics.

IASB discussion

D9. A majority of IASB members agreed with the staff recommendation, on the basis that stakeholder feedback was mixed and that pausing, retiring or slowing either the active projects close to completion, or the newer projects on Intangible Assets and Statement of Cash Flows, was undesirable.

D10. The consensus view was that PPMs were increasing in prevalence and significance, but there was insufficient evidence that they were material to a significant number of IFRS reporting entities and therefore the project was not considered to have a high degree of urgency.

D11. Several arguments were made in favour of deferring the project, including that the IASB could leverage the work of other national standard-setters and academic research.

D12. One IASB member spoke in favour of starting a project as soon as possible, arguing that stakeholder feedback in the Third Agenda Consultation had clearly ranked this topic as a high priority. He expressed concerns that deferring a decision to the Fourth Agenda Consultation would mean a project would not commence until 2027 at the earliest and commented that a deferral might present a difficult signal to stakeholders. He noted the increasing scope of mandatory emissions trading schemes and the risk of accounting treatments becoming embedded in the near term.

IASB tentative decision

D13. Thirteen out of fourteen IASB members voted to defer a decision on a PPMs project to the next Agenda Consultation. In the meantime, the PPMs project will remain on the reserve list until the next Agenda Consultation commences. If resources become available before 2027, the IASB would reconsider whether to add the project to the current work plan.

Next steps

D14. The IASB staff will continue to monitor this issue and liaise with stakeholders, including national standard-setters and academics, on any new research they undertake.

D15. The UKEB Secretariat will continue to monitor developments and provide the Board with updates.

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Appendix E: Exposure Draft *Equity Method of Accounting—IAS 28 Investments in Associates and Joint Ventures (revised 202x)*

UKEB Project Status: Monitoring **IASB Next Milestone**: Exposure Draft Feedback	**UKEB project page** **UKEB Final Comment Letter** (published 16 December 2024)

	Phases of development						
IASB project	Research / Pipeline	Discussion paper (DP)	DP Redeliberation	Exposure Draft (ED)	**ED Redeliberation**	Final standard	PIR
UKEB project	Research/ Influencing	Research/ Influencing	Monitoring	Influencing	**Monitoring**	Endorsement	Influencing

Background

E1. The IASB published the Exposure Draft IASB/ED/2024/7 *Equity Method of Accounting—IAS 28* Investments in Associates and Joint Ventures *(revised 202x)* on 19 September 2024. The Exposure Draft (ED) proposed amendments to:

a) clarify and add to the requirements in IAS 28 *Investments in Associates and Joint Ventures*;

b) reorder the requirements in a more logical and consistent way to help companies with the application of the Standard; and

c) improve the disclosure requirements in IFRS 12 *Disclosure of Interests in Other Entities* and IAS 27 *Separate Financial Statements*.

UKEB response to Exposure Draft

E2. The UKEB took a 'light touch' to the project, as set out in the Project Initiation Plan[1] approved by the Board at its 17 October 2024 meeting.

E3. The UKEB published its final comment letter on 16 December 2024[2]. The UKEB is not aware of pervasive or material concerns for the UK arising from the proposals. Therefore, the UKEB supports the proposals in the ED.

1 The Project Initiation Plan was published on 21 October 2024 (available on the project page of the UKEB website here).
2 The UKEB Final comment letter is available on the project page of the UKEB website here.

IASB redeliberations

E4. The IASB is considering the feedback on the ED and will make decisions on the proposed amendments in future meetings.

E5. The Equity Method ED is on the agenda for the 24 March 2025 meeting of the IASB Accounting Standards Advisory Forum (ASAF). The IASB staff will provide an overview of the feedback on the ED and seek ASAF member views on the topics for redeliberation.

E6. In advance of the ASAF meeting, the European Financial Reporting Advisory Group (EFRAG) will be holding a joint FR TEG – CFSS[3] meeting on 10 March 2025. The CFSS meeting will discuss the feedback received by the IASB on the ED and seek members' views on the topics for redeliberation.

E7. The Equity Method also is the subject of a panel discussion at the upcoming International Forum of Accounting Standard Setters (IFASS) meeting on 14 March 2025. Members will be asked to consider whether the Equity Method needs a fundamental review.

Next steps

E8. The UKEB Secretariat will continue to monitor the IASB's redeliberations and any decisions and will provide the Board with relevant updates.

[3] EFRAG Financial Reporting Technical Expert Group (FR TEG) and Consultative Forum of Standard Setters (CFSS).

