UK Endorsement Board

IASB General Update

Executive Summary

Project Type	Monitoring
Project Scope	Various

Purpose of the paper

This paper provides the Board with an update on projects the Secretariat is currently monitoring, including the work of the IFRS Interpretations Committee.

As agreed with the Board, the Secretariat monitors projects being undertaken by the IASB and IFRS Interpretations Committee. This is undertaken to inform the Board about the progress and decisions being made by the IASB on active projects. Discussion by the Board may also help inform interactions with international standard setter meetings, including the IASB's Accounting Standards Advisory Forum (ASAF).

Summary of the Issue

Topics addressed in this paper include topics discussed by the IASB at its June 2024 meeting.

Topics for discussion

- Provisions – Targeted Improvements

Topics for noting

- IASB Work Plan
- Climate-related Matters
- Equity Method
- Post-implementation Review of IFRS 16 *Leases*

IFRIC Update

Questions for the Board

Topics for discussion

- Do Board members have questions or comments on the tentative decisions the IASB has made on the *Provisions – Targeted Improvements* project?

Topics for noting

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

IFRIC Update
• Do Board members agree that the UKEB will NOT undertake further work on either of the matters received but not yet presented to the Interpretations Committee at this time [Recognition of revenue from tuition fees and Accounting for corporate guarantee contracts issued by the investor entity in relation to obligations of its joint venture in its separate financial statements]?
Recommendation
N/A
Appendices
Appendix A: Provisions – Targeted Improvements Appendix B: IASB Work Plan Appendix C: Climate-related Matters Appendix D: Equity Method Appendix E: Post-implementation Review of IFRS 16 *Leases* Appendix F: Interpretations Committee Update Appendix G: List of IASB projects

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Appendix A: Provisions – Targeted Improvements

UKEB Project Status: Monitoring **IASB Next Milestone**: Exposure Draft (Q4 2024)	

Background

A1. The IASB is assessing potential amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. A summary of the IASB's previous tentative decisions was presented to the Board in June 2024[1].

A2. In June 2024, the IASB finalised the technical discussions on this project and made the tentative decisions presented in the paragraphs below.

Scope of IAS 37

Current requirements

A3. IAS 37 applies to provisions, which it defines in paragraph 10 as liabilities 'of uncertain timing or amount'.

A4. IFRIC 21 *Levies* addresses the accounting for a liability to pay a levy if that liability is within the scope of IAS 37. It also addresses the accounting for a liability to pay a levy whose timing and amount is *certain*.

What is the issue?

A5. At its April 2024 meeting the IASB tentatively decided to propose withdrawing IFRIC 21, replacing it with examples in IAS 37 illustrating how the amended requirements would apply to levies.

A6. A question therefore arises as to whether the proposed amendments should include a proposal to widen the scope of IAS 37 to include not only provisions (liabilities of uncertain timing or amount) but also levies whose timing and amount is certain.

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1 Refer to UKEB June 2024 Agenda Paper 6 IASB General Update, Appendix A.

IASB tentative decision

A7. In June 2024 the IASB tentatively decided to retain the current scope of IAS 37, instead of widening it to include levies whose timing and amount are certain.

A8. The IASB staff paper noted that with many types of obligations within the scope of IAS 37, the entity's liability can become certain in both timing and amount before the entity settles the liability. The paper noted that there is no explicit statement in IAS 37 that these obligations are within the scope of IAS 37, and nothing in IAS 37 that says once the uncertainty has been resolved, the liability is no longer in the scope of IAS 37. In their view, there is no need to widen the scope of IAS 37. In addition, widening the scope of the Standard could create a risk of unintended consequences.

Disclosure requirements in IFRS 19

Current requirements

A9. IFRS 19, as published in May 2024, includes all existing disclosure requirements in IAS 37.

Why a consequential amendment to IFRS 19 is needed?

A10. As decided by the IASB, on an ongoing basis each exposure draft of a new or amended IFRS Accounting Standard will, if relevant, propose amendments to IFRS 19 so that the disclosure requirements in that Standard remain up to date.

A11. In April 2024 the IASB tentatively decided to add to IAS 37 a requirement to disclose the discount rates used in measuring provisions and the approach used to determine those rates.

IASB tentative decision

A12. In June 2024 the IASB tentatively decided to add to IFRS 19 *Subsidiaries without Public Accountability: Disclosures* a requirement for an entity to disclose the discount rate(s) used in measuring a provision, but not to add to IFRS 19 a requirement for an entity to disclose the approach used to determine the rate(s).

