30 January 2025
Agenda Paper 4

UKEB
UK Endorsement Board

Annual Improvements to IFRS Accounting Standards – Volume 11: Adoption Package

Executive Summary

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

Project Scope	Narrow-scope

Purpose of the paper

In July 2024, the International Accounting Standards Board (IASB) published *Annual Improvements to IFRS Accounting Standards – Volume 11* which contains amendments to IFRS 1, 7, 9, 10 and IAS 7 (the Amendments). The purpose of this paper is to request the Board's approval of the individual documents included as part of the 'adoption package' for the project to assess the Amendments for adoption.

The documents included in the adoption package are:

- the [draft] Endorsement Criteria Assessment (ECA);
- the [draft] Feedback Statement;
- the [draft] Due Process Compliance Statement;
- the [draft] Adoption Statements for the Amendments to IFRS 1, 7, 9, 10 and IAS 7; and
- the [draft] text of the UK-adopted international accounting standards (Amendments to IFRS 1, 7, 9, 10 and IAS 7).

Summary of the Issue

In October 2024, the UKEB published a DECA that tentatively concluded each amendment meets the adoption criteria set out in legislation. Five formal responses were received, all agreeing with the UKEB's assessment. Therefore, the Secretariat do not propose any substantive changes from the assessment included in the [draft] ECA.

Decisions for the Board

1. Subject to any changes suggested at this meeting, does the Board approve:

a. The ECA (Appendix A)?
b. The Feedback Statement (Appendix B)?
c. The [draft] Due Process Compliance Statement (Appendix C)?

2. Does the Board tentatively approve the adoption of the Amendments to IFRS 1, 7, 9, 10 and IAS 7 for use in the UK?

Recommendation

The Secretariat recommends that the Board:

1. approves the relevant documents in the adoption package; and
2. tentatively approves the adoption of the Amendments to IFRS 1, 7, 9, 10 and IAS 7.

Appendices

Appendix A	[Draft] Endorsement Criteria Assessment
Appendix B	[Draft] Feedback Statement
Appendix C	[Draft] Due Process Compliance Statement
Appendix D	[Draft] Adoption Statements for the Amendments to IFRS 1, 7, 9, 10 and IAS 7
Appendix E	Annex to the Adoption Statement: Text of the UK-adopted international accounting standards (Amendments to IFRS 1, 7, 9, 10 and IAS 7)

Annual Improvements to IFRS Accounting Standard – Volume 11
The IASB issues “annual improvements” to international accounting standards as part of its continuous effort to maintain and improve IFRS Accounting Standards and to support consistent application. They are limited to amendments that clarify the wording in specific IFRS Accounting Standards or correct relatively minor unintended consequences, oversights or conflicts between existing requirements. The Amendments included in this project are: • IFRS 1 *First-time Adoption of International Financial Reporting Standa*rds - Hedge accounting by a first-time adopter. The amendment replaces the word ‘conditions’ with ‘qualifying criteria’ and adds cross-references to paragraph 6.4.1 of IFRS 9 in paragraphs B5–B6 of IFRS 1. This is to ensure consistency with the wording in IFRS 9. • IFRS 7 *Financial Instruments: Disclosures* - Gain or loss on derecognition. The amendment replaces the reference to paragraph 27A of IFRS 7, a paragraph that no longer exists, with a reference to paragraphs 72–73 of IFRS 13; and replaces the phrase ‘inputs that were not based on observable market data’ with ‘unobservable inputs’. • IFRS 9 *Financial Instrument* - Lessee derecognition of lease liabilities. The amendment clarifies a lessee’s accounting for derecognition of a lease liability by adding a cross-reference to paragraph 3.3.3 of IFRS 9 in paragraph 2.1(b)(ii) of IFRS 9. • IFRS 9 *Financial Instrument* - Transaction price. The amendment deletes the reference to ‘transaction price’ and revises the wording around it in paragraph 5.1.3; and removes the reference to IFRS 15 in Appendix A. • IFRS 10 *Consolidated Financial Statement* - Determination of a ‘de facto’ agent. The amendment clarifies the requirements in paragraph B74 of IFRS 10. • IAS 7 *Statement of Cash Flows* - Cost method. The amendment replaces the term ‘cost method’, a term that is no longer defined in IFRS Accounting Standards, with ‘at cost’ in paragraph 37 of IAS 7.

UK Endorsement Board

Endorsement of the Amendments

UKEB endorsement project

1. At its October 2024 meeting, the UKEB approved a Project Initiation Plan for the endorsement project on the Amendments and the Draft Endorsement Criteria Assessment (DECA) for the Amendments for stakeholder consultation.

2. The DECA set out the UKEB's provisional assessment of whether the Amendments met the UK's statutory requirements for adoption. The DECA was published on 18 October 2024 and was open for comment until 17 January 2025.

Scope of the adoption assessment

3. The Amendments make changes to mandatory parts of IFRS 1, 7, 9, 10 and IAS 7 and to Application Guidance that is an integral part of the accounting standards. These changes to the mandatory parts of the Standard form part of the UKEB's adoption assessment.

4. The Amendments also include additions to the non-mandatory guidance, Illustrative Examples and Bases for Conclusions, that accompany IFRS 1, 7, 9, 10 and IAS 7 but do not form part of them. These have not been included as part of the UKEB's assessment as UK-adopted international accounting standards comprise only the mandatory[1] sections of standards. Nevertheless, a review of these amendments carried out prior to the issuance of the DECA did not identify any specific issues.

Stakeholder feedback and final adoption package

5. Five formal responses were received from stakeholders, four from accounting firms and one from an accounting and audit representative organisation. All have been uploaded on the UKEB website and can be accessed here.

6. All respondents agreed with the UKEB's assessment in the DECA and support the adoption of the Amendments with no further comment. Therefore, the Secretariat conclude that no substantive amendments are required. A track changes version of the ECA is presented as Appendix A to illustrate the editorial changes from DECA to ECA.

7. The Feedback Statement at Appendix B includes a summary of the stakeholder feedback and the UKEB response.

[1] Mandatory pronouncements are International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), Interpretations and mandatory application guidance. Non-mandatory guidance includes the basis for conclusions, dissenting opinions, implementation guidance and illustrative examples, together with the IFRS practice statements. This categorisation is set out in the introduction to the IASB yearly bound volumes.

8. A draft Due Process Compliance Statement (DPCS) is included as Appendix C. It sets out the process followed during this endorsement project and its compliance with the UKEB's due process. A final DPCS will be presented for noting at the February 2025 Board meeting.

9. The Secretariat has completed the work on the assessment of the Amendments. The Board is therefore asked whether it has any comments on the following documents:

   a) the final ECA (Appendix A)?

   b) the Feedback Statement (Appendix B)?

   c) the draft Due Process Compliance Statement (Appendix C)?

Decision for the Board
1. Subject to any changes suggested at this meeting, does the Board approve the documents identified in paragraph 9 above?

Project closure

10. In accordance with the UKEB's Due Process Handbook paragraph 6.30, the project closure process for endorsement projects comprises the following steps:

   a) preparation of an 'adoption package' for the Amendments; and

   b) formal voting on the adoption of the amended standard.

Adoption package

11. In accordance with paragraph 6.31 of the Due Process Handbook, the individual documents within the adoption package for the Amendments are:

   a) the final ECA (Appendix A);

   b) the Feedback Statement (Appendix B);

   c) the Due Process Compliance Statement (Appendix C);

   d) the Adoption Statements for the Amendments (Appendix D); and

   e) the Annex to the Adoption Statements: the text of the UK-adopted international accounting standards (Appendix E).

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Voting on the adoption of the Amendments

12. Decisions on the adoption of a standard or amendments are made at public Board meetings and follow the requirements of paragraphs 5.2–5.5 in Section 5 of the UKEB's Terms of Reference (ToR).

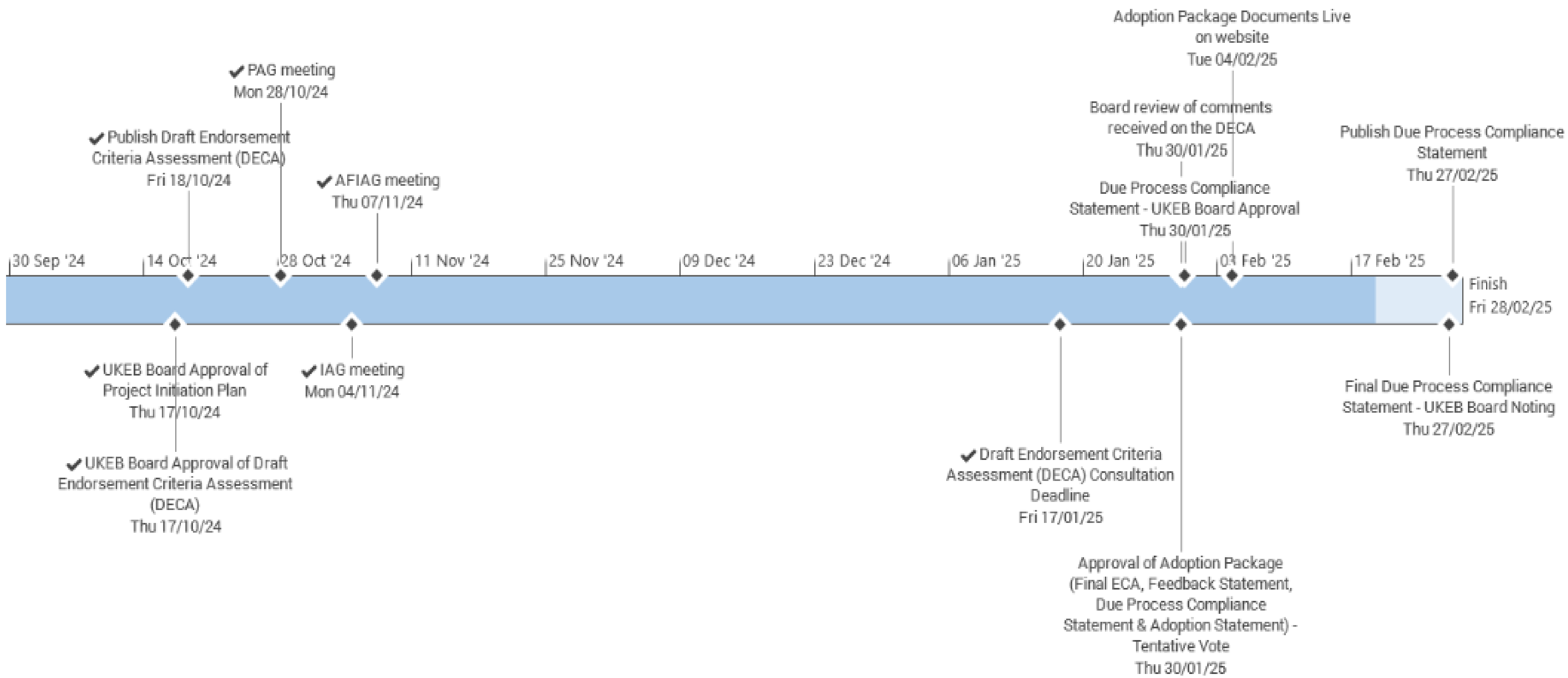
13. In line with the ToR and paragraph 6.42–6.44 of the Due Process Handbook, at this meeting, Board members are asked to provide a tentative vote on the adoption of the Amendments based on the information included in the adoption package.

14. The written forms for the formal vote will be sent to Board members after this meeting. The result of that formal vote, when completed, will be updated on the UKEB website in line with the Board's ToR.

Decision for the Board
1. Subject to any comments at this meeting, does the Board tentatively approve the adoption of the Amendments to IFRS 1, 7, 9, 10 and IAS 7 for use in the UK?

UK Endorsement Board

Endorsement and adoption timeline



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UK Endorsement Board

~~Draft~~ Endorsement Criteria Assessment

Annual Improvements to IFRS Accounting Standards – Volume 11

~~October 2024~~January 2025

Contents

Introduction

Purpose

1. The purpose of this ~~Draft~~ Endorsement Criteria Assessment (~~D~~ECA) is to determine whether *Annual Improvements to IFRS Accounting Standards–Volume 11* (the Amendments), issued by the International Accounting Standards Board (IASB) in July 2024, meet the UK's statutory requirements for adoption as set out in Regulation 7 of Statutory Instrument 2019/685[1] (SI 2019/685).