UK Endorsement Board

Appendix F: Updating IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

UKEB Project Status: Monitoring **IASB Next Milestone:** Final Amendments H2 2025	**UKEB Project page UKEB** **Final Comment Letter** (published November 2024)

	Phases of development						
IASB project	Research / Pipeline	Discussion paper (DP)	DP Redeliberation	Exposure Draft (ED)	**ED Redeliberation**	Final standard	PIR
UKEB project	Research/ Influencing	Research/ Influencing	Monitoring	Influencing	**Monitoring**	Endorsement	Influencing

Background

F1. IFRS 19 *Subsidiaries without Public Accountability: Disclosures* issued in May 2024 included reduced disclosure requirements for IFRS Accounting Standards issued before 28 February 2021.

F2. In July 2024, the IASB published the Exposure Draft Amendments to IFRS 19 (ED) that proposed reductions[1] to disclosure requirements for new or amended IFRS Accounting Standards issued between 28 February 2021 and May 2024, with a comment period ending on 27 November 2024. Our response to the IASB was submitted on 28 November 2024. The IASB received 33 responses to the ED.

Purpose of this update

F3. This paper provides an update on the 29 January 2025 IASB meeting, including a summary of the feedback on the key ED proposals and the plan for the next phase of the project. No decisions were taken at the meeting.

[1] The IASB applied the principles it used in developing IFRS 19 and agreed to follow in maintaining the standard. See paragraphs G3-G5 Agenda Paper 7: Appendix G of the October 2023 UKEB meeting for the principles for reducing disclosures and the approach to maintaining IFRS 19.

UK Endorsement Board

Summary of comment letter feedback[2] on key ED proposals

F4. The feedback received by the IASB and the UKEB position on the key proposals contained in the ED are summarised in the table below:

ED proposal	UKEB FCL	Feedback received
IFRS 18 *Presentation and Disclosure in Financial Statements*		
Replaced the requirements relating to management-defined performance measures (MPMs) with a cross-reference to those requirements in IFRS 18 (paragraphs 142–159 of IFRS 19)	Agreed with the proposal to avoid length and to require subsidiaries that choose to use MPMs to report those disclosures.	Mixed views on the IASB's proposal. While most respondents agreed with the proposal, some were of the view that MPMs should not be required at all for eligible subsidiaries.
Supplier finance arrangements		
Added the definition of supplier finance arrangements (SFA) from paragraph 44G of IAS 7 *Statement of Cash Flows*.	Expressed opposition to adding the definition of SFA because in general IFRS 19 does not include definitions or descriptions.	Mixed views on the IASB's proposal. While some respondents agreed that the description would provide clarity on what constitutes SFA, some thought it would be inconsistent with the principle of not including guidance in IFRS 19.
No reductions proposed for the disclosures relating to SFA.	Suggested the IASB provide an explanation of how benefits outweigh the costs for disclosure of liabilities for which suppliers have already received payment from the finance providers.	Many respondents suggested further disclosure reductions, including disclosure of the liabilities for which suppliers have already received payment from the finance providers, due to challenges in obtaining the information.
Rate regulated activities		
Proposed no reductions in disclosure requirements at this stage for subsidiaries without public accountability applying the forthcoming IFRS Accounting Standard *Regulatory Assets and*	Recommended that the IASB consults on reducing the disclosure requirements for the forthcoming RARL Standard in a separate ED and that reduced disclosures should be in	Mixed views on the IASB's proposal including: it is too early to propose reductions in disclosure requirements for eligible subsidiaries applying IFRS 19; the IASB should consult on reduced disclosure requirements through a

[2] See IASB Staff Paper Agenda 32 of the IASB January 2025 meeting.

ED proposal	UKEB FCL	Feedback received
Regulatory Liabilities (RARL Standard).	place by the effective date of the RARL Standard.	separate ED after the forthcoming RARL Standard is issued; and some suggestions for individual reductions in the expected disclosure requirements that had been shown in the ED.

F5. In commenting on the RARL Standard, one IASB member said the IASB should not reduce the disclosures at this stage mainly because full disclosures may be necessary for users to understand the new model for accounting for regulatory assets and regulatory liabilities. Another IASB member with a user background also supported full disclosures.

Feedback on other aspects of the ED and IFRS 19

Extent of reduction in the disclosure requirements proposed in the ED

F6. Some respondents commented that the limited reductions could affect the attractiveness of applying IFRS 19, a concern also raised by the UKEB in its Final Comment Letter (FCL).

F7. In discussing the feedback, IASB Board members had mixed views on this topic. Some IASB Board members suggested the IASB staff consider if further reductions were available. In contrast, some IASB Board members said the IASB should finalise the amendments as proposed in the ED given the overall support on the proposals from most respondents. Also, some IASB Board members observed that respondents who commented on the limited extent of reduction did not in general suggest specific further reductions, although there were a small number of detailed suggestions.