A13. The IASB staff paper noted that although it could be argued that information about the approach used to determine the discount rate is equally relevant for entities in the scope of IFRS 19, they noted that except in relation to IFRS 17 *Insurance Contracts*, none of the other requirements in IFRS 19 requires disclosure of the approach used to determine the discount rate.

Consequential amendment to IFRS 3

Current requirements

A14. The IASB staff paper notes that there are two 'recognition principles' underpinning the requirements in IFRS 3 for recognising assets and liabilities acquired in a business combination:

a) Initial recognition at the acquisition date – the acquirer recognises the identifiable assets it has acquired and the liabilities it has assumed, recognising items that meet the definitions of an asset or a liability in the *Conceptual Framework for Financial Reporting* (the *Conceptual Framework*) (IFRS 3 paragraphs 10-11).

b) Subsequent recognition – the acquirer accounts for the assets acquired and liabilities assumed in accordance with the applicable IFRS Accounting Standard for those items, according to their nature (IFRS 3 paragraph 54).

A15. Until 2020, IFRS 3 referred to an old version of the *Conceptual Framework*. In 2020, the IASB updated the reference so that IFRS 3 now refers to the 2018 *Conceptual Framework*.

A16. The recognition requirements in IAS 37 and in IFRIC 21 are not consistent with those of the 2018 *Conceptual Framework*[2]. Consequently, updating the IFRS 3 reference to the Conceptual Framework could have required acquirers to recognise, on the acquisition of a business, liabilities that they would be required to derecognise subsequently (resulting in 'day 2' gains).

A17. To avoid this outcome, the IASB made a second amendment to IFRS 3, adding an exception[3] to the initial recognition principle. The exception applies to liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination. It specifies that an entity applies IAS 37 or IFRIC 21 (not the 2018 *Conceptual Framework*) to determine whether to recognise a liability for those items at the acquisition date.

What is the issue?

A18. The amendments to IAS 37 proposed as part of the *Provisions – Targeted Improvements* project would make the exception in IFRS 3 redundant.

2 The June 2024 IASB staff Agenda Paper 22A states that some items that satisfy the present obligation recognition criterion as it is described in the 2018 *Conceptual Framework* do not meet that criterion as described in IAS 37.

3 The exception is set out in paragraphs 21A-21C in IFRS 3. The IASB viewed the exception as a temporary fix.

IASB tentative decision

A19. In June 2024 the IASB tentatively decided to delete paragraphs 21A-21C from IFRS 3, thereby removing the exception to the recognition principle in IFRS 3 (that would become redundant as a result of the proposed amendments to IAS 37).

Other more minor consequential amendments

A20. Several other IFRS Accounting Standards refer to IAS 37, with their references including terminology from IAS 37. Some of that terminology will change as a result of the amendments proposed as part of this project. Consequential amendments to the other Standards would be needed to ensure consistency.

A21. The exposure draft of the proposed amendments to IAS 37 could include a proposal to make those minor consequential amendments. The exposure draft could include a list of the Standards and paragraphs the IASB have identified for amendment, without necessarily drafting all the consequential amendments[4].

A22. The IASB staff intend to prepare a list of potential minor consequential amendments and ask the IASB to approve proposals for those amendments as part of the balloting process for the exposure draft.

Threshold-based variable lease payments

Current requirements

A23. IFRS 16 *Leases* has specific requirements for 'variable lease payments'. Paragraph 38 in IFRS 16 states that variable lease payments that are not based on an index or a rate (such as payments based on specified revenue or the output of a wind farm) are not part of the lease liability, but are recognised in the income statement in the period in which the event or condition that triggers those payments occurs.

What is the issue?

A24. This item was not presented as part of the IASB staff papers, but it was brought to the IASB's attention by one IASB member at the June 2024 meeting.

A25. That IASB member noted that some entities apply IFRIC 21 by analogy to threshold-triggered variable lease payments. The IASB tentative decision to withdraw IFRIC 21 could create a challenge for those entities.

4 As explained in paragraph 6.2(b) of the IFRS Foundation Due Process Handbook, 'the consequential amendments need not be set out in as much detail [in an exposure draft] as they would be in a final IFRS Standard, particularly where such amendments are changes to cross-references or terminology and other matters that are more editorial'.

IASB discussion

A26. During the meeting there were mixed views amongst IASB members as to whether this issue should be addressed within the *Provisions – Targeted Improvements* project or as part of the Post-implementation Review of IFRS 16.

