26 November 2026
Agenda Paper 8

UKEB
UK Endorsement Board

IASB General Update

Executive Summary

Project Type
Various

Project Scope
Various

Purpose of the paper
This paper provides the Board with an update on projects the Secretariat is currently monitoring. As agreed with the Board, the Secretariat monitors projects being undertaken by the IASB. This is to inform the Board about the progress and decisions being made by the IASB on active projects. Discussion by the Board may also help inform interactions with international standard setter meetings, including the IASB's Accounting Standards Advisory Forum (ASAF), of which the UKEB is a member.

Summary of the Issue
Topics addressed in this paper include topics discussed by the IASB at its October 2026 meeting as well as topics on the agenda for the upcoming ASAF meeting. **Topics for discussion** • Financial Instruments with Characteristics of Equity • Statement of Cash Flows and Related Matters • Business Combinations—Disclosures, Goodwill and Impairment **Topics for noting** • Amortised Cost Measurement • List of IASB projects

Decisions for the Board
Topics for discussion ***Financial Instruments with Characteristics of Equity (Appendix A)*** 1. Do Board Members support the proposed key messages for ASAF in paragraphs A37–A40? 2. Do Board Members agree with the change in the UKEB position in relation to obligations to purchase own equity instruments, as set out in paragraphs A23-A25, and A39?

UKEB
UK Endorsement Board

3. Do Board Members have any other feedback on the Secretariat's preliminary analysis in paragraphs A5–A36, or other IASB tentative decisions in previous IASB General Updates?

Statement of Cash Flows and Related Matters (Appendix B)

1. Are there any specific points that Board Members believe the IASB should consider in relation to the three matters arising from disclosures of non-cash information?:
   a) Payments on behalf of an entity.
   b) Deferred payments.
   a) Liabilities assumed in a business combination.
2. Do Board Members agree that requirements for MPMs and aggregation and disaggregation should be located in IFRS 18 *Presentation and Disclosure in Financial Statements*?
3. Do Board Members agree that the requirements of IAS 7 *Statement of Cash Flows* should be located in a new IFRS Accounting Standard?
4. Are there any other matters that Board believes the IASB should consider regarding the form of the possible ED?

Business Combinations—Disclosures, Goodwill and Impairment (Appendix C)

1. Do Board Members support the Secretariat view that the IASB should proceed only with the changes proposed in the ED to simplify the impairment test in IAS 36 *Impairment of Assets*?
2. If not, which approach do Board Members support:
   a) management approach; or
   b) specified metrics approach?

Topics for noting

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

Recommendation

N/A

Appendices

Appendix A: Financial Instruments with Characteristics of Equity

Appendix B: Statement of Cash Flows and Related Matters

Appendix C: Business Combinations—Disclosures, Goodwill and Impairment

Appendix D: Amortised Cost

Appendix E: List of IASB projects

26 November 2026
Agenda Paper 8: Appendix A

UKEB
UK Endorsement Board

Appendix A: Financial Instruments with Characteristics of Equity

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	UKEB Post Implementation Review

UKEB project page

UKEB Final Comment Letter (published 3 April 2024)

IASB Next Milestone: Final Amendments (expected H2 2027)

Purpose

A1. The purpose of this paper is to ask for Board Members' views on the key messages the UKEB plans to raise at the November 2026 Accounting Standards Advisory Forum (ASAF) meeting. At the meeting the IASB staff will provide a summary of all the IASB's tentative decisions on the classification topics in the Exposure Draft *Financial Instruments with Characteristics of Equity* (ED) and seek ASAF members' views on any additional considerations or unintended consequences for the IASB to consider when drafting the final amendments.

Background

A2. In November 2023, the IASB issued the ED, which sought to clarify the classification requirements and principles of IAS 32 *Financial Instruments: Presentation*. The ED also included presentation and disclosure proposals in response to calls from users for "better information about the characteristics of financial liabilities and equity instruments that are not captured by classification alone, and about the amounts attributable to ordinary shareholders of an entity"[1]. The UKEB issued its Final Comment Letter (FCL) in response to the ED in April 2024.

A3. At the time of writing, the IASB has finished re-deliberations of all ED proposals on the classification topics.

1 Paragraph IN6, Introduction to the ED.

UKEB
UK Endorsement Board

November 2026 ASAF Meeting

A4. The November 2026 ASAF meeting provides an opportunity for ASAF members to reflect on all the IASB's tentative decisions on classification topics relating to the ED and provide substantive feedback to the IASB. ASAF members will be asked the following question:

Questions for ASAF members
Potential refinements to the proposed amendments to IAS 32 or IFRS 18 Do you have any views on whether there are any additional considerations or unintended consequences the IASB should be aware of when drafting the final amendments?

UKEB Secretariat preliminary analysis

A5. Overall, the UKEB Secretariat considers that the IASB's tentative decisions have addressed most of the UKEB's more significant concerns as set out in the Final Comment Letter (FCL), except for some remaining concerns on three technical topics. For the purpose of providing targeted feedback at the November 2026 ASAF meeting, the scope of this paper is limited to IASB tentative decisions which have not fully addressed the UKEB's concerns. These relate to three topics, which are addressed below in turn:

a) reclassification of financial liabilities and equity instruments;

b) obligations to purchase an entity's own equity instruments; and

c) the fixed-for-fixed condition.

A6. The UKEB Secretariat's consideration of the other tentative decisions taken since the ED, and how these have addressed UKEB concerns set out in the FCL, have been provided to the Board in previous IASB updates, and can be seen on the project page. These topics have also been discussed with the Financial Instruments Advisory Group, and any substantive feedback from them has been incorporated into the Secretariat's analysis.

Overarching comment in relation to proposed changes to ED

A7. In a number of areas, the IASB tentative decisions include clarifications or changes to the ED proposals. A detailed review of the proposed wording of the final amendments will be critical for a full assessment of how complex capital instruments will be classified and measured under the revised standard. In some instances, a nuance in wording may lead to a change in classification for existing instruments issued in the markets. We consider that there would be significant advantages of the IASB sharing and discussing draft wording that reflects the tentative decisions. In particular, relating to the reclassification of financial liabilities and equity instruments and the 'fixed-for-fixed' condition topics below. We consider

that this should be raised as a general point at the ASAF meeting (see Section below 'Proposed UKEB key messages at ASAF' for details).

Reclassification of financial liabilities and equity instruments

A8. The IASB made tentative decisions on this topic at its September 2025 meeting.

Reclassification of financial liabilities and equity instruments
Exposure Draft proposals
A9. To add a general requirement that prohibits the reclassification of a financial instrument after initial recognition, unless: a) paragraph 16E[2] of IAS 32 applies; or b) changes in external circumstances led to a change in the substance of the contractual arrangement. In this case, an entity would: i. reclassify the instrument prospectively from the date when this change in circumstances occurred; ii. measure a financial liability reclassified from equity at the fair value of this financial liability at the date of reclassification. Any difference between the carrying amount of the equity instrument and the fair value of this financial liability at this date would be recognised in equity; and iii. measure an equity instrument reclassified from a financial liability at the carrying amount of the financial liability at the date of reclassification. No gain or loss would be recognised on reclassification.
UKEB views in FCL
A10. When a financial instrument's contractual terms become, or stop being, effective with the passage of time[3], prohibiting the reclassification of such an instrument would not faithfully represent its substance. A11. The UKEB recommended the following: a) requiring reclassification of financial instruments whereby contractual terms become, or stop being, effective with the passage of time ('passage-of-time' changes); or b) if the IASB proceeds with the ED proposals or adopts a different approach, enhancing the Application Guidance on the distinction between

2 Certain financial instruments (eg. puttable instruments) meet the definition of financial liabilities but are classified as equity, provided that they meet all of the conditions in paragraphs 16A-16B or 16C-16D of IAS 32 *Financial Instruments: Presentation*. Paragraph 16E of IAS 32 states that financial instruments should be reclassified as either financial liabilities or equity, from the date when they either cease to, or start to meet all conditions in paragraphs 16A-16B or 16C-16D of IAS 32.

3 Paragraph BC143 of the Basis for Conclusions to the ED states that reclassification would be prohibited in this type of changes in circumstances, which is differentiated from the other type of changes in circumstances as described in A9 b) above according to BC130.

reclassification and derecognition (the UKEB's specific suggestions on this are set out in paragraphs A42–A47 of the FCL).

IASB tentative decisions relating to UKEB views

A12. The IASB tentatively decided to:

a) clarify that reclassification applies to changes in the substance of a contractual arrangement that do not:

i. create or extinguish contractual rights or obligations; or

ii. modify the contractual terms; and

b) require reclassification of a financial liability containing an obligation to deliver own equity, when the substance of the contractual arrangement changes because a contractual term stops being effective.