Timing

F8. In relation to timing, a few respondents commented that the timing of the finalisation of the amendments to IFRS 19 will affect their respective endorsement process. The UKEB FCL encouraged the IASB to finalise the amendments as soon as practicable.

F9. All IASB Board members supported timely finalisation of the amendments considering the effective date of IFRS 19 and the fact that some jurisdictions that have an endorsement process are waiting until the amendments are finalised before they begin this process.

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Other broader issues

F10. IASB Board members agreed that other broader issues, such as the scope of IFRS 19 and the principles used to develop it, were considered in developing the standard and should not be revisited for the purposes of these amendments. For instance, one suggestion was to make the standard available to all non-publicly accountable entities, not just to eligible subsidiaries. However, the IASB made the decision not to expand the scope of the standard during the development of IFRS 19.

F11. In general, IASB Board members were of the view that such broader issues could be re-considered in the Post-implementation Review of IFRS 19. These issues were outside the scope of the ED and considering them now would unnecessarily delay the finalisation of the amendments, potentially disrupting implementation of the standard.

Next steps

F12. The IASB staff is expected to bring the analysis of the feedback and recommended amendments to the proposals in the ED for redeliberation at its February 2025 meeting.

F13. The UKEB Secretariat will continue to monitor the IASB discussions and provide feedback to the Board as required.

F14. The IASB's aim is to finalise the amendments to IFRS 19 in H2 2025. Given the new RARL standard is expected to be issued at the end of 2025, the discussion on potential reductions in disclosures for that standard will be held separately by the rate regulated activities team in a future meeting.

F15. The UKEB plans to assess both IFRS 19 and the final amendments resulting from the ED as a package for adoption. The UKEB Secretariat plans to present a Project Initiation Plan for the endorsement assessment of IFRS 19 in due course.

UK Endorsement Board

Appendix G: Exposure Draft *Business Combinations—Disclosures, Goodwill and Impairment*

UKEB Project Status: Monitoring **IASB Next Milestone**: Decide Project Direction	**UKEB project page** **UKEB Final Comment Letter** (published 19 July 2024)

	Phases of development						
IASB project	Research / Pipeline	Discussion paper (DP)	DP Redeliberation	Exposure Draft (ED)	**ED Redeliberation**	Final standard	PIR
UKEB project	Research/ Influencing	Research/ Influencing	Monitoring	Influencing	**Monitoring**	Endorsement	Influencing

Background

G1. The IASB's objective in this project is to explore whether entities can, at a reasonable cost, provide users with more useful information about business combinations. Providing users with such information would assist them making better decisions by helping them understand and assess:

a) the strategic rationale behind an acquisition;

b) how the acquired business is performing; and

c) whether the acquirer's management has been effective and efficient in using the entity's economic resources to acquire the business.

G2. The IASB published an Exposure Draft *Business Combinations—Disclosures, Goodwill and Impairment* on 14 March 2024. The Exposure Draft (ED) proposed amendments to two standards. Firstly, adding disclosure requirements for business combinations to IFRS 3 *Business Combinations*; and secondly updating IAS 36 *Impairment of Assets*, mostly to clarify or simplify existing requirements.

G3. The proposed amendments to IFRS 3 included:

a) adding disclosure objectives;

b) adding disclosure requirements, including:

i. requiring an entity to disclose information about the entity's acquisition-date key objectives and the related targets for a subset of business combinations (*strategic* business combinations) and the extent to which those key objectives and targets are met in subsequent periods (information about the performance of a business combination);

ii. requiring an entity to disclose quantitative information about synergies expected to arise from a business combination (expected synergies); and

iii. exempting, in specific circumstances, an entity from disclosing some of the information in paragraphs (i) and (ii) (proposed exemption); and

c) amending some disclosure requirements in IFRS 3.

G4. The ED proposed to amend IAS 36 by:

a) clarifying how an entity allocates goodwill to CGUs;

b) requiring an entity to disclose in which reportable segment a CGU or group of CGUs containing goodwill is included; and

c) changing how an entity calculates value in use (VIU) by removing the requirements:

i. to exclude future restructurings and asset enhancement cash flows; and

ii. to use pre-tax cash flows and pre-tax discount rates.

UKEB response to Exposure Draft

G5. The UKEB provided its response in a final comment letter on 19 July 2024[1].