A27. The IASB was not asked formal questions (and therefore no tentative decisions were made). However, during the meeting Board members agreed that this issue would be brought to stakeholders' attention, either by adding a direct question in the exposure draft for this project or by adding information in the basis for conclusions to trigger stakeholder feedback.

Transition requirements

General requirements for applying changes in accounting policies

A28. Paragraph 19 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* requires an entity to account for a change in an accounting policy resulting from the initial application of an IFRS Accounting Standard:

a) in accordance with the specific transition requirements set out in that Standard, if any; or

b) retrospectively (as if the policy had always been applied) if there are no specific transition requirements in the Standard.

A29. The IAS 8 requirement for retrospective application is subject to limitations. An entity is required to apply a change in accounting policy retrospectively only as far back as it is practicable.

IASB tentative decisions

A30. In June 2024 the IASB tentatively decided to propose in the exposure draft that an entity applies the proposed amendments *retrospectively* in accordance with IAS 8, with two exceptions.

A31. The first exception would apply to the proposed amendment to the discount rate requirements affecting provisions for asset decommissioning, restoration or similar costs that are added to the cost of the related asset. The exception would permit an entity to apply a simplified retrospective approach, whereby in the year of transition the entity would[5]:

a) apply the amended requirements in IAS 37 to restate the provision at the start of the first period for which it provides comparative information; and

[5] An illustrative example of the proposed transition requirements was presented in the Appendix to the June 2024 IASB staff Agenda Paper 22B. At its June 2024 meeting the IASB was not asked to comment on the example.

b) apportion the amount by which it adjusts the provision at that date between the related asset and retained earnings:

i. assuming the current discount rate(s) and estimates of cash flows used in measuring the provision have not changed since the provision was first recognised; and

ii. using current estimates of the useful life of the related asset.

A32. The rationale for permitting the simplified retrospective approach described above is that where the cost of fulfilling an asset decommissioning or environmental rehabilitation obligation is added to the cost of the related asset, applying a change in the discount rate fully retrospectively could be difficult and potentially impracticable. It would require the entity to gather or reconstruct information generated from the time of initial recognition of the provision[6], which could be decades in the past if the provision relates to long-lived assets. Even where practicable, the costs of full retrospective application might exceed the benefits.

A33. During the meeting it was noted that a similar exception is currently provided for first-time adopters in IFRS 1 *First-time Adoption of International Financial Reporting Standards*, paragraph D21.

A34. The second exception would apply to the proposed amendment specifying the costs an entity would include in measuring a provision. The exception would require an entity to apply the proposed amendment:

a) Only to obligations that exist on, or arise after, the beginning of the annual reporting period in which the entity first applies that amendment.

b) Without restating comparative information. Instead, the entity would recognise the cumulative effect of applying the amendment as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

A35. Arguments presented in the IASB staff paper[7] in support of the second exception included:

a) It may be difficult and costly for an entity to obtain the information needed to restate comparative amounts, and the information provided by doing so was unlikely to be sufficiently useful to justify the costs that the entity might incur.

6 An entity would be required to construct a historical record of all the adjustments that would have been made to the related asset *at each* reporting date, between initial recognition of the provision and the date of transition, applying the *new-basis* discount rate current *at each* reporting date to the estimates of the cash outflows current at *that* date.

7 June 2024 IASB staff Agenda Paper 22B.

b) Items in scope are often non-recurring in nature, meaning retrospective application would not generally provide users of financial statements with useful trend information.

c) The proposed transition requirement is similar to the modified retrospective approach prescribed for the 2020 amendment to IAS 37 specifying costs an entity includes in assessing whether a contract is onerous (that is, whether a provision should be recognised).

First time IFRS reporters

A36. The IASB tentatively decided to propose in the exposure draft to make no amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* as a result of the amendments proposed in this project.

Effects analysis and review of due process

A37. In June 2024 the IASB set a 120-day comment period for the exposure draft.

A38. All IASB members confirmed they were satisfied the IASB has complied with the applicable due process requirements and has undertaken sufficient consultation and analysis to begin the process for balloting the exposure draft.

A39. No IASB member indicated an intention to dissent from the proposals in the exposure draft.

Next steps

A40. The IASB will begin the process for balloting the exposure draft. The UKEB Secretariat plans to discuss with the UKEB Financial Instruments Working Group the amendments proposed to replace IFRIC 21, with a focus on the possible implications for the accounting of the UK bank levy.