UKEB Secretariat preliminary analysis

A13. The IASB redeliberated this topic at its September 2025 meeting. Overall, we consider that the IASB staff paper presented at this meeting was responsive to the UKEB's concerns. However, not all UKEB concerns have been addressed and it is not clear how the relevant IASB tentative decisions will be reflected in the final drafting of the amendment.

A14. In our view, the IASB's tentative decision in A12(b) has addressed the UKEB's concerns in relation to the example in A36(b) of the FCL. When an entity issues a bond which is convertible into a variable number of shares in the first three years, but the number of shares becomes fixed in the fourth year and onwards, the conversion feature would meet the 'fixed-for-fixed' criterion in the fourth year and be reclassified as equity.

A15. In another example in A36(a) of the FCL, an entity issues preference shares that are redeemable in cash should a contingent event (e.g. a change of control) occur within a 12-month period, a liability component would be recognised for the redemption obligation and the equity component is initially measured at nil. The IASB's tentative decision in A12(a) confirms that the expiry of the contingent event clause after 12 months would lead to derecognition of this liability component, without triggering any reclassification assessment. However, the equity component would remain in place and would not be remeasured above nil. For a similar scenario, the UKEB previously expressed concerns in paragraph A44 of the FCL as to whether derecognition is the appropriate outcome when the underlying instrument remains in existence.

A16. The UKEB Secretariat noted some recent IASB discussions as to whether it would be reasonable to recognise a gain or loss on derecognition of the liability component, when the underlying equity instrument remains in place:

a) At the IASB's September 2025 meeting, several board members raised concerns at the proposed outcome of an immediate derecognition gain in a scenario whereby a compound financial instrument's liability feature expires soon after issuance, with equity being measured at nil. It was proposed that IASB staff would proceed with some "softening" of the staff proposals in relation to reclassification, but it was unclear what form this "softening"

would take. The meeting discussion indicated this might take the form of removing "only" from drafting where reclassification was required only in defined circumstances.

b) At the October 2026 IASB meeting discussions on amortised cost measurement (see IASB update paper 7E), IASB members raised concerns at the outcome where a contingent settlement feature expires, and whether recognising a corresponding gain in profit or loss was the correct outcome. This reflects concerns raised in the UKEB FCL relating to reclassification. IASB staff indicated that further consideration would be given to this tentative decision.

A17. We suggest that the UKEB reiterate the concerns expressed in the FCL on this point, and in particular the risk of structuring, and the counterintuitive outcome of recognising a derecognition gain when an underlying equity host instrument remains in existence.

Obligations to purchase an entity's own equity instruments

A18. The IASB made tentative decisions on this topic at its November 2026 meeting.

Obligations to purchase an entity's own equity instruments
Exposure Draft proposals
A19. An entity is required to use the same approach for initial and subsequent measurement of the financial liability arising from an obligation to purchase an entity's own equity instruments—measure the liability at the present value of the redemption amount and ignore the probability and estimated timing of the counterparty exercising this redemption right. The redemption amount is discounted, assuming redemption will occur at the earliest possible redemption date specified in the contract.
UKEB views in FCL
A20. The UKEB's main concerns are that: a) the ED proposal introduces a new measurement basis, which goes beyond the objective of IAS 32 and may have unintended consequences; and b) measuring the financial liability at the earliest possible date of redemption may not provide useful information in some scenarios. A21. The UKEB recommended the following: a) maintaining the status quo, i.e. retaining the existing reference to IFRS 9 for measurement and removing the final two sentences which contain the ED proposals; and b) addressing any measurement concerns within the *Amortised Cost Measurement* project.
IASB tentative decisions relating to UKEB views

A22. The IASB has tentatively decided to clarify:

a) that obligations to purchase own equity instruments are measured at an amount that is not less than the earliest amount payable on demand, discounted from the earliest date that the amount could be required to be paid;

b) if an instrument has contractually-specified redemption amounts to be paid on different exercise dates, the liability is measured at the higher of:

i. the earliest amount payable on demand;

ii. the entity's estimate of the redemption date and associated amount;

c) if the redemption amount is determined based on an index, share price or performance measure at a future date, the liability is measured based on the index, share price or performance measure as at the most recent reporting date;

d) the discount rate is a rate that would reflect compensation for the time value of money for the period the amount is outstanding; and

e) entities would be required to disclose the discount rate used to calculate the present value of the redemption amount.

UKEB Secretariat preliminary analysis

A23. Overall, the UKEB Secretariat consider that the IASB tentative decisions have improved clarity of the previous ED proposals and address the UKEB's main concerns in its FCL.

A24. We also note recent UKEB Board discussions, which indicated that the UKEB view may have changed since the FCL was submitted to the IASB in 2024:

a) For UKEB concerns in relation to introducing a new measurement basis, the IASB staff paper explained[4] that paragraph 23 of IAS 32 already refers to the measurement of the financial liability at the present value of the redemption amount. The ED aims to clarify how that calculation should be done, to achieve consistency between initial and subsequent measurement.

b) The IASB's tentative decisions in A22(b) and (c) provide clear guidance on scenarios whereby the UKEB FCL expressed concerns[5] that the earliest possible redemption amount may not provide useful information.

i. For a put option with variable redemption amounts at a multiple of EBITDA at different points in time, the implication of A22(c) would be to measure the financial liability based on a redemption amount which reflects the EBITDA at the **current** reporting date. We note from the IASB staff paper that[6] the limitation of reflecting only the current EBITDA is balanced by a few other considerations, including

4 Prefer to paragraph 6 of the IASB staff paper.

5 Refer to paragraphs 14-19 of the IASB staff paper.

6 Refer to A17 and A18 of the FCL.

the high degree of judgement and subjectivity in estimating an entity's EBITDA, as well as the potential to reveal commercially sensitive information by such estimates.

A25. The Secretariat's preliminary view is that the changes introduced by the IASB's tentative decisions mean we should now be able to provide cautious support for the revised proposals, on the basis that this would help ensure the timely delivery of other benefits expected from this project. Our support for the IASB's tentative decisions is subject to the following considerations:

a) Transition: Previously UK stakeholders have raised concerns about complexities arising from the full retrospective application of the ED proposals to obligations to redeem own equity (e.g. NCI puts) associated with previous business combinations. Full retrospective application could give rise to restatement of goodwill arising in historic business combinations. In our view, transition proposals for these financial liabilities may need separate consideration.

b) Drafting of the staff proposal in A22(b): In our view, the drafting should make it clear that both amounts are discounted.

The fixed-for-fixed condition

A26. The IASB made tentative decisions on this topic at its February 2026 meeting.

The fixed-for-fixed condition

Exposure Draft proposals

A27. The fixed-for-fixed condition in paragraph 16(b)(ii) of IAS 32 is met by specifying that the amount of consideration to be exchanged for each of an entity's own equity instruments is required to be denominated in the entity's functional currency, and either:

a) fixed (will not vary under any circumstances); or

b) variable solely because of:

i. preservation adjustments that require the entity to preserve the relative economic interests of future shareholders to an equal or lesser extent than these of current shareholders; and/or

ii. passage-of-time adjustments that are predetermined, vary with the passage of time only, and have the effect of fixing on initial recognition the present value of the amount of consideration exchanged for each of the entity's own equity instruments.

UKEB views in FCL

A28. The UKEB requested clarification[7] in relation to the wording of the ED proposals for both preservation adjustments and passage-of-time adjustments.

7 Refer to A10, A11 and A13 of the FCL.

A29. The UKEB also expressed concerns that ruling out the use of a benchmark rate of interest from meeting the definition of a passage-of-time adjustment would depart from current UK practice.

IASB tentative decisions relating to UKEB views

Passage-of-time adjustments

A30. The IASB tentatively decided to replace the term 'passage-of-time adjustments' with 'adjustments that are solely a function of time' and clarify that to qualify for the fixed-for-fixed condition, the adjustments must:

a) be predetermined; and

b) vary solely with the passing of time between potential exercise or conversion dates and not expose the issuer to any other risks or variability; in other words, the adjustment is not related to the time value of money.

A31. For an adjustment to be 'predetermined' in A30(a), the amount of consideration and number of own equity instruments to be exchanged on each settlement date are required, at the inception of the derivative:

a) to be specified in the contract; or

b) to be determinable based on a formula specified in the contract, in which time is the only variable.

A32. The IASB staff paper explains[8] that contracts linked to benchmark interest rates would not be capable of meeting the 'fixed-for-fixed' condition, as the benchmark interest rate component would lead to adjustments that:

a) are not predetermined as described in A31; and

b) expose the issuer to future interest rate risk.

A33. The IASB has also tentatively decided to withdraw the proposed criterion in A27(b)ii, which relates to fixing on initial recognition the present value of the amount of consideration exchanged for each of an entity's own equity instruments.