G6. The UKEB is broadly supportive of the package of proposed amendments to the disclosure requirements in IFRS 3 and to the impairment test in IAS 36. However, the UKEB's key recommendations included:

a) a principle-based approach to identifying the most important business combinations and set out a possible process to achieve this;

b) that the IASB clarifies that the proposed exemption would be used only in 'extremely rare cases'; and

c) that the IASB introduces some disclosure requirements to address the risk that management uses optimistic inputs when calculating value in use that could avoid or further delay the recognition of impairment losses.

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[1] A copy of the UKEB Final comment letter is published on the project page of the UKEB website here.

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Purpose of this paper

G7. The purpose of this paper is to provide the Board with an update of the status of the project.

G8. The IASB comment period for the ED closed on 15 July 2024. The IASB received 143 comment letters[2] in response to the ED.

G9. The IASB has since been analysing feedback from stakeholders and discussed high-level feedback received in response to the ED at its October 2024, December 2024 and January 2025 meetings. The IASB has not yet been asked to make any decisions on the proposed amendments.

High-level feedback on the ED

G10. At its October 2024 meeting[3], the IASB discussed a high-level overview of the feedback received on the ED. Respondents generally provided more feedback / raised more concerns about proposed amendments to IFRS 3 and provided less feedback on the proposals to amend the impairment test in IAS 36[4].

G11. Overall, there were diverging views particularly between preparers and users and mostly on the main proposed amendments to IFRS 3. The key takeaways were:

a) Almost all users agreed with the proposals to require an entity to disclose information about the performance of a business combinations.

b) Many users agreed with the proposal to require an entity to disclose quantitative information about expected synergies – users confirmed the need for this information and said it will help users assess management decisions to acquire businesses.

c) In addition, some regulators supported requiring the proposed disclosures.

d) Many preparers also acknowledged users' needs for better information about business combinations and steps taken by the IASB to better balance users' needs for this information with preparers' concerns.

e) However, most preparers continued to disagree with requiring this information to be disclosed within the financial statements.

f) Feedback from audit firms highlighted concerns about a possible audit expectations gap that could arise because of requiring these disclosures within the financial statements.

[2] For breakdown of respondents see Appendix A of Staff Paper Agenda 18A of the IASB 22 October 2024 meeting.

[3] An update was provided to the Board in November regarding the IASB's 22 October 2024 meeting, at which the IASB discussed a high-level overview of the feedback received on the ED. See Staff Paper Agenda 18A.

[4] See paragraph 10 of Staff Paper Agenda 18A of the IASB 22 October 2024 meeting and Staff Paper Agenda 18A of the IASB December 2024 meeting.

G12. At the December 2024 and January 2025 IASB meetings, the IASB staff presented detailed feedback summaries on selected aspects of the proposed amendments to IFRS 3 and IAS 36. The main points raised by stakeholders are summarised below.

Objective and scope of the project

G13. Most respondents supported the project's objective. However, some respondents' expressed concerns about whether the proposals go far enough, particularly to address concerns about impairment losses on goodwill sometimes being recognised too late. Many of these respondents suggest reintroducing goodwill amortisation.

G14. A few respondents suggested separating the project into two parts.

Feedback on the proposed amendments to IFRS 3

Performance and expected synergy information[5]

G15. There were divergent views between preparers and users on whether to require disclosure of performance and expected synergy information:

a) most users and user groups agreed with the proposals, suggesting the information would be meaningful and would help users assess the performance of business combinations and management's performance; and

b) most preparers and preparer groups disagreed, expressing concerns about commercial sensitivity, litigation risk, auditability and audit expectations gap.

G16. Respondents also raised conceptual concerns that performance and expected synergy information is forward-looking, noting that paragraph 3.6 of the Conceptual Framework says forward-looking information is typically not included in financial statements.

G17. Some suggested such information would be better suited outside an entity's financial statements, for example in management commentary.

Subset of 'strategic' business combinations[6]

G18. The proposed requirements include requiring information about performance to be disclosed for only a subset of the most important business combinations (called *strategic* business combinations).

G19. The proposal includes using a closed-list of thresholds to identify that subset of business combinations (threshold approach). Meeting any one of the following thresholds would indicate a strategic business combination:

[5] See IASB Staff Paper Agenda 18B of the IASB December 2024 meeting.
[6] See IASB Staff Paper Agenda 18C of the IASB December 2024 meeting.

a) quantitative thresholds—any one of revenue, operating profit and assets of the acquired business constitutes at least 10% of the acquirer's corresponding amounts; or

b) qualitative thresholds—the business combination results in a company entering a new major line of business or geographical location.