Question for the Board
1. Do Board members have questions or comments on the tentative decisions the IASB has made on the *Provisions – Targeted Improvements* project?

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Appendix B: IASB Work Plan

June 2024 IASB Work Plan

B1. At its June 2024 meeting the IASB was provided with an update on its Work Plan[1]. The purpose of the update was to support any decisions about projects required by other individual project papers and to support an assessment of overall progress. The IASB was not asked to make any decisions.

UKEB work on current IASB Work Plan

B2. At the time of writing, and counting the Annual Improvements projects as one project, the IASB Work Plan[2] includes 14 IFRS Accounting projects that are within the UKEB's core remit.[3]

B3. The UKEB Secretariat has active projects covering all IFRS Accounting projects in the IASB's current work plan with the exception of:

a) Dynamic Risk Management (standard-setting project) – exposure draft expected in H1 2025.

b) Post-implementation Review of IFRS 16 *Leases* (research project) – request for information expected in H1 2025.

c) Use of a Hyperinflationary Presentation Currency by a Non-hyperinflationary Entity (IAS 21) (maintenance project) – exposure draft expected July 2024.

B4. Regarding a), as set out in the UKEB 2024-2025 Regulatory Strategy, UKEB work on this project is planned to commence in 2025, as resource becomes available.

B5. Regarding b), this IASB project was added to the IASB Work Plan in June 2024 and is at an early stage. The UKEB 2024-2025 Regulatory Strategy indicates that the Secretariat will commence an influencing project, with a moderate scope, during the remainder of 2024-2025. This project is on the draft ASAF agenda for September 2024.

B6. Regarding c), no work is currently being carried out by the Secretariat. As set out in the UKEB 2024-2025 Regulatory Strategy, this project will be addressed subject to resource availability.

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1 Refer to IASB June 2024 staff paper AP8 Work Plan update.
2 IASB - IFRS Foundation work plan.
3 That is, excluding IFRS Interpretations Committee projects and those projects relating to the IFRS Taxonomy, Management Commentary and to the IFRS for SMEs.

B7. The IASB completed its Post-implementation Review of IFRS 9 – Impairment in early July 2024[4] and expects to complete its Post-implementation Review of IFRS 15 *Revenue from Contracts with Customers* in Q3 2024. The Secretariat plans to bring updates on the outcome of these projects to the Board in Q3 2024.

B8. The UKEB 2024-2025 Regulatory Strategy presented the IASB research project on Intangible Assets as a 'project to be deferred' - be addressed subject to resource availability. The IASB has recently added this research project to its Work Plan and it is now one of the Secretariat active projects, which will use the available resource subsequent to the finalisation of the UKEB's intangibles research.

IASB pipeline projects

B9. The IASB has already committed to carrying out several pipeline projects and the June 2024 Work Plan update[5] provided an indication of timing for these projects. Based on the IASB staff paper, the following are expected to commence in Q3 2024:

a) Statement of cash flows and related matters.

b) Amortised cost measurement.

B10. The UKEB 2024-2025 Regulatory Strategy indicates that monitoring projects on each of these projects will be commenced once they are added to the IASB Work Plan, subject to resource availability.

B11. In addition, the IASB is gathering information about accounting matters involving pollutant pricing mechanisms (PPMs) and their prevalence, including through ASAF. The IASB staff plan further outreach in the coming months. The UKEB has encouraged the IASB to add a project on PPMs to its Work Plan.

[4] And therefore it is no longer included in the IASB - IFRS Foundation work plan.
[5] Refer to IASB June 2024 staff paper AP8 Work Plan update, paragraphs 19-22.

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Appendix C: Climate-related matters

Pollutant Pricing Mechanisms (PPMs)

UKEB Project Status: Monitoring **IASB Next Milestone**: Accounting Standards Advisory Forum July 2024 discussion	

Pollutant Pricing Mechanisms

C1. The IASB met on 20 June 2024 to discuss information gathered to help it decide whether to prioritise a project on PPMs. The IASB was not asked to make any decisions. At the UKEB's June 2024 meeting the Secretariat provided a verbal update on the IASB discussion. Key points are summarised below.

IASB June meeting – PPM discussion

C2. IASB board members' overarching comments were that enough information had now been gathered and that the discussion should focus on which project to mobilise from the IASB reserve project list, its scope and resource availability.