2. The Amendments have an effective date of 1 January 2026 with earlier application permitted.

3. The UKEB actively influenced the development of the Amendments. This included submitting a Final Comment Letter on 14 December 2023[2] in response to the IASB's Exposure Draft (ED) IASB/AI/ED/2023/1[3] *Annual Improvements to IFRS Accounting Standards–Volume 11.*

Background to the Amendments

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

5. The Amendments originate from questions submitted by external stakeholders to the IFRS Interpretations Committee[4]. The Amendments[5] to mandatory sections of UK-adopted international accounting standards[6] are listed below:

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1 See Regulation 7 of Statutory Instrument 2019/685 here.

2 UKEB Final Comment Letter – Annual Improvements to IFRS Accounting Standards–Volume 11

3 IASB/AI/ED/2023/1 Exposure Draft: Annual Improvements to IFRS Accounting Standards–Volume 11

4 The IFRS Interpretations Committee had initial consideration on the proposed amendments in November 2022 and March 2023 before the proposed amendments were considered by the IASB in February 2023 and May 2023. These were summarised in the UKEB board papers for meetings in March 2023 and June 2023.

5 In addition to the Amendments listed in paragraph 5, the IASB's published Amendments also include two amendments to the illustrative examples and implementation guidance to IFRS 7: *Disclosure of deferred difference between fair value and transaction price* and *Introduction and credit risk disclosures.* These are not included in the mandatory sections of UK-adopted international accounting standards and therefore do not form part of this endorsement and adoption.

6 UK adopted international accounting standards only include mandatory pronouncements which are IFRS Standards, IAS Standards, Interpretations and mandatory application guidance. Non-mandatory guidance includes basis for conclusions, dissenting opinions, implementation guidance and illustrative examples, together with the IFRS practice statements. This categorisation is set out in the Introduction to the IASB yearly Bound Volumes.

a) Hedge accounting by a first-time adopter (Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*)

b) Gain or loss on derecognition (Amendments to IFRS 7 *Financial Instruments: Disclosures*)

c) Transaction price (Amendments to IFRS 9 *Financial Instruments*)

d) Derecognition of lease liabilities (Amendments to IFRS 9)

e) Determination of a 'de facto agent' (Amendments to IFRS 10 *Consolidated Financial Statements*)

f) Cost method (Amendments to IAS 7 *Statement of Cash Flows*)

6. Section 2 and Annex A in this ~~D~~ECA provides a brief description of the Amendments.

Scope of the adoption assessment

7. The scope of the adoption assessment is limited to endorsement and adoption of six Annual Improvements that relate to mandatory sections of UK-adopted international accounting standards.

8. As UK-adopted international accounting standards comprise only the mandatory[7] sections of standards, two additional amendments to the Illustrative Examples, Implementation Guidance and Basis for Conclusions of the IFRS Accounting Standards[5] are not adopted by the Board and are not considered in this ~~D~~ECA.

Structure of the assessment

9. The UKEB's analysis is presented in the following sections:

a) **Section 1:** describes UK statutory requirements for adoption of new or amended international accounting standards; and

b) **Section 2:** discusses how the Amendments meet the criteria in Section 1.

[7] Mandatory pronouncements are IFRS Standards, IAS Standards, Interpretations and mandatory application guidance. Non-mandatory guidance includes basis for conclusions, dissenting opinions, implementation guidance and illustrative examples, together with the IFRS practice statements. This categorisation is set out in the introduction to the IASB yearly bound volumes.

Do the Amendments lead to a significant change in accounting practice?

10. A standard adopted by the UKEB under Regulation 6 of SI 2019/685 that it considers is likely to lead to a 'significant change in accounting practice', is subject to the requirements in paragraph 3 of Regulation 11 of SI 2019/685 that the UKEB:

> "(a) carry out a review of the impact of the adoption of the standard; and
>
> (b) publish a report setting out the conclusions of the review no later than 5 years after the date on which the standard takes effect (being the first day of the first financial year in respect of which it must be used)".

11. **Section 2** of the ~~D~~ECA discusses whether the Amendments lead to a significant change in accounting practice and~~, subject to any stakeholder feedback, [tentatively]~~ concludes that they do not.

Section 1: UK statutory requirements for adoption

UK statutory requirements

1.1 Paragraph 1 of Regulation 7 of SI 2019/685 requires that an international accounting standard only be adopted if:

> "(a) the standard[8] is not contrary to either of the following principles—
>
> (i) an undertaking's accounts must give a true and fair view of the undertaking's assets, liabilities, financial position and profit or loss;
>
> (ii) consolidated accounts must give a true and fair view of the assets, liabilities, financial position and profit or loss of the undertakings included in the accounts taken as a whole, so far as concerns members of the undertaking;
>
> (b) the use of the standard is likely to be conducive to the long term public good in the United Kingdom; and
>
> (c) the standard meets the criteria of understandability, relevance, reliability and comparability required of the financial information needed for making economic decisions and assessing the stewardship of management."

1.2 This ~~D~~ECA assesses the criteria above in the following order:

a) Whether the Amendments meet the criteria of relevance, reliability, understandability and comparability required of the financial information needed for making economic decisions and assessing the stewardship of management (Regulation 7(1)(c)).

b) Whether the Amendments are not contrary to the principle that an entity's accounts must give a true and fair view (Regulation 7(1)(a)).

c) Whether use of the Amendments is likely to be conducive to the long term public good in the UK (Regulation 7(1)(b)). Regulation 7(2) of SI 2019/685 includes specific areas to consider for this assessment. They are:

i. whether the Amendments are likely to improve the quality of financial reporting;

[8] The term "standard" includes standards (International Accounting Standards (IAS), International Financial Reporting Standards (IFRS)), amendments to those standards and related Interpretations (Standing Interpretations Committee / International Financial Reporting Interpretations Committee interpretations) issued or adopted by the IASB. This ~~D~~ECA relates to amendments to those standards.

ii. the costs[9] and benefits that are likely to result from the use of the Amendments; and

iii. whether the Amendments are likely to have an adverse effect on the economy of the UK, including on economic growth.

Relevance, Reliability, Understandability and Comparability[10]

1.3 Information is **relevant** if it is capable of making a difference in the decision-making of users[11] or in their assessment of the stewardship of management. The information may aid predictions of the future, confirm or change evaluations of the past, or both.

1.4 Financial information is **reliable** if, within the bounds of materiality, it:

a) can be depended on by users to represent faithfully what it either purports to represent or could reasonably be expected to represent;

b) is complete; and

c) is free from material error and bias.

1.5 Financial information should be readily **understandable** by users with a reasonable knowledge of business and economic activities and accounting, and a willingness to study the information with reasonable diligence.

1.6 Information is **comparable** if it enables users to identify and understand similarities in, and differences among, items. Information about an entity should be comparable with similar information about other entities and with similar information about the same entity for another period.

1.7 In conducting the overall assessment against the technical accounting criteria, the UKEB is required to adopt an absolute, rather than a relative, approach. This means that this assessment is an absolute one against the criteria (do the Amendments provide information that is understandable, relevant, reliable and comparable?) rather than a relative one (do the Amendments provide information that is more understandable, relevant, reliable and comparable than current, or any other, accounting?). When an assessment of any individual aspect or requirement of the Amendments uses comparative language (e.g. 'enhances comparability'), this does not mean that the objective is to reflect a real comparison in relative

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9 As part of the assessment, the UKEB considered whether preparers would face costs related to familiarisation, design of data collection processes, IT system changes, governance processes, external audit and other costs.

10 These descriptions are based on the qualitative characteristics of financial statements in the *Framework for the Preparation and Presentation of Financial Statements* adopted by the IASB in April 2001. These qualitative characteristics became part of the criteria for endorsement and adoption of IFRS in the EU's IAS Regulation (1606/2002), and, subsequently, in SI 2019/685.

11 In the *Framework for the Preparation and Presentation of Financial Statements* adopted by the IASB, the users of financial reports include present and potential investors, employees, lenders, suppliers and other trade creditors, customers, governments and their agencies and the public. While the UK has not adopted this *Framework*, in this document 'users' is taken to have a similar meaning.

terms. Instead, the objective is to explain that any individual aspect or requirement of the Amendments has the potential to "enhance" one or more of the qualitative characteristics. Consideration of whether the Amendments are likely to improve the quality of financial reporting is separate from this assessment and is included within the UK long term public good assessment in Section 2.

True and fair view assessment

1.8 As noted above, the first adoption criterion set out in Regulation 7(1) of SI 2019/685 requires that an international accounting standard can be adopted only if:

> "[....] the standard is not contrary to either of the following principles—
>
> a) an undertaking's accounts must give a true and fair view of the undertaking's assets, liabilities, financial position and profit or loss;
>
> b) consolidated accounts must give a true and fair view of the assets, liabilities, financial position and profit or loss of the undertakings included in the accounts taken as a whole, so far as concerns members of the undertaking; [....]"

1.9 For the sake of brevity, the UKEB refers to the assessment against this endorsement criterion as 'the true and fair view assessment' and to the principles set out in Regulation 7(1)(a) as the 'true and fair principle'. However, these abbreviated expressions do not imply that the assessment has considered anything other than the full terms of the endorsement criterion set out above.

1.10 The duty of the UKEB under Regulation 7(1)(a) is to determine generically, before a standard is applied to a set of accounts, whether that standard is 'not contrary' to the true and fair principle. In other words, it is an ex-ante assessment. The UKEB has therefore considered whether the Amendments contain any requirement that would prevent accounts prepared using the Amendments from giving a true and fair view.

1.11 The approach is to determine whether the Amendments are not contrary to the true and fair principle in respect of any of the specific items identified in Regulation 7(1)(a) (namely, the assets, liabilities, financial position and profit or loss) in the context of the preparation of the accounts as a whole. A holistic approach has been taken to this assessment, considering the impact of the Amendments taken as a whole, including their interaction with other UK-adopted international accounting standards.

1.12 For the purposes of the assessment, the UKEB considers the requirement in IAS 1 *Presentation of Financial Statements* for financial statements to 'present fairly the financial position, financial performance and cash flows of an entity'[12] to be

12 Paragraph 15 of IAS 1 *Presentation of Financial Statements*.

equivalent to the Companies Act 2006 requirement for accounts to give a true and fair view.

1.13 This assessment is separate from the duty of directors under section 393(1) of the Companies Act 2006, which requires directors to be satisfied that a specific set of accounts gives a true and fair view of an undertaking's or group's assets, liabilities, financial position and profit or loss.

~~[Draft~~ Adoption decision~~]~~

1.14 **[Section 2** of this ~~D~~ECA discusses how the Amendments meet the statutory endorsement criteria set out in this **Section 1**.

1.15 On the basis of these assessments~~, and subject to any stakeholder feedback,~~ the UKEB ~~[tentatively]~~ concludes that each of the six Amendments meet the statutory endorsement criteria. The UKEB is therefore of the view that it will adopt each of the six Amendments for use in the UK.]