G20. Respondents generally supported requiring an entity to disclose information about the performance of a business combination for only a subset of material business combinations. However, many respondents disagreed with the proposed threshold approach to determine the subset.

G21. Instead, they suggested a principle-based approach[7] which would help preparers apply appropriate judgements in determining which business combinations to disclose performance information about, and help reduce the risk of entities structuring business combinations to meet, or avoid meeting, the proposed thresholds.

G22. Some respondents expressed concerns about the term 'strategic' business combinations.

Management approach[8]

G23. The ED proposes a management approach to determine the performance information that requires disclosure. Such information includes:

a) an entity's acquisition-date key objectives and related targets (KOTs); and

b) the extent to which those KOTs are being met in subsequent periods.

G24. Most respondents supported the proposed requirement to disclose information about the performance of business combinations that is reviewed by the entity's key management personnel (KMP), with many supporting requiring an entity to disclose that information for as long as management reviews it.

Quantitative expected synergies[9]

G25. The ED proposes disclosure of quantitative information about synergies expected from combining the operations of an acquiree and an acquirer, including a description of expected synergies by category, and for each category of synergies:

a) the estimated amounts or range of amounts of the expected synergies;

b) the estimated costs or range of costs to achieve these synergies; and

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7 See paragraph 13 of IASB Staff Agenda Paper 18C December 2024.
8 See IASB Staff Paper Agenda 18D of the IASB December 2024 meeting.
9 See IASB Staff Paper Agenda 18E of the IASB December 2024 meeting.

c) the time from which the benefits from the synergies are expected to start and how long they are expected to last.

G26. Opinions were mixed on disclosing quantitative information about expected synergies in the year of acquisition, but most disagreed with the proposal.

Proposed exemption[10]

G27. Almost all respondents agreed with allowing an exemption from disclosing performance and expected synergy information in specific situations. But some suggested broadening the exemption to include more situations when information might be commercially sensitive.

Other IFRS disclosures[11]

G28. Almost all respondents agreed with the other proposed disclosure amendments.

Feedback on the proposed amendments to IAS 36 Impairment of Assets

Value in use calculation[12]

G29. The ED includes a proposal to remove the current requirement to exclude 'uncommitted' future restructurings and asset enhancements cash flows, when calculating 'value in use' (VIU) of an asset or a cash-generating unit (CGU).

G30. The IASB received mixed views. Some who agreed suggested providing further application guidance such as defining 'current condition' and 'current potential' of an asset or adding illustrative examples.

G31. Many respondents disagreed with the proposal, saying that removing this requirement could increase the level of judgement required to calculate VIU and increase management over-optimism, and could worsen the problem of impairment losses on goodwill sometimes being recognised too late.

Allocating goodwill to CGUs[13]

G32. The ED also proposes to improve how entities allocate goodwill to CGUs.

G33. The IASB received mixed feedback. Whilst many respondents agreed that the proposal could reduce shielding, many disagreed (including almost all respondents who suggested reintroducing amortisation of goodwill) saying the change would have a limited effect on reducing shielding.

10 See IASB Staff Paper Agenda 18F of the IASB December 2024 meeting.
11 See IASB Staff Paper Agenda 18A of the IASB January 2025 meeting.
12 See IASB Staff Paper Agenda 18B of the IASB January 2025 meeting.
13 See IASB Staff Paper Agenda 18C of the IASB January 2025 meeting.

G34. Many respondents who disagreed, and a few who agreed, suggested providing more clarity or application guidance.

Other IAS 36 proposals[14]

G35. Most respondents agreed with the proposed requirement to disclose in which reportable segment a CGU or group of CGUs containing goodwill is included. Some said this proposal would not reduce management over-optimism. A few auditors and regulators, while not necessarily disagreeing with the proposed requirement, said that management over-optimism was not a problem.

G36. Almost all respondents agreed with removing the requirement to use pre-tax cash flows and pre-tax discount rates when calculating VIU—that is, allowing the use of post-tax cash flows and discount rates. However, many requested guidance on how to incorporate tax effects when calculating VIU on a post-tax basis.

Feedback on the proposed amendments to IFRS 19 *Subsidiaries without Public Accountability*[15]

G37. The ED proposes requiring an eligible subsidiary[16] to disclose:

a) quantitative information about synergies expected from combining operations of an acquirer and an acquiree (expected synergy information);

b) the strategic rationale for a business combination;

c) information about the contribution of the acquired business; and

d) whether the discount rate used in an impairment test is pre-tax or post-tax.

G38. Mixed views were received regarding the proposal to require an eligible subsidiary to disclose expected synergy information.