C3. The IASB considered the following points in relation to a potential PPM project:

a) The relationship with the Intangibles and Provisions projects and whether PPMs could be included in the scope of those projects.

b) That PPMs were a component of connected information between the sustainability disclosures and the financial statements.

c) That a PPM project could potentially be considered as part of the next Agenda Consultation, which was anticipated to start at end of 2025.

d) The possibility of delaying a decision and gauging the reaction to FASB's carbon credit consultation.

Next steps

C4. The IASB will discuss the potential project with members of ASAF[1] at ASAF's July 2024 meeting.

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[1] Accounting Standards Advisory Forum meeting - Pollutant Pricing Mechanisms (Horizon scanning activities)

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Appendix D: Equity Method

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

Background and purpose of this update

D1. At its March 2024 meeting, the IASB agreed the staff should begin the process for balloting the Exposure Draft *Equity Method of Accounting* IAS 28 *Investments in Associates and Joint Ventures* (Revised) (the ED)[1].

D2. The IASB staff have prepared the pre-ballot draft of the ED and submitted it for review. When analysing the comments from the review five sweep issues were identified and at its June 2024 meeting the IASB discussed these issues.

Tentative decisions on sweep issues

D3. The table below summarises the five sweep issues identified and the IASB's tentative decisions:

Summary of the sweep issues	IASB tentative decisions
1. Recognition of comprehensive income when resuming recognition of profits	
The IASB tentatively decided that if an investor's share of an associate's comprehensive income is a loss that is larger than the carrying amount of its investment in the associate, an investor would recognise, in order, its share of the associate's profit or loss, and its share of the associate's other comprehensive income[2]. A question has been raised on whether the IASB should clarify the order when an investor that	Not to add this further application question to the scope of the project.

[1] See paragraphs E23-E26 Agenda Paper 7: Appendix E of the April 2024 UKEB meeting.
[2] See paragraphs 81-90 Agenda Paper 5 of the January 2023 UKEB meeting.

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has reduced the carrying amount of its investment to nil resumes recognising its share of the associate's profits, that is, once its share of profits exceeds its share of losses not recognised.	
2. Separate financial statements–losing control of a subsidiary accounted for using the equity method and retaining an interest in associate	
The IASB tentatively decided to propose that if a parent entity applies the equity method to its investments in subsidiaries in its separate financial statements, the parent does not remeasure the carrying amount of the previously held interest. A question has been raised as to whether the IASB's tentative decision applies if a parent loses control of a subsidiary and retains an interest that is an associate.	To propose that if a parent entity applies the equity method to its investment in a subsidiary in its separate financial statements, then loses control of that subsidiary and the former subsidiary becomes an associate, and the parent entity continues to apply the equity method, the parent entity would apply paragraph 24 of IAS 28, i.e. does not remeasure the carrying amount of the previously held interest.
3. Profit or loss presentation–gain or loss from a disposal and changes in the fair value of contingent consideration classified as a financial liability	
Paragraph 32 of IAS 28 requires an investor to include a bargain purchase gain as income in the determination of the entity's share of an associate's profit or loss in the period in which the investment is acquired. A question has been raised as to whether the IASB intends to specify the line item for each item of income and expense that arises when applying the equity method, for example: (a) gains or losses on the disposal or dilution of an ownership interest; and (b) changes in the fair value of contingent consideration.	To delete from paragraph 32 of IAS 28 'included as income in the determination of the entity's share of the associate or joint venture's profit or loss'—thereby not specifying the line item in the statement of profit or loss in which an investor includes income and expenses that arise when applying the equity method.
4. Disclosure–contingent consideration on purchase of an additional interest	
At its September 2023 meeting, the IASB tentatively decided on the disclosures an	To propose that an investor or joint venturer would provide the same

investor should provide when an investor has entered into a contingent consideration arrangement.[3] In drafting the pre-ballot draft the IASB staff noted the IASB's tentative decision on these proposed disclosure requirements did not extend to contingent consideration for the purchase of an additional interest in an associate or joint venture.	disclosures about contingent consideration for purchasing an additional interest in an associate or joint venture as provided on obtaining significant influence or joint control.
5. Transition–contingent consideration classified as equity instruments	
One of the reviewers on the pre-ballot draft raised an issue with regard to the IASB's tentative decision[4] on the application question: *How to, initially and subsequently, recognise and measure contingent consideration on acquisition of an investment in an associate?* In relation to transition provisions, the IASB tentatively decided that an investor would recognise and measure contingent consideration at fair value at the transition date. The investor would recognise any corresponding adjustment to the carrying amount of its investments in associates[5]. If an investor has recognised and classified contingent consideration as an equity instrument and the investor measured that equity instrument at fair value at the date significant influence was obtained, applying the proposed transition requirements would require the investor to remeasure the amount recognised as equity to fair value at the transition date. This is not the correct outcome because an entity should not be required to remeasure amounts in equity.	To propose that, if an investor or joint venturer has recognised contingent consideration as an equity instrument and measured that equity instrument at fair value at the date the investor obtained significant influence or the joint venturer obtained joint control, the investor would not remeasure that contingent consideration. This requirement would also apply if an investor or joint venturer has purchased an additional interest.