Preservation adjustments

A34. The IASB tentatively decided to replace the term 'preservation adjustments' with 'adjustments that compensate the future holders of the equity instruments' and clarify that such adjustments (to the amount of consideration or number of own equity instruments or both) are consistent with the fixed-for fixed condition only if they:

a) aim to place the future holders in an economic position comparable to that of the current holders after a specified trigger event; and

b) do not expose an entity to any additional risks compared to issuing the underlying equity instruments.

8 Refer to paragraphs 38 and 39.

UKEB Secretariat preliminary analysis	
A35.	In our view, the IASB's tentative decisions provide greater clarity on the 'fixed-for-fixed' condition, subject to seeing the wording in the final amendment.
A36.	One of these clarifications would clearly rule out clauses linked to a benchmark interest rate from meeting the 'fixed-for-fixed' criteria. It is understood that this would represent a change to existing UK practice, a comment that was reflected in the UKEB FCL. The UKEB Secretariat plans to obtain input from FIAG members to assess the extent of changes to existing UK practice and whether a transition relief could be considered for classifying financial instruments containing clauses linked to benchmark interest rates. The UKEB Secretariat will provide a verbal update on the outcome at this meeting.

Proposed UKEB key messages at ASAF

A37. We appreciate that the IASB has been responsive to concerns raised on the ED and acknowledge the progress that has been made on this project to move closer to issuing final amendments. We strongly encourage the IASB to consider presenting the proposed wording for revised ED proposals on selected topics, in particular on reclassification and the fixed-for-fixed condition, at a future IASB meeting to allow discussion and feedback on the drafting prior to finalisation.

Reclassification of financial liabilities and equity instruments

A38. In relation to reclassification of financial liabilities and equity instruments, we remain unclear about the exact nature of the reclassification requirements. We do not consider that a derecognition gain and prohibition on reclassification, is the appropriate outcome when the underlying instrument remains in existence. It creates a risk of structuring.

Obligations to purchase an entity's own equity instruments

A39. We welcome the progress made in relation to obligations to purchase an entity's own equity instruments, which has addressed a number of our concerns. In our view, separate consideration may be needed for transition issues for NCI puts associated with previous business combinations, as the potential remeasurement of NCI puts under the ED proposals could lead to a restatement of historic goodwill.

The fixed-for-fixed condition

A40. In relation to the fixed-for-fixed condition, we welcome the detailed tentative decisions which have provided more clarity on the ED proposals. However, without seeing the wording of the proposed requirements, we are unable to assess the extent of impact on UK stakeholders and whether certain nuances in wording may cause unintended consequences. We expect that the tentative decisions will lead to different classification outcomes in some cases. We encourage the IASB to consider carefully the costs and benefits of full retrospective restatement when

assessing the transition requirements in relation to existing instruments, some of which may have been in issue for many years.

Questions for the Board	
1.	Do Board Members support the proposed key messages for ASAF in paragraphs A37–A40?
2.	Do Board Members agree with the change in the UKEB position in relation to obligations to purchase own equity instruments, as set out in paragraphs A23-A25, and A39?
3.	Do Board Members have any other feedback on the Secretariat's preliminary analysis in paragraphs A5–A36, or other IASB tentative decisions in previous IASB General Updates?

Next steps

A41. The UKEB Secretariat will continue to monitor the IASB's redeliberation and tentative decisions and update the Board. The remaining ED proposals for the IASB to redeliberate include:

a) disclosures for subsidiaries without public accountability; and

b) transition and effective date.

26 November 2026
Agenda Paper 8: Appendix B

UKEB
UK Endorsement Board

Appendix B: Statement of Cash Flows and Related Matters

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	UKEB Post Implementation Review

IASB Next Milestone: Exposure Draft (ED) expected in H2 2027

UKEB research project page

UKEB influencing project page

Purpose

B1. The purpose of this paper is to ask for Board Members' views on the key messages that the UKEB plans to convey at the November 2026 Accounting Standards Advisory Forum (ASAF) meeting. At the meeting, the IASB technical staff will seek ASAF members' views on issues relating to:

a) non-cash disclosures and related classification matters; and

b) the form of a possible Exposure Draft (ED).

B2. Annex 1 to this paper also provides the Board with an update[1] on the status of the Statement of Cash Flows and Related Matters project, following the IASB's October 2026 meeting, at which the IASB discussed:

a) Disaggregation of specific cash flow information.

b) Improving consistent application of the definition of cash equivalents.

1 The Board was last provided an update on this project in October 2026 – see UKEB meeting 22 October 2026 Agenda paper 7: Appendix F.

UKEB
UK Endorsement Board

Background

B3. Last year, at its May 2025 meeting, the IASB decided that this project would address five topics:

a) The transparency of information communicated about cash flow measures not specified in IFRS Accounting Standards.

b) The disaggregation of cash flow information in the financial statements.

c) The reporting of information about non-cash transactions in the financial statements.

d) The consistent application of requirements for classification of cash flows i.e. 'operating', 'investing' or 'financing'.

e) The consistent application of the definition of 'cash equivalents'.

B4. The project moved to the IASB's standard setting work plan in January 2026. The IASB is expected to issue an ED in the second half of 2027.

Proposed disclosure requirements: tentative decisions reached by the IASB

B5. Slide 5 of the materials for the November 2026 ASAF meeting (as referred to in the ASAF questions below) provides information on the proposed disclosure requirements for certain non-cash transactions and changes in liabilities. While the ASAF questions do not ask for views on these proposed requirements, they are key background information for the ASAF questions.

Non-cash transactions from investing and financing activities[2]

B6. The IASB tentatively decided to:

a) Add an objective that requires an entity to disclose information about non-cash transactions.

b) Require an entity to disclose information about non-cash transactions in a single note.

c) Require an entity to disclose the effect of non-cash transactions on assets, liabilities and equity alongside the amounts of similar cash transactions.

2 The Board received an update on the IASB's discussions of proposed disclosure requirements for non-cash transactions at its September 2026 meeting. For further information, refer to Agenda Paper 12, Appendix D.

Specified non-cash changes in assets and liabilities[3]

B7. The IASB tentatively decided to require an entity to disclose, for each line item in the statement of financial position that includes assets and liabilities included in the indirect reconciliation, certain non-cash changes. This proposed disclosure would be in a structured format, like a table.

Changes in liabilities arising from financing activities[4]

B8. The IASB tentatively decided to require disclosure of information about changes in liabilities arising from financing activities using a reconciliation between the opening and closing balances in the statement of financial position. Information on cash receipts, cash payments and related line items in the statement of cash flows would be required as part of the reconciliation.

November 2026 ASAF meeting

Non-cash disclosures and related classification matters

B9. At the November ASAF meeting, the IASB will be interested in hearing ASAF members' views on outstanding matters regarding non-cash disclosures and related classification matters.

B10. The IASB's tentative decisions reflect a disclosure-focused response to investor requests for greater transparency about non-cash transactions and other non-cash changes. The proposals seek to improve the information provided on the effects of such items without introducing additional classification requirements in the primary financial statements.

B11. At the ASAF meeting, the IASB will be assessing whether the proposed disclosures are sufficient to address stakeholder information needs in these areas.

---

3 The Board received an update on the IASB's discussions of proposed disclosure requirements for specified changes in assets and liabilities at its October 2026 meeting. For further information, refer to Agenda Paper 7, Appendix F.

4 The Board received an update on the IASB's discussions of proposed disclosure requirements for changes in liabilities arising from financing activities at its June 2026 meeting. For further information, refer to Agenda Paper 8, Appendix G.

UKEB
UK Endorsement Board

ASAF questions

B12. ASAF members will be asked:

Questions for ASAF members
1. Do you have questions or comments about our oral update on feedback from the November 2026 meetings of the Capital Markets Advisory Committee (CMAC) and Global Preparers Forum (GPF) about the classification matters that arise from disclosure of non-cash information?
2. If the IASB proposed no further requirements beyond those on slide 5, are there any specific points you think the IASB needs to consider in relation to the three reporting matters listed on slide 6?

Matters arising from disclosures of non-cash information (slide 6 of the ASAF materials)

B13. ASAF members are asked to consider whether there are any specific points that the IASB needs to consider in relation to the following three reporting matters:

a) Payments on behalf of an entity. The IASB has received feedback indicating diversity in reporting and classifying such payments and related cash flows. For example, where a mortgage lender pays a property vendor directly on behalf of the entity, the IASB understands that some entities recognise a financing inflow and an associated investing outflow on the statement of cash flows, while others do not because the transaction has not flowed through the entity.