Section 2: Description and assessment of the Amendments

A) Hedge accounting by a first-time adopter (Amendments to IFRS 1)	
Title and issue date of final amendments	*IFRS Accounting Standards Annual Improvements Volume 11* issued on 18 July 2024[13] – *Hedge accounting by a first-time adopter*
Origin	The IASB was informed of potential confusion arising from an inconsistency in wording between paragraph B6 of IFRS 1 *First-time Adoption of International Financial Reporting Standards* and the requirements for hedge accounting in IFRS 9 *Financial Instruments.*
What has changed?	The Amendments to IFRS 1: • clarify the requirements by adding cross-references to paragraph 6.4.1 of IFRS 9 in paragraphs B5–B6 of IFRS 1; and • clarify the wording by replacing the word 'conditions' with 'qualifying criteria' in paragraph B6 of IFRS 9.
Transition requirements	An entity shall apply the amendments for annual reporting periods beginning on or after 1 January 2026. If an entity applies the Amendments for an earlier period, it shall disclose that fact.
Technical criteria assessment	
Relevance, reliability, understandability and comparability	Paragraphs B5–B6 of IFRS 1 were originally written to be consistent with the requirements for hedge accounting in IAS 39 *Financial Instruments: Recognition and Measurement*. In particular, the use of the word 'conditions' in paragraph B6 is consistent with paragraph 88 of IAS 39. First-time adopters of IFRS Accounting Standards do not have an option to apply the hedge accounting requirements in IAS 39 and only apply IFRS 9. Replacing the word 'conditions' with 'qualifying criteria' ensures the wording in paragraph B6 of IFRS 1 uses terminology consistent with paragraph 6.4.1 of IFRS 9, thus improving understandability. Further, the addition of the cross-references to IFRS 9 is expected to avoid unintended consequences by clarifying that paragraph B5 of IFRS 1 sets out the 'eligibility' of hedge accounting while paragraph B6 of IFRS 1 sets out other 'qualifying criteria' of hedge accounting. This is expected to ensure consistent application of the requirements and therefore the comparability of the resulting information in the financial statements.

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A) Hedge accounting by a first-time adopter (Amendments to IFRS 1)	
Conclusion	Overall, the UKEB concludes that the Amendments meet the criteria of relevance, reliability, understandability, and comparability required of the financial information needed for making economic decisions and assessing the stewardship of management, as required by Regulation 7(1)(c) of SI 2019/685.
True and fair view assessment	
Description	The Amendments clarify the wording and requirements in the IFRS Accounting Standards. As discussed above, the Amendments are expected to meet the relevance, reliability, understandability, and comparability of financial information. Reliability includes the notion of faithful representation of the economic substance of transactions and events. The technical accounting criteria assessment underpins the overall true and fair view assessment.
Conclusion	The assessment has not identified any requirement of the Amendments, either alone or in conjunction with international accounting standards adopted for use in the UK, that would prevent individual or group accounts prepared using the Amendments from giving a true and fair view of the undertaking's or group's assets, liabilities, financial position and profit or loss. The UKEB is satisfied, therefore, that the circumstances in which the application of the Amendments would result in accounts which did not give a true and fair view would be extremely rare. Overall, the UKEB concludes that the Amendments are not contrary to the true and fair view principle set out in Regulation 7(1)(a) of SI 2019/685.
UK long term public good	
Description of entities that will be impacted	The Amendments to IFRS 1 are only relevant to the very few UK companies that are first-time adopters of IFRS Accounting Standards. Further, the Amendments merely clarify the wording and the requirements in paragraphs B5–B6 of IFRS 1. Therefore, the UKEB does not expect UK companies to be materially affected.
Do the amendments improve financial reporting?	The Amendments clarify the wording and requirements in the IFRS Accounting Standards. As discussed above in the technical accounting criteria assessment, these Amendments are expected to meet the relevance, reliability, understandability, and comparability of financial information. Given this, it is expected that the Amendments will improve financial reporting.

A) Hedge accounting by a first-time adopter (Amendments to IFRS 1)	
Costs and benefits for preparers and users	Costs and benefits for preparers: Given that the Amendments are merely clarifying narrowly focused requirements in IFRS 1 for first-time adopters of the IFRS Accounting Standards, the UKEB believes that most preparers are not expected to be impacted. For first time adopters, the Amendments are not additive, they are simply expected to provide greater clarity with clearer language and make it easier for preparers to navigate the requirements through the updated cross-references. Therefore, the Amendments are not expected to generate any significant additional costs. Costs and benefits for users: The Amendments are not expected to have a material effect on the financial statements of the very few entities that are likely to be in scope. Therefore, users are not expected to face material costs in interpreting the information in the financial statements.
Whether the amendments are likely to have an adverse effect on UK economy	The Amendments are narrow in scope and expected to bring improved financial reporting when compared to current standards. More specifically, the Amendments are expected to clarify the wording and enhance the cross-references in the IFRS Accounting Standards therefore leading to comparable and better information in the financial statements. The UKEB has not identified any factors that would indicate that these Amendments would lead to changes that are detrimental to the UK economy.
Conclusion	Having considered all relevant aspects, including the trade-off between the costs and benefits of implementing the Amendments jointly, the UKEB concludes that the use of the Amendments is likely to be conducive to the long term public good in the UK as required by Regulation 7(1)(b) of SI 2019/685.

B) Gain or loss on derecognition (Amendments to IFRS 7)	
Title and issue date of final amendments	*IFRS Accounting Standards Annual Improvements Volume 11* issued on 18 July 2024[14]– *Gain or loss on derecognition*
Origin	The IASB was informed of potential confusion in paragraph B38 of IFRS 7 *Financial Instruments: Disclosures* arising from the reference to a paragraph that has been deleted from the IFRS Accounting Standard (paragraph 27A).
What has changed?	The Amendments to IFRS 7: • correct a minor oversight by replacing the reference to paragraph 27A of IFRS 7, which no longer exists, with a reference to paragraphs 72–73 of IFRS 13; and • clarify the wording by replacing the phrase 'inputs that were not based on observable market data' with 'unobservable inputs'.
Transition requirements	An entity shall apply the amendments for annual reporting periods beginning on or after 1 January 2026. If an entity applies the Amendments for an earlier period, it shall disclose that fact.
Technical criteria assessment	
Relevance, reliability, understandability and comparability	The Amendments replace the reference to paragraph 27A of IFRS 7, a paragraph that no longer exists, with a reference to paragraphs 72–73 of IFRS 13 *Fair Value Measurement.* The current reference to paragraph 27A is from an oversight during issuance of IFRS 13 in May 2011 when no consequential amendment was made to paragraph B38 of IFRS 7. The Amendments also replace the phrase 'inputs that were not based on observable market data' with 'unobservable inputs' in paragraph B38 of IFRS 7. The term 'unobservable inputs' is a defined term in IFRS 13 and well understood by the stakeholders. The removal of the obsolete cross-reference and the revised wording are expected to ensure understandability of the requirements and consistent implementation of the requirements leading to reliable and comparable information in the financial statements.

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B) Gain or loss on derecognition (Amendments to IFRS 7)	
Conclusion	Overall, the UKEB concludes that the Amendments meet the criteria of relevance, reliability, understandability, and comparability required of the financial information needed for making economic decisions and assessing the stewardship of management, as required by Regulation 7(1)(c) of SI 2019/685.
True and fair view assessment	
Description	The Amendments: a) correct a minor oversight between existing requirements of the IFRS Accounting Standards; and b) clarify the wording in the IFRS Accounting Standards. As discussed above, the Amendments are expected to meet the relevance, reliability, understandability, and comparability of financial information. Reliability includes the notion of faithful representation of the economic substance of transactions and events. The technical accounting criteria assessment underpins the overall true and fair view assessment.
Conclusion	The assessment has not identified any requirement of the Amendments, either alone or in conjunction with international accounting standards adopted for use in the UK, that would prevent individual or group accounts prepared using the Amendments from giving a true and fair view of the undertaking's or group's assets, liabilities, financial position and profit or loss. The UKEB is satisfied, therefore, that the circumstances in which the application of the Amendments would result in accounts which did not give a true and fair view would be extremely rare. Overall, the UKEB concludes that the Amendments are not contrary to the true and fair view principle set out in Regulation 7(1)(a) of SI 2019/685.
UK long term public good	
Description of entities that will be impacted	The Amendments to IFRS 7 could be relevant to a wide range of stakeholders. However, since the Amendments merely correct a minor oversight and clarify wording, they are not expected to change accounting practice or have a material effect on entities' financial statements.

B) Gain or loss on derecognition (Amendments to IFRS 7)	
Do the amendments improve financial reporting?	The Amendments: A) correct a minor oversight in the IFRS Accounting Standards; and B) clarify the wording in the IFRS Accounting Standards. As discussed above in the technical accounting criteria assessment, these Amendments are expected to meet the relevance, reliability, understandability, and comparability of financial information. Given this, it is expected that the Amendments will improve financial reporting.
Costs and benefits for preparers and users	<u>Cost and benefits for preparers</u>: Given that the Amendments are narrow in scope and not expected to introduce new principles or change existing principles, the UKEB estimated preparers' adoption costs by conducting a qualitative assessment of the costs likely to be borne by preparers. The UKEB believes that most preparers are not expected to face material costs implementing the Amendments as the Amendments merely correct a minor oversight and clarify the wording in the IFRS Accounting Standards. The Amendments are expected to provide greater clarity with clearer language and make it easier for preparers to navigate the requirements through the updated cross-references. This is unlikely to generate any significant additional costs. <u>Costs and benefits for users</u>: The Amendments are not expected to have a material effect on entities' financial statements therefore the users are not expected to face material costs to adapt their ways of using the information in the financial statements.
Whether the amendments are likely to have an adverse effect on UK economy	The Amendments are narrow in scope and expected to correct a minor oversight and clarify the wording in the IFRS Accounting Standards therefore leading to comparable and better information in the financial statements with little to no additional costs. The UKEB has not identified any factors that would indicate that these Amendments would lead to changes that are detrimental to the UK economy.

B) Gain or loss on derecognition (Amendments to IFRS 7)	
Conclusion	Having considered all relevant aspects, including the trade-off between the costs and benefits of implementing the Amendments jointly, the UKEB concludes that the use of the Amendments is likely to be conducive to the long term public good in the UK as required by Regulation 7(1)(b) of SI 2019/685.

C) Derecognition of lease liabilities (Amendments to IFRS 9)	
Title and issue date of final amendments	*IFRS Accounting Standards Annual Improvements Volume 11* issued on 18 July 2024[15] – *Derecognition of lease liabilities*
Origin	The IFRS Interpretation Committee received a request about a lessor's and a lessee's application of IFRS 9 *Financial Instruments* and IFRS 16 *Leases* when accounting for a rent concession in which the only change to the lease contract is the lessor's forgiveness of lease payments due from the lessee. The Interpretations Committee addressed a lessor's application of IFRS 9 and IFRS 16 in its Agenda Decision *Lessor Forgiveness of Lease Payments (IFRS 9 and IFRS 16)* published in October 2022. With regard to lessee accounting, there appeared to be more than one way to read the current requirements for a rent concession.
What has changed?	The Amendment to IFRS 9 clarify the requirement by adding a cross-reference to paragraph 3.3.3 of IFRS 9 in paragraph 2.1(b)(ii) of IFRS 9.
Transition requirements	An entity shall apply the amendment for annual reporting periods beginning on or after 1 January 2026. If an entity applies the Amendments for an earlier period, it shall disclose that fact. Prospective application of the amendment is required. That is, an entity would apply the amendment to lease liability extinguishments that occur after the beginning of the annual reporting period in which the entity first applies the amendment.
Technical criteria assessment	
Relevance, reliability, understandability and comparability	There may be more than one way to read the current requirements of lessee accounting for a rent concession. The lessee could either: • recognise the gain or loss in profit or loss applying paragraph 3.3.3 of IFRS 9; or • make a corresponding adjustment to the right-of-use asset recognised applying IFRS 16. The IASB has noted it intended a lessee to apply paragraphs 3.3.1 and 3.3.3 of IFRS 9 in sequence, and the lack of a cross-reference to paragraph 3.3.3 in paragraph 2.1(b)(ii) of IFRS 9 was an oversight. Paragraph 3.3.1 of IFRS 9 provides requirements for derecognition of a financial liability when it is extinguished, and paragraph 3.3.3 of