[3] See paragraph D6(b) Agenda Paper 7: Appendix D of the October 2024 UKEB meeting.
[4] See paragraphs C19-C26 Agenda Paper 5: Appendix C of the September 2023 UKEB meeting.
[5] See paragraph G14 Agenda Paper 6: Appendix G of the December 2023 UKEB meeting.

Next steps

D4. The IASB is expected to publish the ED in September 2024. We plan to present a Project Initiation Plan to the Board in due course.

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Appendix E: Post–implementation Review of IFRS 16 *Leases*

UKEB Project Status: Active Monitoring **IASB Next Milestone:** Request for Information	

Background

E1. The IASB has commenced its Post–implementation Review of IFRS 16 *Leases* (PIR). At its June 2024 meeting the IASB discussed the objective of the project, activities to be conducted in phase one and the timelines for the PIR.

E2. The board was not asked to make any decisions at this meeting.

Purpose of this update

E3. This update provides the board with a brief outline of the expected activities and timeline of phase one of the PIR.

Post–implementation Review

E4. The PIR process consists of two phases:

a) Phase one–Identification of matters to be examined, drawing on discussions with the Interpretations Committee, IASB advisory groups and other interested parties. The IASB then conducts public consultation on the matters identified during this phase.

b) Phase two–the IASB considers the comments from public consultation in phase one together with other information gathered from additional analysis and other consultative activities.

E5. This update focuses only on the IASB's plans for phase one of the PIR.

Phase one activities

E6. The objective of this phase is to gather sufficient information to enable the IASB to identify the areas of IFRS 16 on which it should seek further information in phase two of the PIR.

E7. In phase one of the PIR the IASB staff will consult with a variety of stakeholders including auditors, users, preparers, national standard setters, regulators and users of financial statements. This will be achieved through the IASB's advisory groups and through inputs from other smaller groups such as auditors, industry groups and other users who have an interest in IFRS 16.

Timelines

E8. The timeline for phase one of the PIR is based on the IASB's due process and its previous experience of conducting PIRs and is expected to take around 24 months to complete.

E9. A summary of the proposed timeline is as follows:

Activity	Timeline
Phase one outreach and feedback to the IASB	June 2024 to Q1 2025
Publication of the request for information.	H1 2025

E10. The comment period for the request for information is anticipated to be 120 days, subject to future IASB decisions.

Next steps

E11. The UKEB Secretariat will continue to monitor the IASB discussions and will update the Board on further developments and any tentative decisions at future meetings.

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Appendix F: Interpretations Committee Update

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

Background

F1. 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.

F2. The Secretariat reported on the 11 June 2024 Interpretations Committee meeting in the June IASB Update (Appendix H).

F3. In July the Interpretations Committee received a new question "Recognition of revenue from tuition fees (IFRS 15)". This is summarised below.

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MATTERS RECEIVED BUT NOT YET PRESENTED TO THE INTERPRETATIONS COMMITTEE	
Topic	Recognition of revenue from tuition fees
Standard	IFRS 15 *Revenue from Contracts with Customers*
Question[1]	In the circumstance described a general education service is provided over approximately 10 months followed by a summer vacation of approximately 2 months. Neither teaching services nor any other activities relating to the education service are required from the academic staff during the summer vacation. There was a split in opinion between the constituents; some were of the opinion that general education revenue should be recognised over an academic year that starts and ends on dates determined by the school calendar (approximately 10 months) and some others viewed that it should be recognized on a straight-line basis over the financial year, including the summer vacation after the related academic year (12 months).
Comment	This issue (or any similar) issue was not raised in our recent discussions with stakeholders related to the post-implementation review of IFRS 15. The Secretariat's preliminary assessment is that the matter is unlikely to impact a significant number of UK companies and therefore it is recommended that the UKEB monitors the issue but undertakes no further work at this time.