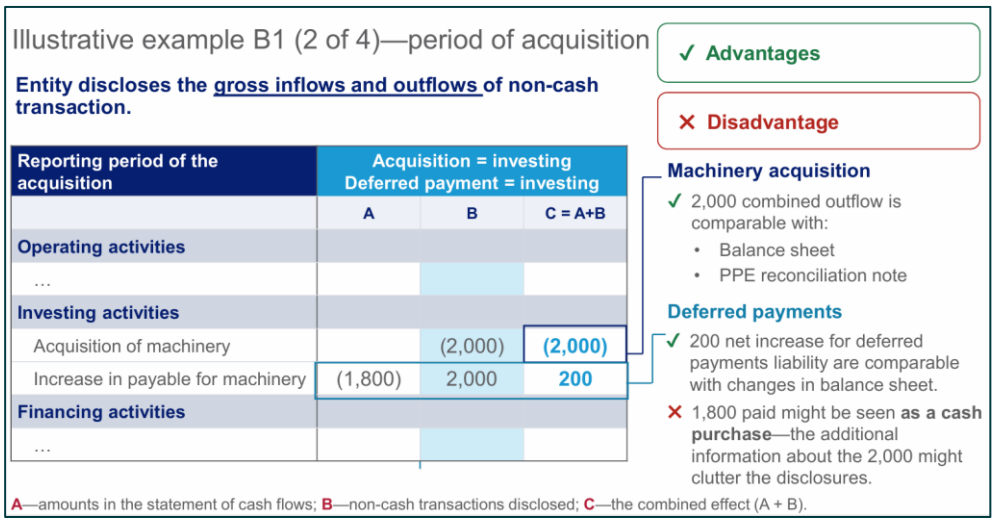
b) Deferred payments. The IASB is seeking views on the disclosure of non-cash transactions for payments for long-term assets purchased on credit.

c) Liabilities assumed in a business combination. The IASB is seeking feedback on which flows to include in proposed new disclosures relating to non-cash components of a business combination.

Feedback from CMAC and GPF

B14. CMAC members commented on the need for sufficient information to allow investors to understand both an entity's non-cash transactions and whether (and, if so, how) such transactions appear in the statement of cash flows. Some CMAC members would prefer the inclusion of certain non-cash flows in the statement of cash flows, to give them greater prominence.

B15. CMAC members expressed a preference for the disclosure of gross cash inflows and outflows associated with certain non-cash transactions, such as deferred payments (see example below).



Source: CMAC November meeting, Agenda Paper 4C slide 12

B16. GPF members commented on the cost of providing additional disclosure. They questioned whether such disclosure is necessary when information on non-cash transactions is available elsewhere in the financial statements (for example, in the property, plant and equipment reconciliation).

B17. GPF members broadly disagreed with the idea of including non-cash transactions on the statement of cash flows. Some GPF members acknowledged that the economics of certain non-cash transactions may be similar to cash transactions entered into by the entity, such as payments made on behalf of the entity. However, GPF members agreed that the cash flow statement should only include an entity's cash transactions.

Proposed UKEB key messages at ASAF

Overall message

B18. The Secretariat suggests that the UKEB's overall message should be that the proposed disclosures are capable of providing a more complete picture of an entity's activities. They could serve as a practical means of enhancing transparency while preserving the cash-based nature of the statement of cash flows.

Matters arising from disclosures of non-cash information

B19. On the three reporting matters identified in slide 6, the IASB should not propose requirements that will lead to the inclusion of non-cash transactions on the statement of cash flows.

B20. The illustrative examples preferred by CMAC members appear consistent with the recommendation in the UKEB's fourth research paper on the statement of cash flows. That is, users' information needs might be met if companies were required to disclose non-cash information in a single note in the financial statements, as information is often scattered and difficult to find.

Other messages

B21. The Secretariat notes that the IASB's proposals do not include a proposed net debt reconciliation. The UKEB's research identified that a net debt reconciliation was the highest priority for most UK users. The UKEB should continue to encourage the IASB to find a way to address the needs of users in relation to net debt in this project.

Question for the Board

1. Are there any specific points that Board Members believe the IASB should consider in relation to the three matters arising from disclosures of non-cash information?:
   a) Payments on behalf of an entity.
   b) Deferred payments.
   c) Liabilities assumed in a business combination.

The form of a possible Exposure Draft

B22. The nature of some of the IASB's proposals raise questions about whether:

a) any of the new requirements are better located in a standard other than IAS 7 *Statement of Cash Flows*;

b) the most appropriate location for other requirements is still IAS 7; or

c) there is an opportunity to consider replacing IAS 7 with an IFRS Accounting Standard, or to combine the requirements for the presentation of financial statements in a single standard.

ASAF questions

B23. At the ASAF meeting in November 2026, ASAF members will be asked:

Questions for ASAF members

1. Have you identified any matters to consider, in addition to those identified by staff, regarding the location of requirements for MPMs and aggregation and disaggregation?
2. Have you identified any advantages or disadvantages of the location options for other requirements in IAS 7, in addition to those identified by staff?
3. Are there any other matters that we should consider regarding the form of the possible exposure draft?

Project topics which relate to IFRS 18

B24. At its meetings in July and December 2025[5], the IASB made tentative decisions to propose extending the requirements for management-defined performance measures (MPMs) in IFRS 18 *Presentation and Disclosure in Financial Statements* to also apply to measures relating to the statement of cash flows not specified in IFRS Accounting Standards (cash flow measures). Under the proposal, the requirements would be included in IFRS 18 and not in IAS 7.

B25. Additionally, some of the IASB's tentative decisions on disaggregation amend paragraphs in IFRS 18 rather than IAS 7. These include proposed application guidance on:

a) labelling and describing line items; and

b) cross-referring to items in more than one primary financial statement.

Project topics which might relate to either IFRS 18 or IAS 7

B26. Some of the proposed disaggregation requirements build on principles in IFRS 18 but do not directly amend requirements in either standard[6]. For example, the IASB proposed adding application guidance on aggregating and disaggregating line items in the statement of cash flows that would require an entity:

a) to use, as the basis for disaggregating line items in the statement of cash flows, the disaggregation of related line items of assets or liabilities presented in the statement of financial position; and

b) to disclose how the disaggregation of line items in the statement of cash flows differs from the disaggregation of related line items in the statement of financial position, if applicable.

B27. The proposed disaggregation requirements could be placed in:

a) IFRS 18 alongside similar principles of disaggregation for the statement of profit or loss and statement of financial position; or

b) IAS 7 because they relate specifically to the statement of cash flows.

Project topics which relate to IAS 7

B28. These include tentative decisions relating to:

---

5 For further information on these tentative decisions, refer to Appendix B of Agenda Paper 8 as presented to the UKEB's meeting in January 2026 and Appendix B of Agenda Paper 7 as presented to the UKEB's meeting in September 2025.

6 For further information on these proposals, refer to Appendix G of Agenda Paper 8 as presented to the UKEB's meeting in June 2026, Appendix B of Agenda Paper 8 as presented to the UKEB's meeting in January 2026 and Appendix B of Agenda Paper 7 as presented to the UKEB's meeting in September 2025.

a) non-cash transactions;

b) the classification of cash flows; and

c) the definition of cash equivalents.

Location options for other requirements in IAS 7

B29. ASAF members will be asked their views on relocating certain IAS 7 requirements, possibly to a new IFRS Accounting Standard.

B30. The IASB is considering whether cash flow classification requirements would be better located within IFRS 18 alongside classification requirements for other primary financial statements. Having a single location for classification of all primary financial statements in a single standard might make those requirements more accessible. However, relocating the requirements to IFRS 18 could create expectations of greater alignment between profit or loss and cash flow classifications than currently exists.

B31. The IASB notes that the classification requirements in IAS 7 make up the largest part of the standard. Should the classification requirements be removed, there would be little justification to keep IAS 7 as a separate standard.

B32. If classification were not relocated to IFRS 18, the potential advantage of removing an IAS standard could also be achieved by moving all of the requirements of IAS 7 to a new IFRS Standard instead of revising IAS 7. However, the IASB notes that this would have the disadvantage of signalling a comprehensive review of IAS 7, which is not consistent with this project's focus on targeted improvements.

Proposed UKEB key messages at ASAF

Secretariat preliminary view

B33. The Secretariat agrees that requirements relating to disaggregation and MPMs should be located in IFRS 18.

B34. We note the arguments presented for alternative approaches to the location of other requirements. It may cause confusion to include cash flow classification requirements in IFRS 18, given that the classifications of operating, investing and financing are not aligned between the statement of profit or loss and statement of cash flows. Additionally, given that the statement of cash flows is a primary financial statement, it is appropriate to have a separate, dedicated standard.