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C) Derecognition of lease liabilities (Amendments to IFRS 9)	
	IFRS 9 requires the entities to recognise the gain or loss from lease liability extinguishment in profit or loss. By adding the cross-reference to paragraph 3.3.3 of IFRS 9 to paragraph 2.1(b)(ii), the amendment is expected to ensure consistent application of the requirements, thus resulting in relevant and comparable information in the financial statements.
Conclusion	Overall, the UKEB concludes that the Amendments meet the criteria of relevance, reliability, understandability, and comparability required of the financial information needed for making economic decisions and assessing the stewardship of management, as required by Regulation 7(1)(c) of SI 2019/685.
True and fair view assessment	
Description	The Amendment clarify the requirements in the IFRS Accounting Standards. As discussed above, the Amendments are expected to meet the relevance, reliability, understandability, and comparability of financial information. Reliability includes the notion of faithful representation of the economic substance of transactions and events. The technical accounting criteria assessment underpins the overall true and fair view assessment.
Conclusion	The assessment has not identified any requirement of the Amendments, either alone or in conjunction with international accounting standards adopted for use in the UK, that would prevent individual or group accounts prepared using the Amendments from giving a true and fair view of the undertaking's or group's assets, liabilities, financial position and profit or loss. The UKEB is satisfied, therefore, that the circumstances in which the application of the Amendments would result in accounts which did not give a true and fair view would be extremely rare. Overall, the UKEB concludes that the Amendments are not contrary to the true and fair view principle set out in Regulation 7(1)(a) of SI 2019/685.
UK long term public good	
Description of entities that will be impacted	The Amendments to IFRS 9 could be relevant to a wide range of stakeholders. However, the Amendments merely clarify the order in which the requirements apply therefore they are not expected to

C) Derecognition of lease liabilities (Amendments to IFRS 9)	
	change accounting practice or have a material effect on entities' financial statements. The UKEB does not expect UK companies to be affected materially, as significant changes in accounting practice are not expected.
Do the amendments improve financial reporting?	The Amendments clarify the requirements in the IFRS Accounting Standards. As discussed above in the technical accounting criteria assessment, these Amendments are expected to meet the relevance, reliability, understandability, and comparability of financial information. Given this, it is expected that the Amendments will improve financial reporting.
Costs and benefits for preparers and users	<u>Costs and benefits for preparers</u>: Given that the Amendments are narrow in scope and not expected to introduce new principles or change existing principles, the UKEB estimated preparers' adoption costs by conducting a qualitative assessment of the costs likely to be borne by preparers. The UKEB believes that most preparers are not expected to face material costs implementing the Amendments as the Amendments merely clarify the requirement in the IFRS Accounting Standards. The Amendments are expected to make it easier for preparers to navigate the requirements through the updated cross-references. This is unlikely to generate any significant additional costs. <u>Costs and benefits for users</u>: The Amendments are not expected to have a material effect on entities' financial statements therefore the users are not expected to face material costs to adapt their ways of using the information in the financial statements. Deriving from the benefits for the preparers, the users are expected to receive comparable information in the financial statements due to more consistent underlying accounting practices. The Amendments may also help users better understand the requirements in the relevant IFRS Accounting Standards.
Whether the amendments are likely to have an	The Amendments are narrow in scope and expected to bring improved financial reporting when compared to current standards. More specifically, the Amendments are expected to clarify the requirements and enhance the cross-references in the IFRS

C) Derecognition of lease liabilities (Amendments to IFRS 9)	
adverse effect on UK economy	Accounting Standards therefore leading to comparable and better information in the financial statements. The UKEB has not identified any factors that would indicate that these Amendments would lead to changes that are detrimental to the UK economy.
Conclusion	Having considered all relevant aspects, including the trade-off between the costs and benefits of implementing the Amendments jointly, the UKEB concludes that the use of the Amendments is likely to be conducive to the long term public good in the UK as required by Regulation 7(1)(b) of SI 2019/685.

D) Transaction price (Amendments to IFRS 9)	
Title and issue date of final amendments	*IFRS Accounting Standards Annual Improvements Volume 11* issued on 18 July 2024[16]– *Transaction price*
Origin	The IASB was informed of potential confusion arising from a reference in Appendix A of IFRS 9 *Financial Instruments* to the definition of 'transaction price' in IFRS 15 *Revenue from Contracts with Customers*. The term 'transaction price' is mentioned in four different paragraphs of IFRS 9. In paragraph 5.1.3 of IFRS 9, the term is followed by a note 'as defined in IFRS 15' while in other paragraphs of IFRS 9, the term is followed by a note 'ie the fair value of the consideration given or received'.
What has changed?	The Amendments to IFRS 9 clarify the requirements by: • revising the wording in paragraph 5.1.3 of IFRS 9 to simply refer to IFRS 15; and • deleting the reference to 'transaction price' and the associated references to IFRS 15 from Appendix A.
Transition requirements	An entity shall apply the amendments for annual reporting periods beginning on or after 1 January 2026. If an entity applies the Amendments for an earlier period, it shall disclose that fact.
Technical criteria assessment	
Relevance, reliability, understandability and comparability	Paragraph 5.1.3 was added to IFRS 9 as a result of the issuance of IFRS 15. This resulted in the term 'transaction price' having two different meanings in IFRS 9: (i) "as defined in IFRS 15" (per paragraph 5.1.3 of IFRS 9) and (ii) "as the fair value of the consideration given or received" (elsewhere in IFRS 9). The deletion of the reference to the definition of 'transaction price' in paragraph 5.1.3 of IFRS 9 is expected to leave only one meaning of 'transaction price' within IFRS 9 and remove potential confusion. The amendments are expected to ensure consistent application of the requirements and result in comparable information in the financial statements.

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D) Transaction price (Amendments to IFRS 9)	
Conclusion	Overall, the UKEB concludes that the Amendments meet the criteria of relevance, reliability, understandability, and comparability required of the financial information needed for making economic decisions and assessing the stewardship of management, as required by Regulation 7(1)(c) of SI 2019/685.
True and fair view assessment	
Description	The Amendments clarify the requirements of the requirements in the IFRS Accounting Standards. As discussed above, the Amendments are expected to meet the relevance, reliability, understandability, and comparability of financial information. Reliability includes the notion of faithful representation of the economic substance of transactions and events. The technical accounting criteria assessment underpins the overall true and fair view assessment.
Conclusion	The assessment has not identified any requirement of the Amendments, either alone or in conjunction with international accounting standards adopted for use in the UK, that would prevent individual or group accounts prepared using the Amendments from giving a true and fair view of the undertaking's or group's assets, liabilities, financial position and profit or loss. The UKEB is satisfied, therefore, that the circumstances in which the application of the Amendments would result in accounts which did not give a true and fair view would be extremely rare. Overall, the UKEB concludes that the Amendments are not contrary to the true and fair view principle set out in Regulation 7(1)(a) of SI 2019/685.
UK long term public good	
Description of entities that will be impacted	The Amendments to IFRS 9 could be relevant to a wide range of stakeholders. However, the Amendments merely clarify the requirements therefore they are not expected to change the accounting practice or have a material effect on entities' financial statements.
Do the amendments improve financial reporting?	The Amendments clarify the requirements in the IFRS Accounting Standards. As discussed above in the technical accounting criteria assessment, these Amendments are expected to meet the relevance, reliability, understandability, and comparability of financial information. Given

D) Transaction price (Amendments to IFRS 9)	
	this, it is expected that the Amendments will improve financial reporting.
Costs and benefits for preparers and users	<u>Costs and benefits for preparers</u>: Given that the Amendments are narrow in scope and not expected to introduce new principles or change existing principles, the UKEB estimated preparers' adoption costs by conducting a qualitative assessment of the costs likely to be borne by preparers. The UKEB believes that most preparers are not expected to face material costs implementing the Amendments as the Amendments merely clarify the requirements in the IFRS Accounting Standards. The Amendments are expected to provide greater clarity with clearer language and make it easier for preparers to navigate the requirements through the updated cross-references. This is unlikely to generate any significant additional costs. <u>Costs and benefits for users</u>: The Amendments are not expected to have a material effect on entities' financial statements therefore the users are not expected to face material costs to adapt their ways of using the information in the financial statements.
Whether the amendments are likely to have an adverse effect on UK economy	The Amendments are narrow in scope and expected to bring improved financial reporting when compared to current standards. More specifically, the Amendments are expected to clarify the requirements and enhance the cross-reference in the IFRS Accounting Standards therefore leading to comparable and better information in the financial statements. The UKEB has not identified any factors that would indicate that these Amendments would lead to changes that are detrimental to the UK economy.
Conclusion	Having considered all relevant aspects, including the trade-off between the costs and benefits of implementing the Amendments jointly, the UKEB concludes that the use of the Amendments is likely to be conducive to the long term public good in the UK as required by Regulation 7(1)(b) of SI 2019/685.

E) Determination of a 'de facto agent' (Amendments to IFRS 10)	
Title and issue date of final amendments	*IFRS Accounting Standards Annual Improvements Volume 11* issued on 18 July 2024[17]– *Determination of a 'de facto agent'*
Origin	The IASB was informed of potential confusion arising from an inconsistency between paragraphs B73 and B74 of IFRS 10 *Consolidated Financial Statements* related to an investor determining whether another party is acting on its behalf.
What has changed?	The Amendments to IFRS 10 correct minor unintended consequences by clarifying the requirements in paragraph B74 of IFRS 10.
Transition requirements	An entity shall apply the amendments for annual reporting periods beginning on or after 1 January 2026. If an entity applies the Amendments for an earlier period, it shall disclose that fact.
Technical criteria assessment	
Relevance, reliability, understandability and comparability	Confusion may arise because paragraph B73 of IFRS 10 states that a de facto agent is a party that acts on the investor's behalf — and that the determination of whether other parties are acting as de facto agents requires judgement. However, the second sentence of paragraph B74 includes more definitive language and states that "a party **is** a de facto agent when the investor has, or those that direct the activities of the investor have, the ability to direct that party to act on the investor's behalf" (emphasis added). By revising the wording in paragraph B74 to reinforce the requirement of applying judgement in determining de facto agency relationships, the amendments are expected to ensure stakeholders have a clear understanding of the requirements and lead to reliable information in the financial statements.
Conclusion	Overall, the UKEB concludes that the Amendments meet the criteria of relevance, reliability, understandability, and comparability required of the financial information needed for making economic decisions and assessing the stewardship of management, as required by Regulation 7(1)(c) of SI 2019/685.

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E) Determination of a 'de facto agent' (Amendments to IFRS 10)	
True and fair view assessment	
Description	The Amendments correct minor unintended consequences and clarify the requirements between existing requirements of the IFRS Accounting Standards. As discussed above, the Amendments are expected to meet the relevance, reliability, understandability, and comparability of financial information. Reliability includes the notion of faithful representation of the economic substance of transactions and events. The technical accounting criteria assessment underpins the overall true and fair view assessment.
Conclusion	The assessment has not identified any requirement of the Amendments, either alone or in conjunction with international accounting standards adopted for use in the UK, that would prevent individual or group accounts prepared using the Amendments from giving a true and fair view of the undertaking's or group's assets, liabilities, financial position and profit or loss. The UKEB is satisfied, therefore, that the circumstances in which the application of the Amendments would result in accounts which did not give a true and fair view would be extremely rare. Overall, the UKEB concludes that the Amendments are not contrary to the true and fair view principle set out in Regulation 7(1)(a) of SI 2019/685.
UK long term public good	
Description of entities that will be impacted	The Amendments to IFRS 10 could be relevant to a wide range of stakeholders. However, the Amendments merely correct minor unintended consequences and clarify the requirements therefore they are not expected to change the accounting practice or have a material effect on entities' financial statements.
Do the amendments improve financial reporting?	The Amendments correct minor unintended consequences and clarify the requirements in the IFRS Accounting Standards. As discussed above in the technical accounting criteria assessment, these Amendments are expected to meet the relevance, reliability, understandability, and comparability of financial information. Given this, it is expected that the Amendments will improve financial reporting.

E) Determination of a ‘de facto agent’ (Amendments to IFRS 10)	
Costs and benefits for preparers and users	Costs and benefits for preparers: Given that the Amendments are narrow in scope and not expected to introduce new principles or change existing principles, the UKEB estimated preparers’ adoption costs by conducting a qualitative assessment of the costs likely to be borne by preparers. The UKEB believes that most preparers are not expected to face material costs implementing the Amendments as the Amendments merely correct minor unintended consequences and clarify the requirements in the IFRS Accounting Standards. The Amendments are expected to provide greater clarity with clearer language. Preparers are unlikely to face any significant additional costs as a result of the amendments. Costs and benefits for users: The Amendments are not expected to have a material effect on entities’ financial statements therefore the users are not expected to face material costs to adapt their ways of using the information in the financial statements.
Whether the amendments are likely to have an adverse effect on UK economy	The Amendments are narrow in scope and expected to bring improved financial reporting when compared to current standards. More specifically, the Amendments are expected to correct minor unintended consequences and clarify the requirements in the IFRS Accounting Standards therefore leading to comparable and better information in the financial statements. The UKEB has not identified any factors that would indicate that these Amendments would lead to changes that are detrimental to the UK economy.
Conclusion	Having considered all relevant aspects, including the trade-off between the costs and benefits of implementing the Amendments jointly, the UKEB concludes that the use of the Amendments is likely to be conducive to the long term public good in the UK as required by Regulation 7(1)(b) of SI 2019/685.

