

## Invitation to Comment:

Call for comments on Draft Endorsement Criteria  
Assessment of narrow-scope amendments issued 2021 (*with  
an effective date of 1 January 2023*)

Deadline for completion of this Invitation to Comment:

Close of business Monday, 3 October 2022

Please submit to:

[UKEndorsementBoard@endorsement-board.uk](mailto:UKEndorsementBoard@endorsement-board.uk)

## Introduction

The objective of this Invitation to Comment is to obtain input from stakeholders on the endorsement and adoption of a set of three Amendments to international accounting standards published by the International Accounting Standards Board (IASB) in 2021, with an effective date of 1 January 2023 with earlier application permitted, (the '2021 Amendments').

The 2021 Amendments covered in this assessment are:

- Disclosure of Accounting Policies (Amendments to IAS 1 *Presentation of Financial Statements* and to IFRS Practice Statement 2 *Making Materiality Judgements*).
- Definition of Accounting Estimates (Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*).
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 *Income Taxes*).

## UK endorsement and adoption process

The requirements for UK endorsement and adoption are set out in the Statutory Instrument 2019/685<sup>1</sup>.

The delegation of the powers to formally adopt international accounting standards for use in the UK was delegated to the UK Endorsement Board in May 2021<sup>2</sup>.

The information collected from this Invitation to Comment is intended to help with the endorsement assessment. This will form part of the work necessary for potential UK endorsement and adoption of the 2021 Amendments.

## Who should respond to this Invitation to Comment?

Stakeholders with an interest in the quality of accounts that apply IFRS accounting standards.

## How to respond to this Invitation to Comment

Please download this document, answer any questions on which you would like to provide views, and return to [UKEndorsementBoard@endorsement-board.uk](mailto:UKEndorsementBoard@endorsement-board.uk) by close of business on Monday, 3 October 2022.

**Brief responses providing views on individual questions are welcome, as well as comprehensive responses to all questions.**

## Privacy and other policies

The data collected through submitting this document will be stored and processed by the UKEB. By submitting this document, you consent to the UKEB processing your data for the purposes of influencing the development of and adopting IFRS for use in the UK. For further information, please see our Privacy Statements and Notices and other Policies (e.g. Consultation Responses Policy and Data Protection Policy)<sup>3</sup>.

The UKEB's policy is to publish on its website all responses to formal consultations issued by the UKEB unless the respondent explicitly requests otherwise. A standard confidentiality statement in an e-mail message will not be regarded as a request for non-disclosure. If you do not wish your signature to be published, please provide UKEB with an unsigned version of your

---

<sup>1</sup> The International Accounting Standards and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019: <https://www.legislation.gov.uk/uksi/2019/685/made>

<sup>2</sup> The International Accounting Standards (Delegation of Functions) (EU Exit) Regulations 2021: <https://www.legislation.gov.uk/uksi/2021/609/contents/made>

<sup>3</sup> These policies can be accessed from the footer in the UKEB website here: <https://www.endorsement-board.uk>

submission. The UKEB prefers to publish responses that do not include a personal signature. Other than the name of the organisation/individual responding, information contained in the “Your Details” document will not be published. The UKEB does not edit personal information (such as telephone numbers, postal or e-mail addresses) from any other document submitted; therefore, only information that you wish to be published should be submitted in such responses.

## Assessment against endorsement criteria

Our draft assessment concludes that:

- the 2021 Amendments meet the criteria of relevance, reliability, comparability and understandability required of the financial information needed for making economic decisions and assessing the stewardship of management, as required by SI 2019/685 (see Regulation 7(1)(c));
- application of the 2021 Amendments is not contrary to the principle that an entity’s accounts must give a true and fair view as required by SI 2019/685 (see Regulation 7(1)(a)); and
- that the 2021 Amendments are likely to be conducive to the long term public good in the UK as required by SI 2019/685 (see Regulation 7(1)(b)), including that:
  - will generally improve the quality of financial reporting;
  - will lead to benefits that exceed the costs; and
  - are not likely to have an adverse effect on the economy of the UK, including on economic growth.