B35. The IASB should move the requirements of IAS 7 into a new IFRS Accounting Standard. While it is true that the project's focus is on targeted improvements, the changes to the standard will be relatively significant. It is appropriate to reflect these changes in a new, modernised standard.

B36. In developing a new standard, the IASB should take the opportunity to undertake a thorough review of how the proposed requirements interact with the existing

requirements. In this way, the IASB can avoid issues with the overall coherence and internal consistency of the standard as a whole. For example, we note that during the finalisation of IFRS 18, the IASB had to undertake additional work to ensure newly written requirements were properly integrated with legacy requirements from IAS 1 *Presentation of Financial Statements*.

Questions for the Board

2. Do Board Members agree that requirements for MPMs and aggregation and disaggregation should be located in IFRS 18?
3. Do Board Members agree that the requirements of IAS 7 should be located in a new IFRS Accounting Standard?
4. Are there any other matters that Board believes the IASB should consider regarding the form of the possible ED?

Next steps

B37. At future meetings, the IASB will continue to assess potential ways to improve financial reporting for each of the topics included in the project plan, including:

a) Discussing results of an investor survey on the usefulness of cash flow information required by IAS 7 for financial institutions, and the nature and scope of any potential exemptions.

b) Consideration of amending the principle for classifying cash flows.

c) Discussing feedback from various consultations, including the November 2026 ASAF meeting, on whether to develop requirements for:

i. classification of deferred payments; and

ii. classification and presentation of cash flows involving third-party finance providers.

B38. The UKEB Secretariat will continue to monitor the IASB's redeliberation and tentative decisions and update the Board.

UKEB
UK Endorsement Board

Annex 1: October 2026 IASB meeting summary (for noting)

B39. This annex provides the Board with an update on the recent discussions and tentative decisions at the IASB's October 2026 meeting on the following topics:

a) disaggregation of specific cash flow information; and

b) improving consistent application of the definition of cash equivalents.

Disaggregation of specific cash flow information

Disclosure requirements for leases

B40. The IASB discussed requiring lessees to provide disclosure on the classification of payments made to lessors. This follows a tentative decision to explore requiring lessees to disclose the components of the total cash outflow for leases made as part of the Post-implementation Review (PIR) of IFRS 16 *Leases*.

Disclosure requirements for leases
Current requirements
B41. Paragraph 53(g) of IFRS 16 requires a lessee to disclose the total cash outflow for leases for the reporting period.
IASB tentative decision
B42. At its October 2026 meeting, the IASB tentatively decided to propose amending paragraph 53(g) of IFRS 16 to require lessees to disclose: a) The total cash outflow during the period for payments made by a lessee to a lessor relating to the right to use an underlying asset. b) The amounts of those payments: i. classified as operating activities in the statement of cash flows; and ii. included in each related line item presented in the statement of cash flows as investing or financing activities. c) A description of the types of the payments included in (b)(i) above.
B43. One board member did not support the proposals. He considered that a disclosure-only approach does not adequately address stakeholder concerns relating to lease liabilities. He noted the range of additional disclosures being proposed, with a discussion of disclosures about management-defined performance measures still

to be had, and questioned whether the costs of the additional disclosures would exceed the benefits.

B44. In contrast, most of the other board members supported the proposals and viewed the proposed disclosure amendments as an appropriate response to feedback from the IFRS 16 PIR. While several members raised drafting suggestions or concerns about disclosure burden, these comments were generally aimed at refining the proposals rather than questioning the use of a disclosure-based solution.

UKEB Secretariat views

B45. The Secretariat welcomes the IASB's tentative decision to require additional disclosure about lessees' cash payments. The proposed disclosure would address concerns raised by UK stakeholders[7] who requested enhanced information on cash flows related to leases. These concerns were highlighted in the UKEB's comment letter to the IASB, in response to the IFRS 16 PIR.

B46. The Secretariat understands that many users use free cash flow measures in their analysis of entities' financial statements and would therefore benefit from better information about the treatment of lease-related cash outflows in the statement of cash flows.

B47. We think these disclosures could improve connectivity between the statement of financial position and the statement of profit or loss by helping users understand how lease-related cash payments are reflected in each statement.

Disclosure requirements for other specified line items

B48. At its October 2026 meeting, the IASB discussed whether to propose requirements for the disaggregation of specific cash flow information.

Disclosure requirements for other specified line items

Current requirements

B49. There are no specific disaggregation requirements for disclosure of information about cash flows from derivatives, government grants or dividends received from associates and joint ventures.

IASB tentative decision

B50. At its October 2026 meeting, the IASB tentatively decided not to develop specific requirements for an entity to disclose disaggregated information about cash flows from:

7 See paragraphs A104 and A112 of the first UKEB research paper Statement of Cash Flows: Background and Key Issues and paragraphs C13f), C31, C91, C100, C105, C108d), C121, C182b) of the third UKEB research paper Statement of Cash Flows: UK User and Preparer Perspectives.

a) derivatives;

b) government grants; or

c) dividends received from associates and joint ventures.

UKEB Secretariat views

B51. The Secretariat supports the IASB's tentative decision. In the Secretariat's view, such additional disclosure requirements would be unnecessary as the costs of such disclosures are likely to outweigh the benefits to users.

Improving consistent application of the definition of cash equivalents

B52. At its October 2026 meeting, the IASB discussed clarifying IAS 7 requirements to support the understandability and consistent application of the definition of cash equivalents.

Improving consistent application of the definition of cash equivalents

Current requirements

B53. Paragraph 6 of IAS 7 defines cash equivalents as "short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value".

B54. Paragraph 7 of IAS 7 states: "cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For an investment to qualify as a cash equivalent it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. **Therefore, an investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition.** Equity investments are excluded from cash equivalents unless they are, in substance, cash equivalents, for example in the case of preferred shares acquired within a short period of their maturity and with a specified redemption date." (**emphasis added**)

B55. The term 'maturity' is used in IAS 7 and other IFRS Accounting Standards, but it is not defined. Some IFRS Accounting Standards, other than IAS 7, provide guidance requiring an entity to consider all the relevant terms and conditions in assessing the maturity of an arrangement or a financial instrument[8]. Examples include:

- Paragraphs 18–19 of IFRS 16 *Leases*.
- Paragraph 11 of IFRS 15 *Revenue from Contracts with Customers*.

8 See paragraph 16 of Agenda Paper 20B of the October 2026 IASB meeting.

- Paragraph B4.1.10 and Appendix A (Effective interest Rate) of IFRS 9 *Financial Instruments*.

IASB tentative decision

B56. At its October 2026 meeting, the IASB tentatively decided, subject to drafting changes, to propose amending paragraph 7 of IAS 7 to state that:

a) an investment normally qualifies as a cash equivalent only if an entity has a right to obtain the cash flow from the investment within three months of the date of acquisition; and

b) the entity considers all relevant contractual terms and conditions of the investment in assessing whether that condition is met.

B57. Some IASB members asked that, as the drafting of the proposed amendment is finalised, it is made clear that this decision does not change the requirement for an investment to meet all aspects of the definition of a cash equivalent to qualify as one.

UKEB Secretariat views

B58. The Secretariat welcomes the IASB's tentative decision. The Secretariat thinks that it is appropriate to align the guidance and requirements of IAS 7 with accounting guidance for financial instruments, which focuses on the contractual terms of a financial instrument. The Secretariat also agrees the assessment of maturity should be based on the entity's contractual rights (which determine the liquidity of the instrument) rather than management expectations regarding exercising the contract.

26 November 2026
Agenda Paper 8: Appendix C

UKEB
UK Endorsement Board

Appendix C: Business Combinations—Disclosures, Goodwill and Impairment

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	UKEB Post Implementation Review

UKEB project page

UKEB Final Comment Letter on Exposure Draft (published 19 July 2024)

IASB Next Milestone: Decide Project Direction Q1 2027

Purpose

C1. The purpose of this paper is to seek Board Members' views on the key messages to be conveyed at the IASB's Accounting Standards Advisory Forum (ASAF) meeting in December 2026. At the meeting, IASB staff will seek ASAF members' views on two proposed alternative approaches on disclosure of subsequent performance of a business acquired in a business combination.

Background

C2. The IASB's objective for this project is to explore whether entities can, at a reasonable cost, provide users with more useful information about business combinations, by amending the requirements in IFRS 3 *Business Combinations*.

C3. The resulting information should assist users to make better decisions, by helping them to understand and assess:

a) the strategic rationale behind an acquisition;

b) how the acquired business is performing; and

c) whether the acquirer's management has been effective and efficient in using the entity's economic resources to acquire the business.

C4. Within this project, the IASB aims to improve the effectiveness and reduce the cost and complexity of the impairment test in IAS 36 *Impairment of Assets*.