F) Cost method (Amendments to IAS 7)	
Title and issue date of final amendments	*IFRS Accounting Standards Annual Improvements Volume 11* issued on 18 July 2024[18]– *Cost method*
Origin	The IASB was informed of potential confusion in applying paragraph 37 of IAS 7 *Statement of Cash Flows* arising from the use of the term 'cost method' that is no longer defined in IFRS Accounting Standards.
What has changed?	The Amendments to IFRS 7 correct minor unintended consequences and clarify the wording by replacing the term 'cost method', which is no longer defined in IFRS Accounting Standards, with 'at cost'.
Transition requirements	An entity shall apply the amendments for annual reporting periods beginning on or after 1 January 2026. If an entity applies the Amendments for an earlier period, it shall disclose that fact.
Technical criteria assessment	
Relevance, reliability, understandability and comparability	The current use of the term 'cost method' results from an oversight during the issuance of *Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* (Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* and IAS 27 *Separate Financial Statements*) in May 2008 when no consequential amendment was made to paragraph 37 of IAS 7. The amendment removes potential confusion and allows stakeholders to understand the requirements more easily. Therefore, it should lead to reliable information in the financial statements.
Conclusion	Overall, the UKEB concludes that the Amendments meet the criteria of relevance, reliability, understandability, and comparability required of the financial information needed for making economic decisions and assessing the stewardship of management, as required by Regulation 7(1)(c) of SI 2019/685.
True and fair view assessment	
Description	The Amendments correct minor unintended consequences and clarify the wording in the IFRS Accounting Standards.

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F) Cost method (Amendments to IAS 7)	
	As discussed above, the Amendments are expected to meet the relevance, reliability, understandability, and comparability of financial information. Reliability includes the notion of faithful representation of the economic substance of transactions and events. The technical accounting criteria assessment underpins the overall true and fair view assessment.
Conclusion	The assessment has not identified any requirement of the Amendments, either alone or in conjunction with international accounting standards adopted for use in the UK, that would prevent individual or group accounts prepared using the Amendments from giving a true and fair view of the undertaking's or group's assets, liabilities, financial position and profit or loss. The UKEB is satisfied, therefore, that the circumstances in which the application of the Amendments would result in accounts which did not give a true and fair view would be extremely rare. Overall, the UKEB concludes that the Amendments are not contrary to the true and fair view principle set out in Regulation 7(1)(a) of SI 2019/685.
UK long term public good	
Description of entities that will be impacted	The Amendments to IAS 7 could be relevant to a wide range of stakeholders. However, the Amendments merely correct minor unintended consequences and clarify the wording therefore they are not expected to change the accounting practice or have a material effect on entities' financial statements.
Do the amendments improve financial reporting?	The Amendments correct minor unintended consequences and clarify the wording in the IFRS Accounting Standards. As discussed above in the technical accounting criteria assessment, these Amendments are expected to meet the relevance, reliability, understandability, and comparability of financial information. Given this, it is expected that the Amendments will improve financial reporting.
Costs and benefits for preparers and users	<u>Costs and benefits for preparers</u>: Given that the Amendments are narrow in scope and not expected to introduce new principles or change existing principles, the UKEB estimated preparers' adoption costs by conducting a qualitative assessment of the costs likely to be borne by preparers. The UKEB believes that most preparers are not expected to face material costs implementing the Amendments as the Amendments

F) Cost method (Amendments to IAS 7)	
	merely correct minor unintended consequences and clarify the wording in the IFRS Accounting Standards. The Amendments are expected to provide greater clarity with clearer language. Preparers are unlikely to face any significant additional costs as a result of the amendments. Costs and benefits for users: The Amendments are not expected to have a material effect on entities' financial statements therefore the users are not expected to face material costs to adapt their ways of using the information in the financial statements.
Whether the amendments are likely to have an adverse effect on UK economy	The Amendments are narrow in scope and expected to bring improved financial reporting when compared to current standards. More specifically, the Amendments are expected to correct minor unintended consequences and clarify the wording in the IFRS Accounting Standards therefore leading to comparable and better information in the financial statements. The UKEB has not identified any factors that would indicate that these Amendments would lead to changes that are detrimental to the UK economy.
Conclusion	Having considered all relevant aspects, including the trade-off between the costs and benefits of implementing the Amendments jointly, the UKEB concludes that the use of the Amendments is likely to be conducive to the long term public good in the UK as required by Regulation 7(1)(b) of SI 2019/685.

Do the Amendments lead to a significant change in accounting practice?

1.16 The UKEB is required to assess whether or not the Amendments are likely to lead to a 'significant change in accounting practice' and therefore meet the criteria for a post-implementation review.

1.17 [The Amendments in *Annual Improvements to IFRS Accounting Standards – Volume 11* do not fundamentally change the requirements in the IFRS Accounting Standards or introduce new principles. They merely clarify the wording and enhance the cross-references in the IFRS Accounting Standards. The Amendments are not expected to lead to change in accounting practice or a material effect on entities' financial statement.]

1.18 As a result, the UKEB ~~[tentatively]~~ concludes that the Amendments are not likely to lead to a significant change in accounting practice and do not meet the criteria for a post-implementation review under Regulation 11 in SI 2019/685.

Appendix A: Glossary

Term	Description
The Amendments	*Annual Improvements to IFRS Accounting Standards–Volume 11*
DECA	Draft Endorsement Criteria Assessment
ECA	Endorsement Criteria Assessment
ED	Exposure Draft: *Annual Improvements to IFRS Accounting Standards–Volume 11*
IASB	International Accounting Standards Board
IAS	International Accounting Standard
IAS 1	IAS 1 *Presentation of Financial Statements*
IAS 7	IAS 7 *Statement of Cash Flows*
IAS 27	IAS 27 *Separate Financial Statements*
IAS 39	IAS 39 *Financial Instruments: Recognition and Measurement*
IFRS	International Financial Reporting Standard(s)
IFRS 1	IFRS 1 *First-time Adoption of International Financial Reporting Standards*
IFRS 7	IFRS 7 *Financial Instruments: Disclosures*
IFRS 9	IFRS 9 *Financial Instruments*
IFRS 10	IFRS 10 *Consolidated Financial Statements*

Term	Description
IFRS 13	IFRS 13 *Fair Value Measurement*
IFRS 15	IFRS 15 *Revenue from Contracts with Customers*
IFRS 16	IFRS 16 *Leases*
SI	Statutory Instrument
UKEB	UK Endorsement Board

UKEB
UK Endorsement Board

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Feedback Statement

Annual Improvements to IFRS Accounting Standards – Volume 11

Endorsement Criteria Assessment (ECA)

January 2025

Contents

UKEB
UK Endorsement Board

Purpose of this Feedback Statement

This Feedback Statement presents the views of UK stakeholders received during the UK Endorsement Board (UKEB)'s public consultation on the Draft Endorsement Criteria Assessment (DECA) of *Annual Improvements to IFRS Accounting Standards – Volume 11* which contains amendments to IFRS 1, 7, 9, 10 and IAS 7 (the Amendments). Where relevant it explains how the UKEB has addressed those views in the final Endorsement Criteria Assessment (ECA).

The UKEB is the UK's National Standard Setter for IFRS Accounting Standards; responsible for the endorsement and adoption of IFRS Accounting Standards, for use in the UK. The UKEB also leads the UK's engagement with the IFRS Foundation on the development of new international accounting standards, amendments and interpretations.

Disclaimer

This Feedback Statement has been produced to set out the UK Endorsement Board's response to stakeholder comments received on the UKEB's Draft Endorsement Criteria Assessment on *Annual Improvements to IFRS Accounting Standards – Volume 11* and should not be relied upon for any other purpose.

The views expressed in this Feedback Statement are those of the UK Endorsement Board at the point of publication.

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

Description of the Amendments

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The Amendments were issued by the IASB in July 2024 and are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted. The Amendments are a collection of separate amendments to five IFRS Accounting Standards.

Title	IFRS	Amendments
Transaction price	IFRS 9	• delete the reference to 'transaction price' and revise the wording around it in paragraph 5.1.3 • remove the reference to IFRS 15 in Appendix A
Lessee derecognition of lease liabilities	IFRS 9	• clarify a lessee's accounting for derecognition of a lease liability by adding a cross-reference to paragraph 3.3.3 of IFRS 9 in paragraph 2.1(b)(ii) of IFRS 9
Gain or loss on derecognition	IFRS 7	• replace the reference to paragraph 27A of IFRS 7, a paragraph that no longer exists, with a reference to paragraphs 72–73 of IFRS 13 • replace the phrase 'inputs that were not based on observable market data' with 'unobservable inputs'
Hedge accounting by a first-time adopter	IFRS 1	• replace the word 'conditions' with 'qualifying criteria' • add cross-references to paragraph 6.4.1 of IFRS 9 in paragraphs B5–B6 of IFRS 1
Determination of a 'de facto' agent	IFRS 10	• clarify the requirements in paragraph B74 of IFRS 10
Cost method	IAS 7	• replace the term 'cost method', a term that is no longer defined in IFRS Accounting Standards, with 'at cost' in paragraph 37 of IAS 7

Limited scope outreach

UKEB
UK Endorsement Board

- Initial research and previous influencing work indicated that the Amendments were unlikely to lead to pervasive or material concerns for the UK. Accordingly, the Board considered and approved a project plan that is proportionate to a limited scope project.

- Outreach to develop the UKEB ECA consisted of a 91-day public consultation on the UKEB's DECA, which concluded that the Amendments meet the statutory endorsement criteria set out in Regulation 7 of Statutory Instrument 2019/685.

- The UKEB promoted awareness of the DECA through the UKEB's advisory groups, the UKEB website, the UKEB subscriber news alerts, and the UKEB's LinkedIn account.

- Five formal responses to the DECA were received; four from accounting firms and one from an accounting and audit representative organisation. All responses were supportive of the adoption of the Amendments as proposed in the DECA with no further comment.

- Given the supportive stakeholder feedback, no substantive changes have been made from the DECA.

Glossary

UKEB
UK Endorsement Board

Term	Description
Annual Improvements to IFRS Accounting Standards – Volume 11	Contains amendments to IFRS 1, 7, 9, 10 and IAS 7
IAS 7	IAS 7 *Statement of Cash Flows*
IFRS 1	IFRS 1 *First-time Adoption of International Financial Reporting Standards*
IFRS 7	IFRS 7 *Financial Instruments : Disclosures*
IFRS 9	IFRS 9 *Financial Instruments*
IFRS 10	IFRS 10 *Consolidated Financial Statements*
IFRS 13	IFRS 13 *Fair Value Measurement*
IFRS 15	IFRS 15 *Revenue from Contracts with Customers*

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Appendix C: [DRAFT] Due Process Compliance Statement: *Annual Improvements to IFRS Accounting Standards – Volume 11*

Title of the Amendment	Issue dates
Annual Improvements to IFRS Accounting Standards – Volume 11	• Exposure Draft IASB/AI/ED/2023/1 issued: 12 September 2023 • Final amendments issued: 18 July 2024 • Effective for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

Project preparation

Step	Mandatory / optional[1]	Metrics or evidence	UKEB Secretariat comments
Added to the UKEB technical work plan [Due Process Handbook (Handbook) [4.30]	Mandatory	Project is included in the UKEB published technical work plan.	**Complete:** The Amendments were included in the UKEB technical work plan published in September 2024.

[1] In accordance with the Due Process Handbook.