Our assessment of each of the **2021 Amendments** is set out in **Section B** of this DECA in the pages indicated below:

	Amendments to IAS 1	Amendments to IAS 8	Amendments to IAS 12
Rationale for the Amendments	pages 7–8	page 11	pages 14–15
Technical criteria assessment	pages 8–9	pages 11–12	pages 15–16
True and fair view	page 9	page 12	page 16
UK long term public good (including costs and benefits for preparers and users)	pages 9–10	pages 12–13	pages 16–18

## Questions

### Technical criteria assessment

1. Do you agree with the draft assessment of the:

a) IAS 1 Amendments against the **technical criteria**? (please select one option)

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
-----	-------------------------------------	----	--------------------------

b) IAS 8 Amendments against the **technical criteria**? (please select one option)

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
-----	-------------------------------------	----	--------------------------

c) IAS 12 Amendments against the **technical criteria**? (please select one option)

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
-----	-------------------------------------	----	--------------------------

2. Please include any comments you may have in response to question 1:

Click or tap here to enter text.

### True and fair view

3. Do you agree with the draft assessment that the:

a) IAS 1 Amendments **are not contrary to the true and fair view requirement**? (please select one option)

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
-----	-------------------------------------	----	--------------------------

b) IAS 8 Amendments **are not contrary to the true and fair view requirement**? (please select one option)

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
-----	-------------------------------------	----	--------------------------

c) IAS 12 Amendments **are not contrary to the true and fair view requirement**? (please select one option)

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
-----	-------------------------------------	----	--------------------------

4. Please include any comments you may have in response to question 3:

**IAS 1 Amendments:** The UKEB’s conclusion on true and fair is based on its assessment that “materiality” is a well understood concept, whilst “significant” is not defined in IFRS. Although we agree with the UKEB that the true and fair requirement is met, the UKEB’s analysis could be more nuanced. We note that IAS 1 retains references to “significant”, for example in IAS 1.122 and IAS 1.125 on disclosure of judgements and estimates, and stakeholders will still be required to make judgements based on the concept of “significance”.

**IAS 8 Amendments:** We concur with the UKEB’s assessment on true and fair. We note that the UKEB’s endorsement does not cover the *Basis for Conclusions* accompanying the draft amendments. In paragraph BC53 the IASB acknowledged that it did not revisit the requirements in IAS2.36(a) on inventory cost formulas being an accounting policy although IAS 1.34A specifies that a change in measurement technique is an accounting estimate. We would expect that this apparent inconsistency and its effect for the UK is considered as part of the UKEB’s assessment. We would concur with the IASB’s assessment that changes in measurement techniques for inventory are relatively infrequent, nevertheless, we would prefer the standards to be clear and consistent.

## UK long term public good

5. Do you agree with the initial assessments of **costs and benefits for preparers and for users** for the:

a) IAS 1 Amendments? (please select one option)

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
-----	-------------------------------------	----	--------------------------

b) IAS 8 Amendments? (please select one option)

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
-----	-------------------------------------	----	--------------------------

c) IAS 12 Amendments? (please select one option)

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
-----	-------------------------------------	----	--------------------------

6. Please include any comments you may have in response to question 5, including if any costs have been missed out:

**IAS 1 Amendments:** It could be clarified whether the UKEB expects preparers to conduct a full and detailed assessment of their accounting policy disclosures or a lighter touch approach upon the adoption of this amendment. This would impact on the cost of adoption. It would also be helpful to understand the UKEB’s expectation on whether this amendment would result in incremental changes to accounting policy disclosures or a more wholesale rewrite. Again this would give an indication of the likely costs and benefits of this amendment. In our view the amendments would give rise to limited costs and incremental benefits, provided that the amendments do not necessitate an in depth review of existing policy disclosure.

**IAS 12 Amendments:** We would suggest that the UKEB considers in its impact assessment the impact of UK applicable tax law. For example, BC 75 states that an entity must apply judgment to decide whether tax deductions are attributable to the lease asset or lease liability. If the tax deductions are attributable to the lease asset no temporary differences arise, whilst if attributable to the lease liability, taxable and deductible temporary difference do arise and must be recognised. The impact of UK tax laws therefore influences the efforts and the effect of the adoption of the amendments.

7. Do you agree with the draft assessment of the:

a) IAS 1 Amendments against **UK long term public good?** (please select one option)

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
-----	-------------------------------------	----	--------------------------

b) IAS 8 Amendments against **UK long term public good?** (please select one option)

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
-----	-------------------------------------	----	--------------------------

c) IAS 12 Amendments against **UK long term public good?** (please select one option)

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
-----	-------------------------------------	----	--------------------------

8. Please include any comments you may have in response to question 7:

Click or tap here to enter text.

Thank you for completing this Invitation to Comment

Please submit this document

by close of business on Monday 3 October 2022 to:

[UKEndorsementBoard@endorsement-board.uk](mailto:UKEndorsementBoard@endorsement-board.uk)