Topic	Accounting for corporate guarantee contracts issued by the investor entity in relation to obligations of its joint venture in its separate financial statements
Standard	IFRS 9 *Financial Instruments*
Question[2]	There are diverse views on whether a corporate guarantee contract issued by an investor entity in relation to obligations of its joint venture entity should be accounted for as a financial guarantee contract or not in the separate financial statements of the investor entity. The submission is seeking clarification from the IFRS Interpretations Committee on the issue detailed in 3 cases.

1 This provides a summary of the question only, please refer to the IFRS Website for the full details.
2 This provides a summary of the question only, please refer to the IFRS Website for the full details.

Comment	The Secretariat has discussed this question with the FRC, the Accounting Firms and Institutes Advisory Group (AFIAG), and the Financial Instruments Working Group (FIWG). The FRC's Corporate Reporting Review team were only able to identify seven potentially relevant examples related to guarantees over a 15-year period. Most gave rise to appendix points on matters of disclosure. They did not indicate this was a significant issue in the UK. The consensus in AFIAG was that, while the question highlighted some broader uncertainty around the boundaries of the relevant standards (IFRS 9, IAS 37, IFRS 17), the particular fact patterns were not a significant issue in the UK. While such arrangements may exist, there have not been concerns about accounting outcomes or diversity in practice. At the time of writing the FIWG has not met. If discussion at FIWG identifies significant new information a verbal update will be provided to the UKEB. Unless significant concerns are noted at FIWG the Secretariat's preliminary assessment is that the matter is unlikely to impact a significant number of UK companies and therefore it is recommended that the UKEB monitors the issue but undertakes no further work at this time.

Question for the Board	
1.	Do Board members agree that the UKEB will NOT undertake further work on either of the matters received but not yet presented to the Interpretations Committee at this time?

TENTATIVE AGENDA DECISIONS OPEN FOR COMMENT	
Topic	**Classification of Cash Flows related to Variation Margin Calls on 'Collateralised-to-Market' Contracts**
Standard	IAS 7
Deadline	19 August 2024
Question[3]	The Committee received a request about how an entity presents, in the statement of cash flows, cash payments and receipts related to variation margin calls on contracts to purchase or sell commodities at a predetermined price in the future.
Tentative conclusion[4]	Evidence gathered by the Committee did not indicate that the matter described in the request is widespread. 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	The UKEB considered this matter in February and June 2024 and concluded that it did not appear to affect a significant number of UK companies. It concluded it would not respond to this matter.

AGENDA DECISIONS WAITING FOR IASB RATIFICATION	
Topic	**Disclosure of revenues and expenses for reportable segments—Application of IFRS 8**
Standard	IFRS 8
Question[5]	Three questions are asked regarding the current application of IFRS 8 paragraph 23: 1. is an entity required to disclose the specified amounts in paragraph 23(a)–(i) of IFRS 8 for each reportable segment if those amounts are not reviewed separately by the chief operating decision maker (CODM)?

3 This provides a summary of the question only, please refer to the IFRS Website for the full details.
4 This provides a summary of the IASB staff recommended conclusion only, which could be subject to further amendment, please refer to the IFRS Website for the full details.
5 This provides a summary of the question only, please refer to the IFRS Website for the full details.

	2. is an entity required to disclose the specified amounts in paragraph 23(f) of IFRS 8 for each reportable segment if the entity presents or discloses those specified amounts applying a requirement in IFRS Accounting Standards other than paragraph 97 of IAS 1 Presentation of Financial Statements? 3. How does an entity determine 'material items' in paragraph 23(f) of IFRS 8? In particular: a. are 'material items' only those that are material on a qualitative basis? b. do 'material items' include amounts that are an aggregation of individually quantitatively immaterial items? c. is the materiality assessment performed at an income statement level (from an overall reporting entity perspective) or at a segment level?
Final conclusion[6]	The Committee concluded that an entity is required to disclose the specified amounts in paragraph 23 of IFRS 8 not only when those specified amounts are separately reviewed by the CODM. The Committee observed that, in applying paragraph 23(f) of IFRS 8, an entity: a) applies paragraph 7 of IAS 1 and assesses whether an item of income and expense is material in the context of its financial statements taken as a whole; b) applies the requirements in paragraphs 30–31 of IAS 1 in considering how to aggregate information in the financial statements; c) considers the nature or magnitude of information, in other words, qualitative or quantitative factors, or both, in assessing whether an item of income and expense is material; and d) considers circumstances including, but not limited to, those in paragraph 98 of IAS 1 The Committee observed that paragraph 23(f) of IFRS 8 does not require an entity to disaggregate by reportable segment each item of income and expense presented in its statement of profit or loss.