G39. Most respondents agreed with requiring an eligible subsidiary to disclose the required information applying the proposals.

G40. Some respondents who disagreed said the proposed disclosures would be burdensome, costly, complex and excessive. Most of the respondents who disagreed also disagreed with disclosing expected synergies more generally for all entities.

G41. No respondents suggested requiring eligible subsidiaries to disclose additional information.

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14 See IASB Staff Paper Agenda 18D of the IASB January 2025 meeting.
15 See IASB Staff Paper Agenda 18E of the IASB January 2025 meeting.
16 The phrase 'eligible subsidiary' in this paper means an entity that meets the scope requirements in paragraphs 7–12 of IFRS 19.

Transition[17]

G42. The ED proposes requiring entities already applying IFRS Accounting Standards to apply the amendments prospectively to a business combination, and to impairment tests performed, on or after the effective date, with earlier application permitted. No transition relief is proposed for first-time adopters (FTAs) of IFRS Accounting Standards.

G43. Most respondents agreed with the proposed transition requirements for IFRS 3, IAS 36 and IFRS 19. Most of these respondents said the costs of retrospective application would outweigh the benefits.

G44. Some respondents disagreed, particularly with the proposed transition requirements for IAS 36, and suggested allowing or requiring an entity to perform an impairment test at the transition date with any resulting impairment being recognised in opening equity.

G45. Most respondents agreed with not providing specific transition relief for FTAs. However, some respondents suggest providing specific transition relief for FTAs.

Next steps

Plan for redeliberating the proposals in the ED[18]

G46. In February, the IASB expect to decide whether to retain the project's current objective and scope.

G47. From March onwards, the IASB expects to commence redeliberation on requiring entities to disclose information about performance of an acquisition and expected synergy information. The IASB expects redeliberation to continue well into 2026.

G48. The UKEB Secretariat will continue to monitor the IASB's redeliberations and any decisions, and will provide the Board with updates in due course.

[17] See IASB Staff Paper Agenda 18F of the IASB January 2025 meeting.
[18] See IASB Staff Paper Agenda 18G of the IASB January 2025 meeting.

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Appendix H: Interpretations Committee Update

UKEB Project Status: Monitoring **IASB Next Milestone:** N/A	

Background

H1. 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 Interpretations Committee's analysis; or

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

H2. The Interpretations Committee is met on 26 November 2024. The next Interpretations Committee meeting is on 11 March 2025.

H3. At its January 2025 meeting, the IASB was asked whether it objected to the prospective Agenda Decision *Classification of Cash Flows related to Variation Margin Calls on 'Collateralised-to-Market' Contracts (IAS 7 Statement of Cash Flows)*[1]. No IASB member objected to the prospective Agenda Decision and therefore it was finalised.

H4. At the time of writing, no new matters have been received by the Interpretations Committee.

H5. The remainder of this update summarises tentative agenda decisions which are now closed for comment. Where relevant the summaries have been updated to reflect responses received by the Interpretations Committee.

[1] For details of the matter, see Agenda Paper 8 Appendix E of the Board's November 2024 meeting.

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TENTATIVE AGENDA DECISIONS CLOSED FOR COMMENT	
Topic	Recognition of intangible assets resulting from climate-related commitments
Standard	IAS 38 *Intangible Assets*
Question[2]	Whether (and if so, how) an entity recognises an intangible asset that may result from an entity's climate-related commitments.
Deadline	3 February 2025
Tentative conclusion[3]	Evidence gathered by the Committee did not indicate that there is material diversity in practice in the matter described in the request. On the basis of that evidence, 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	At its September 2024 and November 2024 Board meetings the UKEB decided it would not undertake further work on this matter at this time. The IFRS Interpretations Committee received 14 responses, including three from UK-based respondents. The majority of respondents supported the tentative agenda decision. It is worth noting that four respondents, including a UK-based respondent, suggested that whilst there may not be material diversity in practice in the matter described in the request currently, this area could develop in the future as more entities begin to make climate-related commitments. They believe the IASB should consider this more broadly as part of the project on Intangible Assets.

Topic	Assessing indicators of hyperinflationary economies
Standard	IAS 29 *Financial Reporting in Hyperinflationary Economies*
Deadline	3 February 2025
Question[4]	Clarification is requested on:

2 This provides a summary of the question only. Please refer to the IFRS website for the full details.
3 This provides a summary of the IFRS Interpretations Committee's tentative conclusion only. Please refer to the IFRS website for the full details.
4 This provides a summary of the question only. Please refer to the IFRS website for the full details.