Step	Mandatory / optional[1]	Metrics or evidence	UKEB Secretariat comments
Project Initiation Plan (PIP) [Handbook 6.12 to 6.16, A1 to A2 and A12 to A14]	Mandatory	PIP, including outreach plan for stakeholders, communication approach, resource allocation and an assessment of whether to set up an ad-hoc advisory group, approved at a UKEB Board public meeting.	**Complete:** Based on the proportionality assessment outlined in the PIP, a 'limited scope' approach was recommended by the Secretariat, meaning some non-mandatory milestones were not undertaken or were limited, in accordance with paragraphs 3.7 and 6.11 of the UKEB's Due Process Handbook (i.e. no Board education session, and desk-based research was limited to the proportionality assessment) The PIP included purpose, background, key activities and timelines for the project. The resource allocated was one Project Manager, supported and overseen by one Project Director, with communications and economics team support. The Secretariat included mandatory milestones for the project and considered, as appropriate, other milestones and activities. Taking a proportionate approach, an ad-hoc advisory group was not considered necessary, as referred to in the PIP. The PIP was approved at the 17 October 2024 Board meeting and published on the UKEB project webpage.

Step	Mandatory / optional[1]	Metrics or evidence	UKEB Secretariat comments
	Mandatory	Assessment of whether PIP required updating	**Complete:** assessed. The Secretariat monitored this throughout the project, the nature and scope of which remained as proposed in the original PIP.

Outreach

Step	Mandatory / optional[1]	Metrics or evidence	UKEB Secretariat comments
Outreach activities [Handbook 6.18 to 6.22 and A4 to A8]	Mandatory	Evidence of consultation	**Complete:** The outreach activities focused on: • Highlighting the Draft Endorsement Criteria Assessment (DECA) to the UKEB Advisory Groups[2]. • Publishing the DECA for public consultation on the UKEB project webpage.

2 A link to the project webpage/DECA was presented to the Accounting Firms & Institutes Advisory Group (AFIAG) on 7 November 2024 and to the Preparer Advisory Group (PAG) on 28 October 2024 as an item for noting during the meetings.

Draft Endorsement Criteria Assessment (DECA)

Step	Mandatory / optional[1]	Metrics or evidence	UKEB Secretariat comments
DECA [Handbook 6.23 to 6.29 and A4(d)]	Mandatory	Comment period set for responses to DECA, review and approval of DECA at a UKEB public meeting and published on website for public consultation	**Complete:** The Board reviewed and approved the DECA at the 17 October 2024 Board meeting. The DECA was published on the UKEB website on 18 October 2024, for a 91-day consultation period from 18 October 2024 to 17 January 2025. Two News Alerts (published on 18 October 2024 and 14 January 2025) and a LinkedIn post (published on 18 October 2024) were issued to solicit stakeholder feedback.
	Mandatory	Public responses to DECA assessed and published on website	**Complete:** The UKEB received five comment letters which were published on the UKEB website. All responses were assessed, reflected, as appropriate, in the final Endorsement Criteria Assessment (ECA), and summarised in the Feedback Statement.

UK Endorsement Board

Project finalisation and project closure

Step	**Mandatory / optional**[1]	**Metrics or evidence**	**UKEB Secretariat comments**
Final Endorsement Criteria Assessment (ECA) [Handbook 6.32 and 6.40 to 6.48 and A4(d)]	Mandatory	Final ECA approved by the UKEB in public meeting and published on the website	**[Complete:** The Board approved the final ECA at its 30 January 2025 public meeting. The final ECA was published on the UKEB website. A News Alert on [XX Month 2025], and a LinkedIn post on [XX Month 2025] were published to alert stakeholders to the endorsement and adoption of the Amendments.]
Feedback Statement [Handbook 6.33 to 6.36 and A9 to A11]	Mandatory	Feedback Statement approved by the UKEB in a public meeting and published on the UKEB website	**[Complete:** A draft of the Feedback Statement was presented to the Board for approval to the Board at its 30 January 2025 public meeting. [Following Board approval, the final Feedback Statement was published on the UKEB website].]

Step	Mandatory / optional[1]	Metrics or evidence	UKEB Secretariat comments
Adoption Statement [Handbook 6.40 to 6.48]	Mandatory	Adoption Statement approved by the UKEB in public meeting and published on the UKEB website	**[Complete**: The Adoption Statement for the Amendments was approved by the Board at its 30 January 2025 public meeting. [Following Board approval, the final Adoption Statement for the Amendments was published on XX Month YYYY].]
Voting on adoption of the Amendments [Handbook 6.42 to 6.48]	Mandatory	Tentative vote	**[Complete:** Tentative vote took place at the 30 January 2025 Board meeting based on the discussion of the Adoption Package, which included the final draft ECA, the Feedback Statement, the Due Process Compliance Statement (DPCS), the draft Adoption Statement for the Amendments and the text of the UK-adopted international accounting standard *Annual Improvements to IFRS Accounting Standards – Volume 11*. The vote was indicative only.]
	Mandatory	Evidence of written vote (in paper or electronic form)	**[Complete:** The Adoption Statement and voting forms were sent to the Board for voting (accompanied by the text of the Amendments to be adopted) on XX Month YYYY (written forms due by XX Month YYYY). The vote was formalised by Board members signing the formal voting forms for the Amendments.]
	Mandatory	Outcome of the vote within 3 working days of the formal vote published on website	**[Complete:** The announcement of the adoption of the Amendments was published on the UKEB website on XX Month YYYY.]

UK Endorsement Board

Step	Mandatory / optional[1]	Metrics or evidence	UKEB Secretariat comments
Due Process Compliance Statement (DPCS) [Handbook 6.37 to 6.39 and A12 to A14]	Mandatory	DPCS approved by the UKEB in public meeting and published on the UKEB website	**[Complete:** A [draft] DPCS was presented for approval to the Board at its 30 January 2025 public meeting. A final DPCS was presented for noting at the Board's [23 February 2025] meeting. The final DPCS was published on the UKEB website after the [23 February 2025] Board meeting.]

Ongoing communications

Step	Mandatory / optional[1]	Metrics or evidence	UKEB Secretariat comments
Public Board meetings [Handbook 4.10]	Mandatory	UKEB public meetings held to discuss technical project	**Complete:** The Board approved the PIP, DECA and Invitation to Comment at its 17 October 2024 meeting. [The Board approved the Adoption Package, consisting of the final ECA, the Feedback Statement, the [draft] Due Process Compliance Statement and the [draft] Adoption Statement for the Amendments, at its 30 January 2025 meeting.]

Step	Mandatory / optional[1]	Metrics or evidence	UKEB Secretariat comments
Secretariat papers [Handbook 4.20]	Mandatory	Board meeting papers posted and publicly available usually no later than 5 working days before a Board meeting.	**Complete:** The UKEB's meeting papers were published on the UKEB website 5 working days before the public meetings. Meeting minutes and recordings were made publicly available via the UKEB website.
Project webpage [Handbook 4.25(b)]	Mandatory	Project webpage contains a project description with up-to-date information on the project. Consider optional Subscriber Alerts, News Alerts and LinkedIn posts to announce publication of key documents	**Complete:** The project webpage has been updated regularly on a timely basis. Optional Subscriber Alerts, News alerts and LinkedIn posts were issued throughout the project, as appropriate, for the publication of the PIP, DECA, final ECA & Feedback Statement, as detailed in the relevant sections above.

Conclusion
This project complies with the applicable due process steps, as set out in the Handbook (published December 2022).

UK Endorsement Board

Appendix D: Adoption Statement

Annual Improvements to IFRS Accounting Standards–Volume 11—Hedge Accounting by a First-time Adopter (Amendments to IFRS 1)

1. The UK Endorsement Board is designated under regulation 2(1) of The International Accounting Standards (Delegation of Functions) (EU Exit) Regulations 2021 No. 609[1] ("the Delegating Regulations") for the purpose of enabling it to exercise functions of the Secretary of State under Chapter 3 of Part 2 of The International Accounting Standards and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019 No. 685[2] ("the Regulations").

2. *Annual Improvements to IFRS Accounting Standards – Volume 11* contains amendments to IFRS 1, 7, 9, 10 and IAS 7. These unrelated amendments have been assessed by the UK Endorsement Board as individual, separate amendments within a single overarching Endorsement Criteria Assessment.

3. The UK Endorsement Board, in exercise of the powers conferred by regulation 6(1) of the Regulations, adopts the following amendment to international accounting standards published by the International Accounting Standards Board (IASB), for use within the United Kingdom:

   a) *Annual Improvements to IFRS Accounting Standards–Volume 11—Hedge Accounting by a First-time Adopter* (Amendments to IFRS 1) ("the Standard")[3].

4. In accordance with regulation 7(1) of the Regulations, the UK Endorsement Board is of the view that:

   a) the Standard is not contrary to either of the following principles—

      i. an undertaking's accounts must give a true and fair view of the undertaking's assets, liabilities, financial position and profit or loss;

      ii. consolidated accounts must give a true and fair view of the assets, liabilities, financial position and profit or loss of the undertakings

1 Accessible here: https://www.legislation.gov.uk/uksi/2021/609/contents/made
2 Accessible here: https://www.legislation.gov.uk/uksi/2019/685/contents
3 In this Adoption Statement the term 'Standard' is used to refer to amendments to international accounting standards, in line with the definition of 'international accounting standards' used in the Regulations, which includes 'subsequent amendments to international accounting standards'.

included in the accounts taken as a whole, so far as concerns members of the undertaking;

b) the use of the Standard is likely to be conducive to the long term public good in the United Kingdom; and

c) the Standard meets the criteria of understandability, relevance, reliability and comparability required of the financial information needed for making economic decisions and assessing the stewardship of management.

5. In accordance with regulation 8 of the Regulations, the UK Endorsement Board is of the view that adequate consultation with persons representative of those with an interest in the quality and availability of accounts, including users and preparers of accounts, has been undertaken before the adoption decision.

6. The adopted Standard referred to in paragraph 3:

a) must be used for financial years beginning on or after 1 January 2026;

b) may be used for financial years beginning before 1 January 2026.

7. The text of the Standard is set out in the annex to this statement.

Approval by the UKEB Board

Adoption of *Annual Improvements to IFRS Accounting Standards–Volume 11—Hedge Accounting by a First-time Adopter* (Amendments to IFRS 1)

Annual Improvements to IFRS Accounting Standards–Volume 11— Hedge Accounting by a First-time Adopter (Amendments to IFRS 1) published by the IASB in July 2024 was approved for adoption by 14 members of the UK Endorsement Board.

Pauline Wallace	Chair
Amir Amel-Zadeh	
Michael Ashley	
Philip Aspin	
Anthony Clifford	
Owen Glaysher	
Katherine Coates	
Robin Cohen	
Edward Knapp	
Paul Lee	
Giles Mullins	
Liz Murrall	
Sandra Thompson	
Michael Wells	

[Date]

UKEB
UK Endorsement Board

Appendix D: Adoption Statement

Annual Improvements to IFRS Accounting Standards–Volume 11—Gain or Loss on Derecognition (Amendments to IFRS 7)

1. The UK Endorsement Board is designated under regulation 2(1) of The International Accounting Standards (Delegation of Functions) (EU Exit) Regulations 2021 No. 609[1] ("the Delegating Regulations") for the purpose of enabling it to exercise functions of the Secretary of State under Chapter 3 of Part 2 of The International Accounting Standards and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019 No. 685[2] ("the Regulations").

2. *Annual Improvements to IFRS Accounting Standards – Volume 11* contains amendments to IFRS 1, 7, 9, 10 and IAS 7. These unrelated amendments have been assessed by the UK Endorsement Board as individual, separate amendments within a single overarching Endorsement Criteria Assessment.

3. The UK Endorsement Board, in exercise of the powers conferred by regulation 6(1) of the Regulations, adopts the following amendment to international accounting standards published by the International Accounting Standards Board (IASB), for use within the United Kingdom:

   a) *Annual Improvements to IFRS Accounting Standards–Volume 11—Gain or Loss on Derecognition* (Amendments to IFRS 7) ("the Standard")[3].