Proposed requirements: subsequent performance

C5. In recent meetings, the IASB has discussed updating the proposed requirements for disclosure of subsequent performance information after considering feedback on its Exposure Draft (ED) proposals[1].

C6. The ED proposed to require an entity to disclose:

a) information about the entity's acquisition-date key objectives and related targets (KOTs) for a business combination; and

b) whether these KOTs are being met in subsequent periods.

The ED proposed such disclosures would only be required for 'strategic' business combinations. Certain exemptions from some disclosure requirements were proposed.

C7. Respondents to the ED expressed a range of concerns about the ED's proposals, including:

a) conceptual concerns;

b) auditability concerns;

c) commercial sensitivity and litigation risk; and

d) monetary costs.

C8. Aiming to address these concerns, the IASB considered an amended package of proposed disclosures at both its May 2026 and July 2026 meetings[2]. The amended packages:

a) Removed the proposed requirement for entities to disclose targets for the business combination at acquisition. This amendment was intended to address concerns about:

i. auditability, where auditors had expressed concerns about being required to verify reasonableness of future targets;

ii. commercial sensitivity of forward-looking information about targets; and

---

1 A summary of the ED proposals, the IASB's redeliberation and tentative decisions to date can be found in Appendix A of the staff paper Agenda reference 18 for the September 2026 meeting.

2 For detail on the IASB's previous discussions of proposed disclosure about subsequent performance of a business combination and the July 2026 updated package, see Diagram 3 in the IASB General Update – Appendix F as presented to the UKEB September 2026 meeting.

iii. the boundaries of financial statements, should forward-looking information be included in disclosures.

b) Specified that entities would only be required to disclose performance against currency unit targets (rather than all KOTs). This amendment was intended to address concerns about the verifiability of the disclosure.

IASB discussions of amendments to the proposed package of requirements

C9. At the IASB's July meeting, IASB members expressed concerns that successive updates to the proposed requirements had diluted the package, adversely affecting the extent to which users would receive information about how management actually monitors acquisitions.

C10. Other specific concerns raised by the IASB members about the amended package of proposed disclosures include the following:

a) Without information on acquisition-date targets, users cannot assess whether post-acquisition performance is good or bad.

b) The proposed focus on currency unit targets may lead to investors receiving incomplete information about acquisitions, as such targets may not be aligned with the entity's approach to the acquisition.

C11. All three of the IASB's investor members have expressed concerns that the amended packages of proposed disclosures would not meet a key objective for the project (to improve information on the success of acquisitions).

Subsequent performance information: two alternative approaches

C12. To address such concerns, IASB staff were asked to explore two approaches to disclosing the subsequent performance of an acquired business[3]:

a) A **full management-based approach**, without restricting disclosure of subsequent performance to performance against targets expressed in currency units.

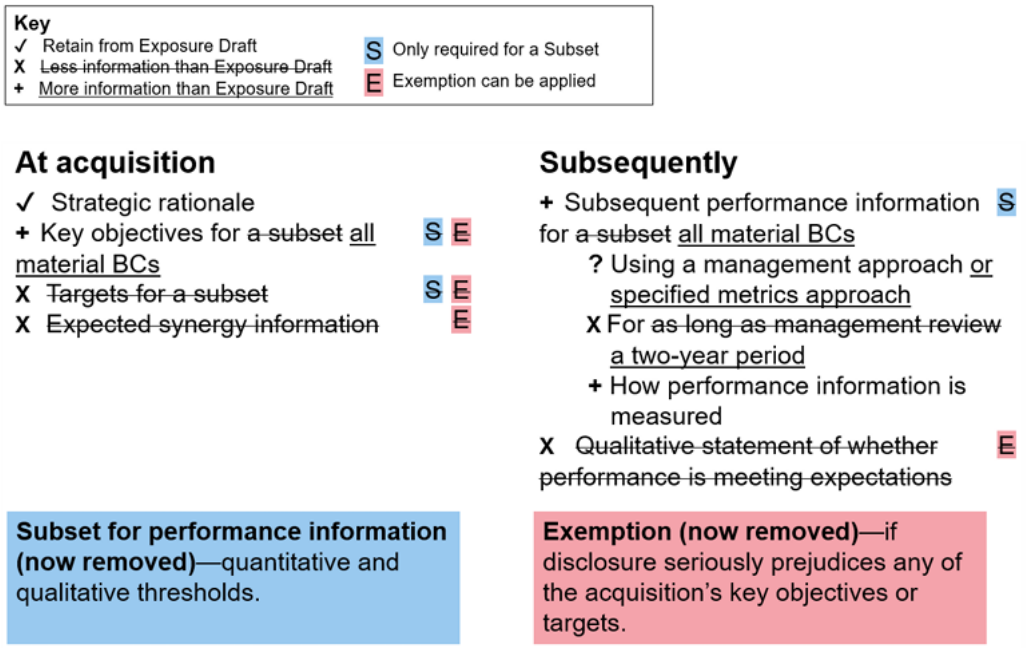
b) A **specified metrics approach** requiring disclosure of specified metrics. While not providing insight into how management monitors acquisitions, a specified metrics approach would provide standardised, comparable information that investors could analyse more easily.

C13. Before the IASB makes any decisions on the approach to subsequent performance information, it is undertaking targeted consultation on the two

[3] For more detail about the proposed approaches, refer to IASB staff paper Agenda reference 18A, IASB staff paper Agenda reference 18B and IASB staff paper Agenda reference 18C for the September 2026 meeting.

alternative approaches with its consultative groups, including ASAF, to inform its future decision-making[4].

C14. The following diagram summarises the package of disclosures that the IASB intends to discuss with ASAF members at the December 2026 meeting:



December 2026 ASAF meeting

ASAF questions

C15. ASAF members will be asked to provide comments or views on requiring an entity to disclose subsequent performance information applying the management approach or the specified metrics approach. Feedback will also be sought on the following specific questions:

Questions for ASAF members
Considering feedback from stakeholders in your jurisdiction, do ASAF members have comments or views on requiring an entity to disclose subsequent performance information applying (a) the management approach; or (b) the specified metrics approach. Which of these two approaches do you prefer? In your response, please also consider and provide feedback on:

[4] The Board was provided with an update of the IASB's discussion at its September 2026 meeting in October 2026, which included IASB member views on the approaches–see IASB General Update – Appendix G.

Question 1: Management approach

a) Would it be practical for entities to disclose information 'being reviewed to determine whether acquisition-date key objectives are being met' for a two-year period?

b) Do you have concerns about requiring an entity to disclose subsequent performance information not denominated in currency units?

Question 2: Specified metrics approach

a) Should entities be required to exclude the effect of purchase price allocation (PPA) adjustments? If so which types of PPA adjustments?

b) Should the IASB provide application guidance for combined entity information[5] if it pursues the specified metrics approach? If so:

i. what should the guidance prescribe, to provide useful trend information?

ii. would it be practical to provide combined entity information on that basis (for example, to not impute synergies)?

Question 3: Both approaches

If an entity changes the level or measure of subsequent performance information, should it be required to restate comparative information?

Management approach

C16. The proposed management approach would require disclosure of the performance information reviewed by key management personnel (KMP), allowing users to determine whether key acquisition objectives are being achieved. Key acquisition objectives could include financial objectives (such as to increase the group's revenue) or non-financial objectives (such as to increase market share). This information could be at the acquiree level or at another level within the entity into which the acquiree will be / has been integrated, as determined by management's approach to its review of information on the acquisition.

5 Paragraph B64(q)(ii) of IFRS 3 requires entities to disclose 'the revenue and profit or loss of the combined entity for the current reporting period as though the acquisition date for all business combinations that occurred during the year had been as of the beginning of the annual reporting period.' Stakeholders requested application guidance on how to prepare this combined entity information—for example, for differences in accounting policies, for upstream and downstream transactions, and for whether to include synergies. Prior to discussing a specified metrics approach, in May 2025, the IASB tentatively decided not to provide such application guidance but to require an entity to disclose the basis on which it has prepared combined entity information. The IASB noted that it would be difficult to provide guidance that would be applicable for all business combinations and would answer all application questions.

C17. Disclosure would be required for a two-year period (until the end of the second annual reporting period after the year of acquisition) if KMP review the information to determine whether key objectives are being met.

C18. The IASB is considering whether to require entities to disclose only performance information based on metrics denominated in currency units, primarily to address auditability concerns about metrics that use another unit of measurement (for example, subscriber numbers).

Illustrative example

C19. The IASB has provided the following illustration of disclosure of subsequent performance information applying the management approach:

For the financial period ended 31 December 20X6 [the year of acquisition], AC [the acquirer] increased:

- its annual revenue by 20% and adjusted operating profit by 18% for the North American operations; and
- its approximate market share to 16% in North America.

