



## **CALL FOR COMMENTS ON [DRAFT] ENDORSEMENT CRITERIA ASSESSMENT: ANNUAL IMPROVEMENTS AND NARROW- SCOPE AMENDMENTS (PUBLISHED IN MAY 2020 WITH AN EFFECTIVE DATE OF 1 JANUARY 2022)**

Issued 5 November 2021

ICAEW welcomes the opportunity to comment on the UK Endorsement Board's (UKEB) Call for comments on [DRAFT] Endorsement Criteria Assessment: Annual improvements and narrow-scope amendments (published in May 2020 with an effective date of 1 January 2022) in September 2021.

ICAEW supports the UKEB Draft Endorsement Criteria Assessment: Annual improvements and narrow-scope amendments (published in May 2020 with an effective date of 1 January 2022)

This response of 5 November 2021 has been prepared by the ICAEW Financial Reporting Faculty. Recognised internationally as a leading authority on corporate reporting, the faculty, through its Financial Reporting Committee, is responsible for formulating ICAEW policy on financial and non-financial reporting issues and makes submissions to standard setters and other external bodies on behalf of ICAEW. The faculty provides an extensive range of services to its members including providing practical assistance with common corporate reporting problems.

ICAEW is a world-leading professional body established under a Royal Charter to serve the public interest. In pursuit of its vision of a world of strong economies, ICAEW works with governments, regulators and businesses and it leads, connects, supports and regulates more than 157,800 chartered accountant members in over 147 countries. ICAEW members work in all types of private and public organisations, including public practice firms, and are trained to provide clarity and rigour and apply the highest professional, technical and ethical standards.

© ICAEW 2021

All rights reserved.

This document may be reproduced without specific permission, in whole or part, free of charge and in any format or medium, subject to the conditions that:

- it is appropriately attributed, replicated accurately and is not used in a misleading context;
- the source of the extract or document is acknowledged and the title and ICAEW reference number are quoted.

Where third-party copyright material has been identified application for permission must be made to the copyright holder.

For more information, please contact: [frf@icaew.com](mailto:frf@icaew.com)

---

### **ICAEW**

Chartered Accountants' Hall Moorgate Place London EC2R 6EA UK  
T +44 (0)20 7920 8100 F +44 (0)20 7920 0547 [icaew.com](http://icaew.com)

The Institute of Chartered Accountants in England and Wales (ICAEW) incorporated by Royal Charter (RC000246)  
Registered office: Chartered Accountants' Hall Moorgate Place London EC2R 6EA UK

## KEY POINTS

1. ICAEW welcomes the opportunity to comment on the UK Endorsement Board's Draft Endorsement Criteria Assessment: Annual improvements and narrow-scope amendments (published in May 2020 with an effective date of 1 January 2022). This response of 5 November 2021, reproduced in the appendix below, has been prepared on behalf of ICAEW by the Financial Reporting Faculty.
2. ICAEW supports the UK endorsement of the IASB's narrow-scope amendments published in May 2020.

# Invitation to Comment:

## Call for comments on [DRAFT] Endorsement Criteria Assessment: Annual improvements and narrow-scope amendments (*published in May 2020 with an effective date of 1 January 2022*)

**Deadline for completion of this Invitation to Comment:**  
**Close of business 1 November 2021**

**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 six Amendments to international accounting standards published by the International Accounting Standards Board (IASB) in May 2020, with an effective date of 1 January 2022 with earlier application permitted, (the 'May 2020 Amendments'). The May 2020 Amendments are comprised of three Annual Improvements amendments (from the IASB's *Annual Improvements to IFRS® Standards 2018–2020*) and three Narrow-Scope amendments.

The **Annual Improvements amendments** covered in this assessment are:

- Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*—Subsidiary as a First-time Adopter.
- Amendments to IFRS 9 *Financial Instruments*—Fees in the '10 per cent' Test for Derecognition of Financial Liabilities.
- Amendments to IAS 41 *Agriculture*—Taxation in Fair Value Measurements.

The **Narrow-Scope amendments** covered in this assessment are:

- Amendments to IAS 16 *Property, Plant and Equipment*—Proceeds before Intended Use.
- Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*—Onerous Contracts—Cost of Fulfilling a Contract.
- Amendments to IFRS 3 *Business Combinations*—Reference to the Conceptual Framework.

### 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 May 2020 Amendments.

### Who should respond to this Invitation to Comment?

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

## 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 **1 November 2021**.

**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 endorsing 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 submission. The UKEB prefer 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.

## Part B: Assessment against endorsement criteria

Our initial assessment concludes that:

- the May 2020 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 May 2020 Amendments is not contrary to the principle that an entity's accounts/consolidated accounts must give a true and fair view as required by SI 2019/685 (see Regulation 7(1)(a));
- that the May 2020 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 financial reporting;
  - will lead to benefits that exceed the costs; and
  - is not likely to have an adverse effect on the economy of the UK, including on economic growth.

Our assessment of each of the **Annual Improvements amendments** is set out in **Appendix 1** of this DECA in the pages indicated below:

	Amendments to IFRS 1	Amendments to IFRS 9	Amendments to IAS 41
Rationale for the Amendments	pages 5–6	page 8	page 10
Assessment against technical criteria	pages 6–7	pages 8–9	pages 10–11
True and fair view	pages 6–7	page 9	page 11
UK long term public good	page 7	page 9	page 11

Our assessment of each of the **Narrow-Scope amendments** is set out in **Appendix 2** of this DECA in the pages indicated below:

	Amendments to IAS 16	Amendments to IAS 37	Amendments to IFRS 3
Rationale for the Amendments	pages 12–13	pages 16–17	pages 19–20

Assessment against technical criteria	pages 13–14	page 17	page 20
True and fair view	page 14	page 17	page 20
UK long term public good	pages 14–15	pages 17–18	pages 20–21

1. Do you have any comments relating to our description of ‘not contrary to the true and fair view requirement’ in paragraph 16 of the DECA?

**No comments.**

2. Do you agree with these assessments against the technical criteria? (please select one option)

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

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

**No comments.**

4. Do you agree with these assessments against UK long term public good? (please select one option)

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

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

**No comments.**

## Thank you for completing this Invitation to Comment