	1. Whether all indicators in paragraph 3 of IAS 29 should be considered in the assessment of when an economy becomes hyperinflationary when one indicator listed has been met. 2. Whether other indicators not listed in IAS 29 should be considered in the assessment. 3. Whether paragraphs 4 and 35 of IAS 29 require both a subsidiary and the consolidated group to apply IAS 29 consistently.
Tentative conclusion[5]	For question 1, evidence gathered by the Committee did not indicate that there is widespread diversity in understanding the requirements of IAS 29. For questions 2 and 3, evidence gathered by the Committee did not indicate that there is diversity within the responses to these questions. On the basis of that evidence, 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	IAS 29 is applied to the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy. The Secretariat's preliminary assessment was that the matter was unlikely to impact a significant number of UK companies. At its October 2024 and November 2024 Board meetings the UKEB decided it would not undertake further work on this matter at this time. The IFRS Interpretations Committee received 10 responses, including one from a UK-based respondent. The majority of respondents supported the tentative agenda decision. NB: the IASB discussed stakeholders' concerns and challenges related to applying IAS 29 *Financial Reporting in Hyperinflationary Economies* in its January 2025 meeting as part of its work plan update. The IASB was not asked to make any decisions.

5 This provides a summary of the IFRS Interpretations Committee's tentative conclusion only. Please refer to the IFRS website for the full details.

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Topic	Recognition of revenue from tuition fees
Standard	IFRS 15 *Revenue from Contracts with Customers*
Deadline	18 November 2024
Question[6]	The request asks, given a specific set of circumstances, about the period over which the educational institution recognises revenue from tuition fees—that is, evenly over the academic year (10 months), evenly over the calendar year (12 months) or over a different period.
Tentative conclusion[7]	Evidence gathered by the Committee to date indicates that diversity in accounting for revenue from tuition fees is mainly the result of differing facts and circumstances. 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	This (or any similar) issue was not raised in the UKEB's recent discussions with stakeholders related to the post-implementation review of IFRS 15. The Secretariat's view was that the matter was unlikely to impact a significant number of UK companies. At its July 2024 and September 2024 Board meetings the UKEB decided it would not undertake further work on this matter at this time. The IFRS Interpretations Committee received 7 responses, including one from a UK-based respondent. The majority of respondents supported the tentative agenda decision.

Topic	Guarantees Issued on Obligations of Other Entities
Standard	IFRS 9 *Financial Instruments*
Deadline	18 November 2024
Question[8]	The Committee received a request about how an entity accounts for guarantees that it issues. The request described three fact patterns in the context of an entity's separate financial statements. The request asks whether the guarantees issued are financial guarantee contracts to be accounted for in accordance with IFRS 9 Financial Instruments

6 This provides a summary of the question only. Please refer to the IFRS website for the full details.
7 This provides a summary of the IFRS Interpretations Committee's tentative conclusion only. Please refer to the IFRS website for the full details.
8 This provides a summary of the question only. Please refer to the IFRS website for the full details.

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	and, if not, which other IFRS Accounting Standards apply to these guarantees.
Tentative conclusion[9]	Guarantees can arise or be issued in many ways and convey various rights and obligations to the affected parties. IFRS Accounting Standards do not define 'guarantees', and there is not a single Accounting Standard that applies to all guarantees. When determining which Accounting Standard applies to a particular guarantee that it issues, an entity is required to analyse all terms and conditions—whether explicit or implicit—of the guarantee unless those terms and conditions have no substance. The entity first considers whether a guarantee that it issues is a 'financial guarantee contract' in accordance with IFRS 9 (with one exception). If an entity concludes that the guarantee it issues is not a financial guarantee contract, the entity considers whether the guarantee is an insurance contract in accordance with IFRS 17. If an entity concludes that a guarantee it issues is neither a financial guarantee contract nor an insurance contract, an entity considers other requirements in IFRS Accounting Standards (IFRS 9, 15 or IAS 37) to determine how to account for the guarantee. The Committee concluded that the principles and requirements in IFRS Accounting Standards provide an adequate basis for an entity to consider when determining how to account for a guarantee that it issues. The Committee also noted that the IASB has decided to consider during its next agenda consultation the broader application questions related to financial guarantee contracts, including about the meaning of the term 'debt instrument' in the definition of a financial guarantee contract. Consequently, the Committee decided not to add a standard-setting project to the work plan.
Comment	The Secretariat's preliminary assessment was that the matter was unlikely to impact a significant number of UK companies. At its July 2024 and September 2024 Board meetings the UKEB decided it would not undertake further work on this matter at this time. The IFRS Interpretations Committee received 10 responses, including one from a UK-based respondent. The majority of respondents supported the tentative agenda decision.