Specified metrics approach

C20. The proposed specified metrics approach would require disclosure of certain standardised measures, currently expected to be revenue and operating profit included in the consolidated statement of comprehensive income. Disclosure would be required:

a) At the lowest practicable level that includes all of the acquiree's business(es). This would be at the acquiree level, unless that is impracticable.

b) For a two-year period (until the end of the second annual reporting period after the year of acquisition).

C21. During discussions at the IASB's meeting in September 2026, three IASB members questioned the use of "impracticable" in the proposed requirement, as it is a high threshold. The IASB was not asked to vote on this matter.

C22. At the September 2026 meeting, IASB members commented on feedback that purchase price allocation (PPA) adjustments are often notional and subjective. Revenue and operating profit of an acquiree that includes the effect of PPA adjustments therefore might not faithfully represent the acquiree's post-acquisition financial performance. However, the IASB is concerned that entities could find it complex and costly to exclude the effect of PPA adjustments from revenue and operating profit when disclosing specified metrics. The IASB was not asked to vote on this matter.

Trend information

C23. Paragraph B64(q)(ii) of IFRS 3 requires entities to disclose 'the revenue and profit or loss of the combined entity for the current reporting period as though the acquisition date for all business combinations that occurred during the year had been as of the beginning of the annual reporting period.'

C24. The IASB is considering whether to provide application guidance prescribing how to prepare such combined entity information.

Illustrative example

C25. The IASB has provided the following illustration of disclosure of subsequent performance information applying the specified metrics approach:

Year of acquisition

No additional information [required] in the year of acquisition (already disclosed applying paragraph IFRS 3.B64(q)(i)).

Year after acquisition

The revenue included in the consolidated statement of comprehensive income for the financial period ended 31 December 20X7 [the next year] contributed by TC [the acquiree] was CU9,000. TC also contributed operating profit of CU3,500 over the same period.

Both approaches: restating comparatives

C26. The level of subsequent performance information could change between reporting periods (for example, if it becomes impracticable to disclose revenue or operating profit at the acquiree level applying the specified metrics approach).

C27. The information required to restate comparatives may not be readily available. The IASB is considering requiring an entity to restate comparative information unless doing so is impracticable.

Proposed UKEB key messages at ASAF

Overall message

C28. The UKEB broadly supported the proposals included in the ED to require disclosure of information about the performance of business combinations, based on the acquirer's acquisition-date KOTs, for only a subset of the most important business combinations.

C29. The UKEB Secretariat suggests that the UKEB does not support the proposed revised package of disclosures under either approach, as both exclude

acquisition-date targets. This exclusion significantly limits the usefulness of subsequent performance disclosures. As observed by IASB members, without information on acquisition-date targets, users cannot assess whether post-acquisition performance is good or bad (see paragraph C10 above). Such disclosure is unlikely to be decision useful, as users' ability to assess management stewardship would be reduced. Additionally, without a focus on acquisition-date targets, there is a risk of disclosure that is boilerplate in nature.

C30. Consequently, the costs of providing the proposed disclosure of subsequent performance information might exceed the benefits to users.

C31. The Secretariat is of the view that the IASB should proceed only with the changes proposed in the ED to simplify the impairment test in IAS 36 *Impairment of Assets*[6].

Preliminary Secretariat view, should the IASB continue with IFRS 3 proposals

C32. Should the IASB continue with the revised proposals for IFRS 3, the Secretariat considers that the proposed management approach[7] provides better information on how management assesses whether an acquisition is delivering its intended benefits. It could also provide information on performance against key objectives underlying an acquisition transaction based on metrics not denominated in currency units, such as market share growth.

C33. The Secretariat supports requiring disclosures for a minimum period of two years and restating comparative information when disclosed measures or levels change, unless impracticable. A two-year disclosure period represents a pragmatic balance between providing useful information and limiting preparation costs. It is also consistent with the UKEB's previous feedback.

Secretariat view: management approach

C34. Should the IASB choose to require a management approach to disclosure, the Secretariat considers that disclosure of performance information based on metrics not denominated in currency units would be useful. Restricting disclosures to metrics denominated in currency units could reduce relevance and weaken the link to management's underlying objectives for the acquisition. However, the absence of acquisition-date targets (as proposed in the ED) would continue to limit the usefulness of the resulting disclosures.

C35. The Secretariat acknowledges, however, that disclosures prepared using a management approach may not provide new information where:

---

6 Proposals in the ED include amendments to IAS 36 to clarify how to allocate goodwill to cash generating units, certain disclosure requirements relating to cash generating units containing goodwill and amendments to how an entity calculates an asset's value in use.

7 The UKEB supported the management approach suggested in the ED – see UKEB Final Comment Letter (July 2024).

a) management monitors performance only at a segment or reporting entity level;

b) management ceases to monitor acquisition-specific objectives; or

c) judgement is required to determine whether performance information continues to relate to the acquisition.

Secretariat view: specified metrics approach

C36. Should the IASB choose to require a specified metrics approach to disclosure, the Secretariat would not support requiring the exclusion of all purchase price allocation (PPA) adjustments[8]. Such a requirement could be operationally complex, introduce further judgement and reduce comparability. Management could choose to disclose material PPA effects separately, potentially as a management-defined performance measure applying IFRS 18 *Presentation and Disclosure in Financial Statements*.

C37. The Secretariat would support the IASB providing targeted application guidance on combined entity information to improve consistency and address matters such as differing accounting policies, intra-group transactions and the inclusion of hypothetical pre-acquisition synergies.

Questions for the Board

1. Do Board Members support the Secretariat view that the IASB should proceed only with the changes proposed in the ED to simplify the impairment test in IAS 36?
2. If not, which approach do Board Members support:
   a) management approach; or
   b) specified metrics approach?

Next Steps

C38. Feedback from this UKEB meeting will inform the UKEB's input at the ASAF meeting on 1 December 2026.

C39. After the IASB has completed its targeted consultation on the alternative approaches to subsequent performance information with its consultative groups in Q4 2026, it will discuss the feedback in Q1 2027.

[8] Paragraphs 26–31 of IASB staff paper Agenda reference 18C for the September 2026 meeting. PPA adjustments could, for example, include acquired intangible assets, revenue contract assets and liabilities and valuation of inventories, tangible assets and right-of-use assets.

C40. The UKEB Secretariat will continue to monitor the IASB's redeliberation and tentative decisions and will provide the Board with updates accordingly.

26 November 2026
Agenda Paper 8: Appendix D

UKEB
UK Endorsement Board

Appendix D: Amortised Cost Measurement

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	UKEB Post Implementation Review
IASB Next Milestone: Exposure Draft (expected H2 2027)								

Purpose

D1. The purpose of this paper is to provide the Board with an update on the IASB's tentative decisions relating to possible changes to the requirements in IFRS 9 *Financial Instruments* in relation to the initial and subsequent measurement of liabilities arising from contingent settlement provisions.

Background

D2. The IASB commenced its *Amortised Cost Measurement* project in response to stakeholder feedback seeking greater clarity and consistency in the measurement of financial assets and liabilities. The IASB intends for the project to make targeted improvements to the amortised cost measurement requirements in IFRS 9, addressing application issues that are widespread and have a material effect on entities' financial statements.

D3. Information about the project was previously presented to the Board in the form of IASB general updates between March 2025 and October 2026[1].

D4. The measurement of financial liabilities arising from contingent settlement provisions was previously considered in the Exposure Draft *Financial Instruments with Characteristics of Equity* (FICE ED). In April 2026, the IASB tentatively decided to move this topic into the *Amortised Cost Measurement* project in

[1] IASB General Update papers presented on this project in March 2025 (Paper 10B), July 2025 (Paper 9A), December 2025 (Paper 7B), May 2026 (Paper 8F), July 2026 (Paper 10A), September 2026 (Paper 12B), and October 2026 (Paper 7B).

response to feedback to the FICE ED. This aligns with the recommendation in the UKEB's Final Comment Letter (FCL) to the FICE ED.

D5. The UKEB Board provided feedback on IASB staff proposals in relation to the measurement of contingent settlement provisions at the September 2026 UKEB meeting, in advance of the October 2026 Accounting Standards Advisory Forum (ASAF) meeting. The Financial Instruments Advisory Group also discussed and provided feedback on the IASB staff proposals in their September 2026 meeting.

October 2026 ASAF meeting

D6. At the October 2026 ASAF meeting, the UKEB representative provided feedback on the IASB staff proposals relating to the initial and subsequent measurement of contingent settlement provisions. That feedback included:

a) Seeking clarification of the meaning of the term 'transaction price'.

b) Exploring whether subsequent measurement would only ever be upward, and whether day 1 losses could arise under the proposals.

c) Highlighting the prevalence of contingent features in instruments outside the banking sector.