4. In accordance with regulation 7(1) of the Regulations, the UK Endorsement Board is of the view that:

   a) the Standard is not contrary to either of the following principles—

      i. an undertaking's accounts must give a true and fair view of the undertaking's assets, liabilities, financial position and profit or loss;

      ii. consolidated accounts must give a true and fair view of the assets, liabilities, financial position and profit or loss of the undertakings included in the accounts taken as a whole, so far as concerns

1 Accessible here: https://www.legislation.gov.uk/uksi/2021/609/contents/made
2 Accessible here: https://www.legislation.gov.uk/uksi/2019/685/contents
3 In this Adoption Statement the term 'Standard' is used to refer to amendments to international accounting standards, in line with the definition of 'international accounting standards' used in the Regulations, which includes 'subsequent amendments to international accounting standards'.

members of the undertaking;

b) the use of the Standard is likely to be conducive to the long term public good in the United Kingdom; and

c) the Standard meets the criteria of understandability, relevance, reliability and comparability required of the financial information needed for making economic decisions and assessing the stewardship of management.

5. In accordance with regulation 8 of the Regulations, the UK Endorsement Board is of the view that adequate consultation with persons representative of those with an interest in the quality and availability of accounts, including users and preparers of accounts, has been undertaken before the adoption decision.

6. The adopted Standard referred to in paragraph 3:

a) must be used for financial years beginning on or after 1 January 2026;

b) may be used for financial years beginning before 1 January 2026.

7. The text of the Standard is set out in the annex to this statement.

UK Endorsement Board

Approval by the UKEB Board

Adoption of *Annual Improvements to IFRS Accounting Standards–Volume 11—Gain or Loss on Derecognition* (Amendments to IFRS 7)

Annual Improvements to IFRS Accounting Standards–Volume 11—Gain or Loss on Derecognition (Amendments to IFRS 7) published by the IASB in July 2024 was approved for adoption by 14 members of the UK Endorsement Board.

Pauline Wallace	Chair
Amir Amel-Zadeh	
Michael Ashley	
Philip Aspin	
Anthony Clifford	
Owen Glaysher	
Katherine Coates	
Robin Cohen	
Edward Knapp	
Paul Lee	
Giles Mullins	
Liz Murrall	
Sandra Thompson	
Michael Wells	

[Date]

UK Endorsement Board

Appendix D: Adoption Statement

Annual Improvements to IFRS Accounting Standards–Volume 11—Derecognition of Lease Liabilities (Amendments to IFRS 9)

1. The UK Endorsement Board is designated under regulation 2(1) of The International Accounting Standards (Delegation of Functions) (EU Exit) Regulations 2021 No. 609[1] ("the Delegating Regulations") for the purpose of enabling it to exercise functions of the Secretary of State under Chapter 3 of Part 2 of The International Accounting Standards and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019 No. 685[2] ("the Regulations").

2. *Annual Improvements to IFRS Accounting Standards – Volume 11* contains amendments to IFRS 1, 7, 9, 10 and IAS 7. These unrelated amendments have been assessed by the UK Endorsement Board as individual, separate amendments within a single overarching Endorsement Criteria Assessment.

3. The UK Endorsement Board, in exercise of the powers conferred by regulation 6(1) of the Regulations, adopts the following amendment to international accounting standards published by the International Accounting Standards Board (IASB), for use within the United Kingdom:

   a) *Annual Improvements to IFRS Accounting Standards–Volume 11—Derecognition of Lease Liabilities* (Amendments to IFRS 9) ("the Standard")[3].

4. In accordance with regulation 7(1) of the Regulations, the UK Endorsement Board is of the view that:

   a) the Standard is not contrary to either of the following principles—

      i. an undertaking's accounts must give a true and fair view of the undertaking's assets, liabilities, financial position and profit or loss;

      ii. consolidated accounts must give a true and fair view of the assets,

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1 Accessible here: https://www.legislation.gov.uk/uksi/2021/609/contents/made
2 Accessible here: https://www.legislation.gov.uk/uksi/2019/685/contents
3 In this Adoption Statement the term 'Standard' is used to refer to amendments to international accounting standards, in line with the definition of 'international accounting standards' used in the Regulations, which includes 'subsequent amendments to international accounting standards'.

liabilities, financial position and profit or loss of the undertakings included in the accounts taken as a whole, so far as concerns members of the undertaking;

b) the use of the Standard is likely to be conducive to the long term public good in the United Kingdom; and

c) the Standard meets the criteria of understandability, relevance, reliability and comparability required of the financial information needed for making economic decisions and assessing the stewardship of management.

5. In accordance with regulation 8 of the Regulations, the UK Endorsement Board is of the view that adequate consultation with persons representative of those with an interest in the quality and availability of accounts, including users and preparers of accounts, has been undertaken before the adoption decision.

6. The adopted Standard referred to in paragraph 3:

a) must be used for financial years beginning on or after 1 January 2026;

b) may be used for financial years beginning before 1 January 2026.

7. The text of the Standard is set out in the annex to this statement.

UK Endorsement Board

Approval by the UKEB Board

Adoption of *Annual Improvements to IFRS Accounting Standards–Volume 11—Derecognition of Lease Liabilities* (Amendments to IFRS 9)

Annual Improvements to IFRS Accounting Standards–Volume 11—Derecognition of Lease Liabilities (Amendments to IFRS 9) published by the IASB in July 2024 was approved for adoption by 14 members of the UK Endorsement Board.

Pauline Wallace	Chair
Amir Amel-Zadeh	
Michael Ashley	
Philip Aspin	
Anthony Clifford	
Owen Glaysher	
Katherine Coates	
Robin Cohen	
Edward Knapp	
Paul Lee	
Giles Mullins	
Liz Murrall	
Sandra Thompson	
Michael Wells	

[Date]

UK Endorsement Board

Appendix D: Adoption Statement

Annual Improvements to IFRS Accounting Standards—Volume 11—Transaction Price (Amendments to IFRS 9)

1. The UK Endorsement Board is designated under regulation 2(1) of The International Accounting Standards (Delegation of Functions) (EU Exit) Regulations 2021 No. 609[1] ("the Delegating Regulations") for the purpose of enabling it to exercise functions of the Secretary of State under Chapter 3 of Part 2 of The International Accounting Standards and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019 No. 685[2] ("the Regulations").

2. *Annual Improvements to IFRS Accounting Standards – Volume 11* contains amendments to IFRS 1, 7, 9, 10 and IAS 7. These unrelated amendments have been assessed by the UK Endorsement Board as individual, separate amendments within a single overarching Endorsement Criteria Assessment.

3. The UK Endorsement Board, in exercise of the powers conferred by regulation 6(1) of the Regulations, adopts the following amendment to international accounting standards published by the International Accounting Standards Board (IASB), for use within the United Kingdom:

    a) *Annual Improvements to IFRS Accounting Standards–Volume 11—Transaction Price* (Amendments to IFRS 9) ("the Standard")[3].

4. In accordance with regulation 7(1) of the Regulations, the UK Endorsement Board is of the view that:

    a) the Standard is not contrary to either of the following principles—

        i. an undertaking's accounts must give a true and fair view of the undertaking's assets, liabilities, financial position and profit or loss;

        ii. consolidated accounts must give a true and fair view of the assets, liabilities, financial position and profit or loss of the undertakings included in the accounts taken as a whole, so far as concerns

[1] Accessible here: https://www.legislation.gov.uk/uksi/2021/609/contents/made
[2] Accessible here: https://www.legislation.gov.uk/uksi/2019/685/contents
[3] In this Adoption Statement the term 'Standard' is used to refer to amendments to international accounting standards, in line with the definition of 'international accounting standards' used in the Regulations, which includes 'subsequent amendments to international accounting standards'.

members of the undertaking;

b) the use of the Standard is likely to be conducive to the long term public good in the United Kingdom; and

c) the Standard meets the criteria of understandability, relevance, reliability and comparability required of the financial information needed for making economic decisions and assessing the stewardship of management.

5. In accordance with regulation 8 of the Regulations, the UK Endorsement Board is of the view that adequate consultation with persons representative of those with an interest in the quality and availability of accounts, including users and preparers of accounts, has been undertaken before the adoption decision.

6. The adopted Standard referred to in paragraph 3:

a) must be used for financial years beginning on or after 1 January 2026;

b) may be used for financial years beginning before 1 January 2026.

7. The text of the Standard is set out in the annex to this statement.

Approval by the UKEB Board

Adoption of *Annual Improvements to IFRS Accounting Standards—Volume 11—Transaction Price* (Amendments to IFRS 9)

Annual Improvements to IFRS Accounting Standards—Volume 11—Transaction Price (Amendments to IFRS 9) published by the IASB in July 2024 was approved for adoption by 14 members of the UK Endorsement Board.

Pauline Wallace	Chair
Amir Amel-Zadeh	
Michael Ashley	
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Katherine Coates	
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Edward Knapp	
Paul Lee	
Giles Mullins	
Liz Murrall	
Sandra Thompson	
Michael Wells	

[Date]

UKEB
UK Endorsement Board

Appendix D: Adoption Statement

Annual Improvements to IFRS Accounting Standards— Volume 11–Determination of a 'De Facto Agent' (Amendments to IFRS 10)

1. The UK Endorsement Board is designated under regulation 2(1) of The International Accounting Standards (Delegation of Functions) (EU Exit) Regulations 2021 No. 609[1] ("the Delegating Regulations") for the purpose of enabling it to exercise functions of the Secretary of State under Chapter 3 of Part 2 of The International Accounting Standards and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019 No. 685[2] ("the Regulations").

2. *Annual Improvements to IFRS Accounting Standards – Volume 11* contains amendments to IFRS 1, 7, 9, 10 and IAS 7. These unrelated amendments have been assessed by the UK Endorsement Board as individual, separate amendments within a single overarching Endorsement Criteria Assessment.

3. The UK Endorsement Board, in exercise of the powers conferred by regulation 6(1) of the Regulations, adopts the following amendment to international accounting standards published by the International Accounting Standards Board (IASB), for use within the United Kingdom:

   a) *Annual Improvements to IFRS Accounting Standards–Volume 11— Determination of a 'De Facto Agent'* (Amendments to IFRS 10) ("the Standard")[3].

4. In accordance with regulation 7(1) of the Regulations, the UK Endorsement Board is of the view that:

   a) the Standard is not contrary to either of the following principles—

      i. an undertaking's accounts must give a true and fair view of the undertaking's assets, liabilities, financial position and profit or loss;

      ii. consolidated accounts must give a true and fair view of the assets, liabilities, financial position and profit or loss of the undertakings

1 Accessible here: https://www.legislation.gov.uk/uksi/2021/609/contents/made
2 Accessible here: https://www.legislation.gov.uk/uksi/2019/685/contents
3 In this Adoption Statement the term 'Standard' is used to refer to amendments to international accounting standards, in line with the definition of 'international accounting standards' used in the Regulations, which includes 'subsequent amendments to international accounting standards'.

included in the accounts taken as a whole, so far as concerns members of the undertaking;

b) the use of the Standard is likely to be conducive to the long term public good in the United Kingdom; and

c) the Standard meets the criteria of understandability, relevance, reliability and comparability required of the financial information needed for making economic decisions and assessing the stewardship of management.

5. In accordance with regulation 8 of the Regulations, the UK Endorsement Board is of the view that adequate consultation with persons representative of those with an interest in the quality and availability of accounts, including users and preparers of accounts, has been undertaken before the adoption decision.

6. The adopted Standard referred to in paragraph 3:

a) must be used for financial years beginning on or after 1 January 2026;

b) may be used for financial years beginning before 1 January 2026.

7. The text of the Standard is set out in the annex to this statement.

UK Endorsement Board

Approval by the UKEB Board

Adoption of *Annual Improvements to IFRS Accounting Standards–Volume 11—Determination of a 'De Facto Agent'* (Amendments to IFRS 10)

Annual Improvements to IFRS Accounting Standards–Volume 11—Determination of a 'De Facto Agent' (Amendments to IFRS 10) published by the IASB in July 2024 was approved for adoption by 14 members of the UK Endorsement Board.