9 This provides a summary of the IFRS Interpretations Committee's tentative conclusion only. Please refer to the IFRS website for the full details.

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Appendix I: List of active IASB projects

This Appendix provides a list of all active 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	
Amortised Cost Measurement	
UKEB Project Status: Monitoring **IASB Next Milestone:** Review Research February 2025	
Business Combinations—Disclosures, Goodwill and Impairment	
UKEB Project Status: Monitoring **IASB Next Milestone:** Decide Project Direction	UKEB project page (Influencing) UKEB Project Initiation Plan (Published March 2024) UKEB Draft Comment Letter (Published May 2024) UKEB Final Comment Letter (Published July 2024 UKEB Feedback Statement (Published July 2024) UKEB Due Process Compliance Statement (Published September 2024)

[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	
	UKEB project page (Discussion Paper) UKEB Final comment Letter on the Discussion Paper (Published January 2021) UKEB Feedback Statement (Published March 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: Influencing **IASB Next Milestone:** Exposure Draft Feedback February 2025	UKEB project page UKEB Project Initiation Plan (Published July 2024) UKEB Draft Comment Letter (Published September 2024) UKEB Final Comment Letter (Published December 2024) UKEB Feedback Statement (Published December 2024) UKEB Due Process Compliance Statement (Published December 2024)
Dynamic Risk Management	
UKEB Project Status: Monitoring **IASB Next Milestone:** Exposure Draft Q2 2025	

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List of IASB projects	
Equity Method	
UKEB Project Status: Influencing **IASB Next Milestone:** Exposure Draft Feedback April 2025	UKEB project page UKEB Project Initiation Plan (Published October 2024) UKEB Draft Comment Letter (Published October 2024) UKEB Final Comment Letter (Published December 2024) UKEB Feedback Statement (Published December 2024) UKEB Due Process Compliance Statement (Published January 2025)
Financial Instruments with Characteristics of Equity	
UKEB Project Status: Monitoring **IASB Next Milestone:** Final Amendments 2026	UKEB project page UKEB Project Initiation Plan (Published October 2023) UKEB Draft Comment Letter (Published February 2024) UKEB Final Comment Letter (Published April 2024) UKEB Feedback Statement (Published April 2024) UKEB Due Process Compliance Statement (Published April 2024)

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List of IASB projects	
Intangible Assets	
UKEB Project Status: Monitoring **IASB Next Milestone:** Review Research February 2025	UKEB project page Accounting for Intangibles a Survey of Users' Views' (Published May 2024) Accounting for Intangibles a Quantitative Analysis of UK Financial Reports (Published May 2024) UKEB Project Initiation Plan Updated (Published June 2023) Accounting for Intangibles UK Stakeholders' Views' (Published 2023)
Post-implementation Review of IFRS 16—Leases	
UKEB Project Status: Monitoring **IASB Next Milestone:** Request for Information Q2 2025	
Provisions—Targeted Improvements	
UKEB Project Status: Influencing **IASB Next Milestone:** Exposure Draft Feedback Q2 2025 Submit letter by: 12/03/25	UKEB project page UKEB Project Initiation Plan (Published October 2024) UKEB Draft Comment Letter (Published December 2024)

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List of IASB projects	
Rate-regulated Activities	
UKEB Project Status: Monitoring **IASB Next Milestone:** IFRS Accounting Standard H2 2025	UKEB project page (Pre-endorsement) UKEB Preliminary Economic Assessment (Published April 2024) UKEB letter to the IASB (Published July 2024) UKEB Secretariat's top-down approach (Published July 2024) UKEB project page (Influencing) UKEB Draft Comment Letter (Published July 2021) UKEB Final Comment Letter (Published August 2021) UKEB Feedback Statement (Published April 2022)
Statement of Cash Flows and Related Matters	
UKEB Project Status: Monitoring **IASB Next Milestone:** Review Research March 2025	
Translation to a Hyperinflationary Presentation Currency (IAS 21)	
UKEB Project Status: Monitoring [UKEB Deferred Project] **IASB Next Milestone:** Exposure Draft Feedback April 2025	

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List of IASB projects	
Updating IFRS 19 Subsidiaries without Public Accountability: Disclosures	
UKEB Project Status: Influencing **IASB Next Milestone:** Final Amendment H2 2025	UKEB project page UKEB Project Initiation Plan (Published July 2024) UKEB Draft Comment Letter (September 2024) UKEB Final Comment Letter (Published November 2024) UKEB Feedback Statement (Published November 2024) UKEB Due Process Compliance Statement (Published December 2024)