6 This provides a summary of the IASB staff recommended conclusion only, which could be subject to further amendment, please refer to the IFRS Website for the full details.

	The Committee concluded that the principles and requirements in IFRS Accounting Standards provide an adequate basis for an entity to apply the disclosure requirements in paragraph 23 of IFRS 8.
Comment	The UKEB considered this matter in September and December 2023. The Board concluded that it did not appear to affect a significant number of UK companies nor did they disagree with the analysis. It concluded it would not respond to this matter. There have been minor changes to the wording of the Agenda Decision from that presented to the IFRIC in March 2024. However, the substance of the Agenda Decision is consistent with that previously discussed.

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Appendix G: List of IASB projects

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

List of IASB projects	
Annual Improvements (Amendments to IFRS Accounting Standards: IAS 7, IFRS 1, IFRS 7, IFRS 9, IFRS 10)	
UKEB Project Status: Monitoring **IASB Next Milestone:** Final Amendments July 2024	UKEB project page UKEB Project Initiation Plan (Published October 2023) UKEB Draft Comment Letter (Published October 2023) UKEB Final Comment Letter (Published December 2023) UKEB Feedback Statement (Published December 2023) UKEB Due Process Compliance Statement **(**Published January 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	
Business Combinations—Disclosures, Goodwill and Impairment	
UKEB Project Status: Monitoring **IASB Next Milestone:** Exposure Draft Feedback Q4 2024 Submit letter by: 15/07/24	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) UKEB project page (Influencing) UKEB Project Initiation Plan (Published March 2024) UKEB Draft Comment Letter (Published May 2024)
Climate-related and Other Uncertainties in the Financial Statements	
UKEB Project Status: Monitoring **IASB Next Milestone:** Exposure Draft July 2024	
Dynamic Risk Management	
UKEB Project Status: Monitoring **IASB Next Milestone:** Exposure Draft H1 2025	

List of IASB projects	
Equity Method	
UKEB Project Status: Monitoring **IASB Next Milestone:** Exposure Draft September 2024	
Financial Instruments with Characteristics of Equity	
UKEB Project Status: Monitoring **IASB Next Milestone:** Decide Project Direction July 2024	**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 Q4 2024	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 15 Revenue from Contracts with Customers	
UKEB Project Status: Monitoring **IASB Next Milestone:** Feedback Statement September 2024	UKEB project page UKEB Project Initiation Plan (Published June 2023) UKEB Draft Comment Letter (Published July 2023) UKEB Final Comment Letter (Published October 2023) UKEB Feedback Statement (Published October 2023) UKEB Due Process Compliance Statement (Published November 2023)

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List of IASB projects	
Post-implementation Review of IFRS 16—Leases	
UKEB Project Status: Monitoring **IASB Next Milestone:** Request for Information H1 2025	
Power Purchase Agreements	
UKEB Project Status: Influencing **IASB Next Milestone:** Exposure Draft Feedback August 2024 Submit letter by: 07/08/2024	UKEB project page UKEB Project Initiation Plan (Published April 2024) UKEB Draft Comment Letter (Published June 2024)
Provisions—Targeted Improvements	
UKEB Project Status: Monitoring **IASB Next Milestone:** Exposure Draft Q4 2024	
Rate-regulated Activities	
UKEB Project Status: Monitoring **IASB Next Milestone:** IFRS Accounting Standard 2025	UKEB project page **(Pre-endorsement)** UKEB Preliminary Economic Assessment **(Published April 2024)**

List of IASB projects	
	Influencing project: UKEB project page UKEB Draft Comment Letter (Published July 2021) UKEB Final Comment Letter (Published August 2021) UKEB Feedback Statement (Published April 2022)
Updating the Subsidiaries without Public Accountability: Disclosures Standard	
UKEB Project Status: Monitoring **IASB Next Milestone:** Exposure Draft July 2024	UKEB project page UKEB Project Initiation Plan (Published July 2024)
Use of a Hyperinflationary Presentation Currency by a Non-hyperinflationary Entity (IAS 21)	
UKEB Project Status: Monitoring **IASB Next Milestone:** Exposure Draft July 2024	