

IFRS Interpretations Committee Update

Executive Summary

Project Type
Influencing
Project Scope
Various
Purpose of the paper
This paper provides updates to the Board about the work and decisions of the IFRS Interpretations Committee.
Summary of the Issue
As agreed with the Board, the Secretariat monitors requests submitted to the IFRS Interpretations Committee. This paper presents an overview of the topics on the Interpretations Committee's agenda, categorised as follows: Topics for discussion a) Forthcoming Tentative Agenda Decisions. Topics for noting b) Finalised Agenda Decision for IASB consideration.
Decisions for the Board
- Do Board Members agree that the UKEB will not respond to the Interpretations Committee's invitation to comment on <i>Assets that generate a return individually and largely independently of an entity's other resources (IFRS 18)</i>? (Item I.1 below). - Do Board Members agree that the Secretariat should provide an update, including a recommendation on whether the UKEB should respond to the Interpretations Committee's invitation to comment on <i>Estimating Residual Value (IAS 16)</i>, at the October meeting of the UKEB? (Item I.2 below) - Do Board Members agree that the Secretariat should provide an update, including a recommendation on whether the UKEB should respond to the Interpretations Committee's invitation to comment on <i>Sale of Equity</i>

Investments Measured at Fair Value through Other Comprehensive Income (IFRS 9), at the October meeting of the UKEB? (Item I.3 below)

Recommendation

The Secretariat recommends that the UKEB should not respond to the Committee's invitation to comment on the forthcoming TAD *Assets that generate a return individually and largely independently of an entity's other resources (IFRS 18)*.

It is recommended that the Secretariat continues to monitor:

- *Estimating Residual Value (IAS 16); and*
- *Sale of Equity Investments Measured at Fair Value through Other Comprehensive Income (IFRS 9).*

Depending on the wording of the TADs, the UKEB may wish to submit responses in support of the Committee's tentative conclusions.

Appendices

N/A

Background

1. The UKEB's Due Process Handbook notes that the UKEB expects to respond to a limited number of tentative agenda decisions published by the IFRS Interpretations Committee ('Interpretations Committee' or 'the Committee'). Some factors to consider when deciding whether to respond may be:
 - a) the degree of impact of the tentative agenda decision (TAD) on UK companies (for example, in cases where the TAD is expected to affect a significant number of UK companies);
 - b) disagreement with the Interpretations Committee's analysis; or
 - c) usefulness of the explanations and clarifications included in the TAD.
2. The next meeting of the Committee is on 15 to 16 September 2026.

Overview

3. The rest of this paper is structured as follows:
 - a) [Section I. Forthcoming Tentative Agenda Decisions.](#)
 - b) [Section II. Finalised Agenda Decision for IASB consideration.](#)
4. This paper includes topics that the Board has previously considered. Material that has been included in a previous Interpretations Committee Update presented to the Board is **shaded**.

Section I. Forthcoming Tentative Agenda Decisions

I.1 Assets that generate a return individually and largely independently of an entity's other resources (IFRS 18)

Standard	IFRS 18 <i>Presentation and Disclosure in Financial Statements</i>
IFRIC status	This item has been included on the Committee's agenda for discussion at its meeting on 15 to 16 September 2026.
UKEB status	The UKEB has not yet discussed this item.
Question	The submission seeks clarification on how an entity determines whether an asset generates a return individually and largely independently of the entity's other resources. In particular, the submission asks how an entity assesses the requirement in paragraph B48 of IFRS 18 on whether an entity uses the asset 'in combination to produce or supply goods or services'. The request is broadly framed in the context of how an investment fund makes this assessment for the financial assets (debt or equity investments) that it holds. The question affects the classification of income and expenses from the asset and is of increasing importance as a result of <i>Amendments to the Fair Value Option for Investments in Associates and Joint Ventures (Amendments to IAS 28)</i> that the IASB issued in June 2026¹.
Proposed tentative conclusion (to be discussed by the Committee on 15–16 September 2026)	Paragraphs B45–B49 of IFRS 18 include requirements that help an entity judge whether an asset generates a return individually and largely independently of the entity's other resources. Applying paragraph B46(a), an entity holding financial assets, such as debt and equity investments, would typically conclude that those assets generate a return individually and largely independently of the entity's other resources. The draft TAD tentatively concludes that the principles and requirements in IFRS 18 provide an adequate basis for an entity to assess whether an asset it holds generates a return individually and largely independently of its other resources. A