Pauline Wallace	Chair
Amir Amel-Zadeh	
Michael Ashley	
Philip Aspin	
Anthony Clifford	
Owen Glaysher	
Katherine Coates	
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Edward Knapp	
Paul Lee	
Giles Mullins	
Liz Murrall	
Sandra Thompson	
Michael Wells	

[Date]

UK Endorsement Board

Appendix D: Adoption Statement

Annual Improvements to IFRS Accounting Standards–Volume 11—Cost Method (Amendments to IAS 7)

1. The UK Endorsement Board is designated under regulation 2(1) of The International Accounting Standards (Delegation of Functions) (EU Exit) Regulations 2021 No. 609[1] ("the Delegating Regulations") for the purpose of enabling it to exercise functions of the Secretary of State under Chapter 3 of Part 2 of The International Accounting Standards and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019 No. 685[2] ("the Regulations").

2. *Annual Improvements to IFRS Accounting Standards – Volume 11* contains amendments to IFRS 1, 7, 9, 10 and IAS 7. These unrelated amendments have been assessed by the UK Endorsement Board as individual, separate amendments within a single overarching Endorsement Criteria Assessment.

3. The UK Endorsement Board, in exercise of the powers conferred by regulation 6(1) of the Regulations, adopts the following amendment to international accounting standards published by the International Accounting Standards Board (IASB), for use within the United Kingdom:

   a) *Annual Improvements to IFRS Accounting Standards–Volume 11—Cost Method* (Amendments to IAS 7) ("the Standard")[3].

4. In accordance with regulation 7(1) of the Regulations, the UK Endorsement Board is of the view that:

   a) the Standard is not contrary to either of the following principles—

      i. an undertaking's accounts must give a true and fair view of the undertaking's assets, liabilities, financial position and profit or loss;

      ii. consolidated accounts must give a true and fair view of the assets, liabilities, financial position and profit or loss of the undertakings included in the accounts taken as a whole, so far as concerns

1 Accessible here: https://www.legislation.gov.uk/uksi/2021/609/contents/made
2 Accessible here: https://www.legislation.gov.uk/uksi/2019/685/contents
3 In this Adoption Statement the term 'Standard' is used to refer to amendments to international accounting standards, in line with the definition of 'international accounting standards' used in the Regulations, which includes 'subsequent amendments to international accounting standards'.

members of the undertaking;

b) the use of the Standard is likely to be conducive to the long term public good in the United Kingdom; and

c) the Standard meets the criteria of understandability, relevance, reliability and comparability required of the financial information needed for making economic decisions and assessing the stewardship of management.

5. In accordance with regulation 8 of the Regulations, the UK Endorsement Board is of the view that adequate consultation with persons representative of those with an interest in the quality and availability of accounts, including users and preparers of accounts, has been undertaken before the adoption decision.

6. The adopted Standard referred to in paragraph 3:

a) must be used for financial years beginning on or after 1 January 2026;

b) may be used for financial years beginning before 1 January 2026.

7. The text of the Standard is set out in the annex to this statement.

UK Endorsement Board

Approval by the UKEB Board

Adoption of *Annual Improvements to IFRS Accounting Standards–Volume 11—Cost Method* (Amendments to IAS 7)

Annual Improvements to IFRS Accounting Standards–Volume 11—Cost Method (Amendments to IAS 7) published by the IASB in July 2024 was approved for adoption by 14 members of the UK Endorsement Board.

Pauline Wallace	Chair
Amir Amel-Zadeh	
Michael Ashley	
Philip Aspin	
Anthony Clifford	
Owen Glaysher	
Katherine Coates	
Robin Cohen	
Edward Knapp	
Paul Lee	
Giles Mullins	
Liz Murrall	
Sandra Thompson	
Michael Wells	

[Date]

Department for Business & Trade

UK Endorsement Board

UK-Adopted International Accounting Standards

Annual Improvements to IFRS Accounting Standards—Volume 11

Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*

Paragraph 39AK is added. For ease of reading, this paragraph has not been underlined.

Effective date

...

39AK *Annual Improvements to IFRS Accounting Standards—Volume 11*, issued in July 2024, amended paragraphs B5–B6. An entity shall apply those amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact.

Appendix B
Exceptions to the retrospective application of other IFRSs

Paragraphs B5–B6 are amended. New text is underlined and deleted text is struck through.

Hedge accounting

...

B5 An entity shall not reflect in its opening IFRS statement of financial position a hedging relationship of a type that does not qualify for hedge accounting in accordance with IFRS 9 (for example, many hedging relationships where the hedging instrument is a stand-alone written option or a net written option; or where the hedged item is a net position in a cash flow hedge for another risk than foreign currency risk) (see paragraph 6.4.1(a) of IFRS 9). However, if an entity designated a net position as a hedged item in accordance with previous GAAP, it may designate as a hedged item in accordance with IFRSs an individual item within that net position, or a net position if that meets the requirements in paragraph 6.6.1 of IFRS 9, provided that it does so no later than the date of transition to IFRSs.

B6 If, before the date of transition to IFRSs, an entity had designated a transaction as a hedge but the hedge does not meet the qualifying criteria ~~conditions~~ for hedge accounting in paragraph 6.4.1(b)–(c) of IFRS 9, the entity shall apply paragraphs 6.5.6 and 6.5.7 of IFRS 9 to discontinue hedge accounting. Transactions entered into before the date of transition to IFRSs shall not be retrospectively designated as hedges.

Amendments to IFRS 7 *Financial Instruments: Disclosures*

Paragraph 44NN is added. For ease of reading, this paragraph has not been underlined.

Effective date and transition

...

44NN *Annual Improvements to IFRS Accounting Standards—Volume 11*, issued in July 2024, amended paragraph B38. An entity shall apply those amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact.

Appendix B
Application guidance

Paragraph B38 is amended. New text is underlined and deleted text is struck through.

Derecognition (paragraphs 42C–42H)

...

Gain or loss on derecognition (paragraph 42G(a))

B38 Paragraph 42G(a) requires an entity to disclose the gain or loss on derecognition relating to financial assets in which the entity has continuing involvement. The entity shall disclose if a gain or loss on derecognition arose because the fair values of the components of the previously recognised asset (ie the interest in the asset derecognised and the interest retained by the entity) were different from the fair value of the previously recognised asset as a whole. In that situation, the entity shall also disclose whether the fair value measurements included significant unobservable inputs ~~that were not based on observable market data~~, as described in paragraphs 72–73 of IFRS 13~~paragraph 27A~~.

Amendments to IFRS 9 *Financial Instruments*

Chapter 2 Scope

Paragraph 2.1(b)(ii) is amended. Paragraph 2.1(b)(i) is not amended but is included for ease of reference. New text is underlined and deleted text is struck through.

2.1 **This Standard shall be applied by all entities to all types of financial instruments except:**

...

(b) **rights and obligations under leases to which IFRS 16 *Leases* applies. However:**

(i) **finance lease receivables (ie net investments in finance leases) and operating lease receivables recognised by a lessor are subject to the derecognition and impairment requirements of this Standard;**

(ii) **lease liabilities recognised by a lessee are subject to the derecognition requirements in <u>paragraphs</u> ~~paragraph~~ 3.3.1 <u>and 3.3.3</u> of this Standard; and**

...

Chapter 5 Measurement

Paragraph 5.1.3 is amended. Paragraphs 5.1.1–5.1.2 are not amended but are included for ease of reference. New text is underlined and deleted text is struck through.

5.1 Initial measurement

5.1.1 Except for trade receivables within the scope of paragraph 5.1.3, at initial recognition, an entity shall measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, *transaction costs* that are directly attributable to the acquisition or issue of the financial asset or financial liability.

5.1.1A However, if the fair value of the financial asset or financial liability at initial recognition differs from the transaction price, an entity shall apply paragraph B5.1.2A.

5.1.2 When an entity uses settlement date accounting for an asset that is subsequently measured at amortised cost, the asset is recognised initially at its fair value on the trade date (see paragraphs B3.1.3–B3.1.6).

5.1.3 Despite the requirement in paragraph 5.1.1, at initial recognition, an entity shall measure trade receivables at <u>the amount determined by applying </u>~~their transaction price (as defined in~~ IFRS 15~~)~~ if the trade receivables do not contain a significant financing component in accordance with IFRS 15 (or when the entity applies the practical expedient in accordance with paragraph 63 of IFRS 15).

Chapter 7 Effective date and transition

Paragraphs 7.1.14 and 7.2.50 and the subheading before paragraph 7.2.50 are added. For ease of reading, these paragraphs have not been underlined. The new subheading is underlined.

7.1 Effective date

...

7.1.14 *Annual Improvements to IFRS Accounting Standards—Volume 11*, issued in July 2024, amended paragraph 2.1(b)(ii), paragraph 5.1.3 and Appendix A. An entity shall apply those amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact.

...

7.2 Transition

...

Transition for *Annual Improvements to IFRS Accounting Standards—Volume 11*

7.2.50 An entity shall apply the amendment to paragraph 2.1(b)(ii) made by *Annual Improvements to IFRS Accounting Standards—Volume 11* to lease liabilities that are extinguished on or after the beginning of the annual reporting period in which the entity first applies that amendment.

Appendix A
Defined terms

The last paragraph of Appendix A is amended. New text is underlined and deleted text is struck through. Footnotes to the text are not reproduced.

...

The following terms are defined in paragraph 11 of IAS 32, Appendix A of IFRS 7~~,~~ or Appendix A of IFRS 13 ~~or Appendix A of IFRS 15~~ and are used in this Standard with the meanings specified in IAS 32, IFRS 7~~,~~ or IFRS 13~~ or IFRS 15~~:

(a) credit risk;

(b) equity instrument;

(c) fair value;

(d) financial asset;

(e) financial instrument; and

(f) financial liability.~~;~~

~~(g) transaction price.~~

Amendments to IFRS 10 *Consolidated Financial Statements*

Paragraph B74 is amended. Paragraphs B73 and B75 are not amended but are included for ease of reference. New text is underlined and deleted text is struck through.

Assessing control

...

Relationship with other parties

B73 When assessing control, an investor shall consider the nature of its relationship with other parties and whether those other parties are acting on the investor's behalf (ie they are 'de facto agents'). The determination of whether other parties are acting as de facto agents requires judgement, considering not only the nature of the relationship but also how those parties interact with each other and the investor.

B74 Such a relationship need not involve a contractual arrangement. A party is a de facto agent when the investor has~~, or those that direct the activities of the investor have,~~ the ability to direct that party to act on the investor's behalf. <u>A party might also be a de facto agent when those that direct the activities of the investor have the ability to direct that party to act on the investor's behalf. The </u>~~In these circumstances, the~~ investor shall consider its de facto agent's decision-making rights and its indirect exposure, or rights, to variable returns through the de facto agent together with its own when assessing control of an investee.

B75 The following are examples of such other parties that, by the nature of their relationship, might act as de facto agents for the investor:

(a) the investor's related parties.

(b) a party that received its interest in the investee as a contribution or loan from the investor.

(c) a party that has agreed not to sell, transfer or encumber its interests in the investee without the investor's prior approval (except for situations in which the investor and the other party have the right of prior approval and the rights are based on mutually agreed terms by willing independent parties).

(d) a party that cannot finance its operations without subordinated financial support from the investor.

(e) an investee for which the majority of the members of its governing body or for which its key management personnel are the same as those of the investor.

(f) a party that has a close business relationship with the investor, such as the relationship between a professional service provider and one of its significant clients.

Appendix C
Effective date and transition

Paragraph C1E is added. For ease of reading, this paragraph has not been underlined.

Effective date

...

C1E *Annual Improvements to IFRS Accounting Standards—Volume 11*, issued in July 2024, amended paragraph B74. An entity shall apply those amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact.

Amendments to IAS 7 *Statement of Cash Flows*

Paragraph 37 is amended. New text is underlined and deleted text is struck through.

Investments in subsidiaries, associates and joint ventures

37 When accounting for an investment in an associate, a joint venture or a subsidiary accounted for by use of the equity method or at cost ~~method~~, an investor restricts its reporting in the statement of cash flows to the cash flows between itself and the investee, for example, to dividends and advances.

Paragraph 65 is added. For ease of reading, this paragraph has not been underlined.

Effective date and transition

...

65 *Annual Improvements to IFRS Accounting Standards—Volume 11*, issued in July 2024, amended paragraph 37. An entity shall apply that amendment for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted. If an entity applies that amendment for an earlier period, it shall disclose that fact.