¹ The [June 2026 amendments to IAS 28](#) extend the fair value option to entities investing in assets described in [IFRS 18.53 \(a\) to \(c\)](#). In addition, IFRS 18.C7 permits an entity, on transition to IFRS 18, to change its election for measuring associates and joint ventures from the equity method to fair value through profit or loss in accordance with IFRS 9 *Financial Instruments*.

	standard-setting project is therefore not thought to be needed to address the request.
Comment	This matter has not been raised with the Secretariat as a particular challenge by UK stakeholders.
Recommendation	The Secretariat recommends that the UKEB should not respond to the Committee's invitation to comment on the forthcoming <i>TAD Assets that generate a return individually and largely independently of an entity's other resources (IFRS 18)</i>. Noting that the final wording of the TAD is not yet available, it is recommended that the Secretariat continues to monitor this item. The Secretariat will bring this item back to the Board for further discussion as necessary.

Question for the Board
Do Board Members agree that the UKEB should not respond to the Interpretations Committee's invitation to comment on <i>Assets that generate a return individually and largely independently of an entity's other resources (IFRS 18)</i> ?

1.2 Estimating Residual Value (IAS 16)

Standard	(IAS 16 <i>Property, Plant and Equipment</i>)
IFRIC status	This item has been included on the Committee's agenda for discussion at its meeting on 15 to 16 September 2026.
UKEB status	The UKEB discussed this item at its meeting in June 2026 when it was part of the Committee's "pipeline".
Question	The submission seeks clarification on how lessors should determine the residual value of leased assets when calculating depreciation under the requirements of paragraph 43 of IAS 16. The fact pattern in the submission describes an entity that manufactures cars and leases some newly produced vehicles to end customers, usually for around three years. At the end of the lease term, the cars are sold through various sales channels. The entity classifies the lease arrangements as operating leases and recognises the leased vehicles on the balance sheet at

	historical cost. When calculating depreciation, the residual value is estimated using a model that incorporates anticipated used car prices, projected trading volumes and macroeconomic trends. The submission: - notes that paragraph 6 of IAS 16 requires that the estimate of residual value is the amount that the entity “would currently obtain from disposal of the asset ... if the asset were already of the age and in the condition expected at the end of its useful life”; and - asks whether estimates of future developments expected during the remaining lease term (other than those related to the age and condition of the asset) should be reflected when determining residual value.
Proposed tentative conclusion (to be discussed by the Committee on 15–16 September 2026)	Evidence obtained about the prevalence of the fact pattern and the extent to which there is diversity in practice indicates that the matter has a widespread effect. The draft TAD offers the view that IAS 16 requires entities to reflect future developments when estimating residual value only to the extent they would affect the amount the entity would obtain for the asset <i>at the reporting date</i> (that is, to the extent they affect current prices). The draft TAD concludes that the principles and requirements in IAS 16 provide an adequate basis for an entity to determine whether, in estimating the residual value of an item of property, plant and equipment, it should reflect expected future developments other than the item’s expected age and condition at the end of its useful life. Consequently, draft TAD tentatively concludes that a standard-setting project is not needed to address the request.
Comment	The Secretariat undertook preliminary research on this item (including desktop research and targeted outreach with Advisory Group Members) to establish the prevalence of the issue in the UK. The guidance we reviewed consistently indicates that an estimate of an item’s residual value should not take account of expected price changes. Based on our work, we are not aware that this issue is a particular concern in the UK.

Recommendation	Noting that the final wording of the TAD is not yet available, it is recommended that the Secretariat continues to monitor this item. Depending on the wording of the TAD, the UKEB may wish to submit a response in support of the Committee's tentative conclusion. The Secretariat will bring this item back to the Board for further discussion at its October meeting.
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Question for the Board
Do Board Members agree that the Secretariat should provide an update, including a recommendation on whether the UKEB should respond to the Interpretations Committee's invitation to comment on <i>Estimating Residual Value (IAS 16)</i>, at the October meeting of the UKEB?

1.3 Sale of Equity Investments Measured at Fair Value through Other Comprehensive Income (IFRS 9)

Standard	IFRS 9 <i>Financial Instruments</i>
IFRIC status	This item has been included on the Committee's agenda for discussion at its meeting on 15 to 16 September 2026.
UKEB status	The UKEB discussed this item at its meeting in July 2026 when it was part of the Committee's "pipeline".
Question	The submission relates to the accounting on the sale of equity instruments which an entity has elected to measure at fair value through other comprehensive income. Clarification is sought on instances where there is a difference between the consideration received for equity instruments sold and the carrying amount (i.e. fair value) measured at the date of derecognition. Applying paragraph 3.2.12 of IFRS 9, on derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received is recognised in profit or loss. However, paragraphs 5.7.1(b) and 5.7.5 provide a measurement exception for equity instruments where the entity has elected to present gains and losses on that instrument in other comprehensive income. These paragraphs, if analogised, would

	indicate the gain or loss on disposal should also be presented in other comprehensive income.
Proposed tentative conclusion (to be discussed by the Committee on 15–16 September 2026)	Evidence obtained about the prevalence of the fact pattern and the extent to which there is diversity in practice indicates that the matter does not have a widespread effect. A standard-setting project is therefore not thought to be needed to address the request. The draft TAD does not offer a view on how to account for the sale of equity instruments which an entity has elected to measure at fair value through other comprehensive income where there is a difference between the consideration received for the instruments sold and their carrying amount (i.e. fair value) measured at the date of derecognition.
Comment	The Secretariat undertook preliminary research on this item (including desktop research and targeted outreach with Advisory Group Members) to establish the prevalence of the issue in the UK. Through the limited work we conducted, we identified a range of views on the appropriate presentation of a gain or loss on disposal of an equity instrument measured at fair value through OCI. Some held the view that paragraph IFRS 9:3.2.12 is clear that a gain or loss on disposal should be recognised in profit or loss, and noted that Chapter 3 of the Standard (rather than Chapter 5) addresses the accounting for derecognition of an instrument. Others, however, expressed the view that recognising the gain or loss on disposal in OCI is more consistent with the principles for the fair value through OCI category and observed that paragraph IFRS 13:5.7.6 serves as the exception that proves the rule. That is, our work indicates there is a possible ambiguity in IFRS 9 in respect of the presentation of the difference between carrying amount and consideration received on sale of equity instruments measured at fair value through OCI. However, based on our work, we are not aware that this issue is a particular concern in the UK.
Recommendation	Noting that the final wording of the TAD is not yet available, it is recommended that the Secretariat continues to monitor this item. Depending on the wording of the TAD, the UKEB may wish to submit a response in support of the Committee's tentative conclusion.

	The Secretariat will bring this item back to the Board for further discussion at its October meeting.
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Question for the Board
Do Board Members agree that the Secretariat should provide an update, including a recommendation on whether the UKEB should respond to the Interpretations Committee's invitation to comment on <i>Sale of Equity Investments Measured at Fair Value through Other Comprehensive Income (IFRS 9)</i> , at the October meeting of the UKEB?

Section II. Finalised Agenda Decision for IASB consideration

Standard	IFRS 10 <i>Consolidated Financial Statements</i>
IFRIC status	Feedback on the Tentative Agenda Decision (TAD) (published 19 March 2026) will be discussed at the Committee's meeting on 15 to 16 September 2026. Once finalised, the IASB will be asked whether it objects to the Agenda Decision at a future meeting of the IASB.
UKEB status	Monitoring only. At its January 2026 meeting the Board agreed that the UKEB will monitor this item without undertaking further work.
Question	The submission asks whether an entity that was involved in setting the design and purpose of an investee should reassess whether it retains control over that investee when the governing document of the investee is amended. A fact pattern is presented in the submission to illustrate the question. The submission asks whether the amendments to the deed of trust require the entity to reassess whether it continues to control the trust.
Interpretations Committee's tentative conclusion	Evidence gathered by the Interpretations Committee does not indicate diversity in determining whether, in the fact pattern described in the request, the entity reassesses whether it retains control of the investee. Feedback gathered by the Committee

	suggests that, in that fact pattern, the entity reassesses whether it retains control of the investee. Based on its findings, the Committee concluded that the matter described in the request does not have widespread effect. Consequently, the Committee tentatively decided not to add a standard-setting project to the work plan, and published a TAD following its meeting in March 2026.
Draft Agenda Decision (to be discussed by the Committee on 15–16 September 2026)	The Committee received 15 comment letters. All 15 respondents agree (or do not disagree) with the Committee’s conclusion that the matter does not have widespread effect. One respondent asked the Committee to reconsider the context of the request. However, the same respondent agreed with the Committee’s tentative conclusion that the matter does not have widespread effect. The draft Agenda Decision therefore concludes that the matter does not have widespread effect and a standard setting project is not needed to address the request.