October 2026 IASB meeting

D7. At its October 2026 meeting, the IASB discussed feedback to the staff proposals from consultative groups including ASAF. During the discussions, IASB staff clarified that:

a) Transaction price means the fair value of consideration received for the financial instrument as a whole.

b) Expected cashflows in excess of the transaction price, leading to an increase in the measurement of the liability, could be subsequently adjusted downwards, subject to a floor of the transaction price.

c) The question of disclosures, and the interaction with FICE proposals would require further consideration.

D8. An IASB member highlighted concerns as to how the proposals would deal with certain scenarios:

a) In an example where a contingent settlement provision lapsed, or was partially settled, while the underlying equity instruments remained outstanding. It was not clear that recognising a gain in profit and loss was the appropriate outcome, when reclassifying to equity felt more intuitive. It was noted by IASB staff that this was a topic addressed in the FICE project,

and that further consideration may be required of the tentative decisions reached in relation to reclassifications within the FICE project.

b) In an example where the instrument is issued at a premium, and so the transaction price is greater than the contingent settlement amount. IASB staff confirmed that the intention was that there would be no separation of the liability component, and the liability would be measured at the transaction price, even though that may be more than the contingent settlement amount.

Tentative decision

Initial and subsequent measurement of contingent settlement provisions
Current requirements
D9. IAS 32 *Financial Instruments: Presentation* does not currently contain requirements in relation to the initial and subsequent measurement of contingent settlement provisions.
FICE ED proposals
D10. The FICE ED proposed clarifying that a) the initial and subsequent measurement of a financial liability (or liability component) would not reflect the probability, and estimated timing, of a contingent event; b) a financial liability (or liability component) arising from a contingent settlement provision is measured at the present value of the settlement amount, both on initial recognition and subsequently; and c) the settlement amount is discounted, assuming settlement will occur at the earliest possible settlement date specified in the contract.
UKEB Comment Letter
D11. The UKEB FCL recommended that this topic be addressed as part of the Amortised Cost Measurement Project instead of with the FICE Project. D12. The FCL also highlighted a concern that the ED proposals could lead to the recognition of a debit in equity on initial recognition where the settlement amount of the liability was greater than the fair value of the instrument.
IASB tentative decisions for *Amortised Cost Measurement* Exposure Draft
D13. At its October 2026 meeting, the IASB tentatively decided to propose that a financial liability arising from contingent settlement provisions be measured at an amount that is not less than the transaction price—that is, the fair value of the consideration received for the financial instrument as a whole—both on initial recognition and subsequently.

UKEB
UK Endorsement Board

UKEB Secretariat preliminary view
D14. The IASB's tentative decision, and IASB staff explanation in the meeting, provide clarification in some areas where UKEB members and FIAG members had raised questions, in particular in relation to the meaning of 'transaction price'. D15. The matter highlighted in paragraph D8(a) relating to the tentative decisions taken in the FICE project relating to the prohibition of reclassification of financial liabilities arising from contingent settlement provisions is a point previously highlighted as a concern in the UKEB FCL on the FICE project. This point has been noted as part of IASB General Update 8A for feedback on the FICE tentative decisions to date at ASAF. D16. The proposal that a liability arising from a contingent settlement provision would be measured at transaction price even where the instrument is issued at a premium does raise a concern. While this approach has the advantage of simplicity, it is difficult to see how the measurement of a liability at more than the maximum settlement amount provides useful information.

Next steps

D17. The IASB will continue redeliberating the remaining topics for inclusion in the Amortised Cost Measurement ED.

D18. The UKEB Secretariat will continue to monitor the IASB's discussions and tentative decisions and update the Board. The UKEB Secretariat will also continue to discuss these topics with the FIAG in advance of the expected publication of the ED in H2 2027.

26 November 2026
Agenda Paper 8: Appendix E

UKEB
UK Endorsement Board

Appendix E: List of IASB projects

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

List of IASB projects	
Amortised Cost Measurement	
UKEB Project Type: Monitoring **IASB Next Milestone:** Exposure Draft H2 2027	
Business Combinations–Disclosures, Goodwill and Impairment	
UKEB Project type: Monitoring **IASB Next Milestone:** Decide Project Direction Q1 2027	**UKEB project page (Influencing)** **UKEB Project Initiation Plan** (Published March 2024) **UKEB Draft Comment Letter** (Published May 2024) **UKEB Final Comment Letter** (Published July 2024 **UKEB Feedback Statement** (Published July 2024) **UKEB Due Process Compliance Statement** (Published September 2024) **UKEB project page (Discussion Paper)** **UKEB Final comment Letter on the Discussion Paper** (Published January 2021)

[1] This list does not include projects related to the IFRS Interpretations Committee or IASB's project outside the UKEB's work.

26 November 2026
Agenda Paper 8: Appendix E

UKEB
UK Endorsement Board

	UKEB Feedback Statement (Published March 2021) **UKEB project page (Research – Goodwill)** **UKEB Report: Subsequent Measurement of Goodwill - A Hybrid Model** (Published September 2022)
Equity Method	
UKEB Project Type: Monitoring **IASB Next Milestone:** Final Amendments Q1 2027	**UKEB project page** **UKEB Project Initiation Plan** (Published October 2024) **UKEB Draft Comment Letter** (Published October 2024) **UKEB Final Comment Letter** (Published December 2024) **UKEB Feedback Statement** (Published December 2024) **UKEB Due Process Compliance Statement** (Published January 2025)
Financial Instruments with Characteristics of Equity	
UKEB Project Type: Monitoring **IASB Next Milestone:** Final Amendments H2 2027	**UKEB project page** **UKEB Project Initiation Plan** (Published October 2023) **UKEB Draft Comment Letter** (Published February 2024)) **UKEB Final Comment Letter** (Published April 2024) **UKEB Feedback Statement** (Published April 2024) **UKEB Due Process Compliance Statement** (Published April 2024)

26 November 2026
Agenda Paper 8: Appendix E

UKEB
UK Endorsement Board

Intangible Assets	
UKEB Project Type: Monitoring **IASB Next Milestone:** Decide Project Direction November 2026	UKEB project page Accounting for Intangibles UK Stakeholders' Views' (Published March 2023) UKEB Project Initiation Plan Updated (Published June 2023) Accounting for Intangibles a Quantitative Analysis of UK Financial Reports (Published May 2024) Accounting for Intangibles a Survey of Users' Views' (Published May 2024) UKEB Project Initiation Plan (2025) (Published November 2025) Intangibles Case Study Research Report (Published August 2026)
Post-implementation Review of IFRS 16 *Leases*	
UKEB Project Type: Monitoring **IASB Next Milestone:** Project Summary and Feedback Statement November 2026	UKEB Project page UKEB Project Initiation Plan (Published June 2025) UKEB Draft Comment Letter (Published July 2025) UKEB Final Comment Letter (Published October 2025)

26 November 2026
Agenda Paper 8: Appendix E

UKEB
UK Endorsement Board

Post-implementation Review of IFRS 9 *Financial Instruments*—Hedge Accounting	
UKEB Project Type: Monitoring **IASB Next Milestone:** Request for Information Feedback Q1 2027	UKEB Project page UKEB Project Initiation Plan (Published 24 September 2026)
Presentation of Taxes or Other Charges that Are Not Tax Expense or Tax Income Applying IAS 12 *Income Taxes* (IFRS 18)	
UKEB Project Type: Monitoring **IASB Next Milestone:** Exposure Draft December 2026	UKEB Project page
Provisions—Targeted Improvements	
UKEB Project Type: Monitoring **IASB Next Milestone:** Final Amendments H1 2027	UKEB project page UKEB Project Initiation Plan (Published October 2024) UKEB Draft Comment Letter (Published December 2024) UKEB Final Comment Letter (Published March 2025) UKEB Feedback Statement (Published March 2025) UKEB Due Process Compliance Statement (Published March 2025)

26 November 2026
Agenda Paper 8: Appendix E

UKEB
UK Endorsement Board

Risk Mitigation Accounting (formerly Dynamic Risk Management)	
UKEB Project Type: Influencing **IASB Next Milestone:** Exposure Draft Feedback Q1 2027	UKEB project page UKEB Project Initiation Plan (Published February 2026) UKEB updated Project Initiation Plan (Published May 2026) UKEB Draft Comment Letter - Risk Mitigation Accounting (Published April 2026)
Statement of Cash Flows and Related Matters	
UKEB Project Type: Monitoring **IASB Next Milestone:** Exposure Draft H2 2027	UKEB project page UKEB Project Initiation Plan (Published December 2024) UKEB updated Project Initiation Plan (Published May 2025) UKEB Research Paper 1 Statement of Cash Flows: Background and Key Issues (Published December 2024) UKEB Research Paper 2 Statement of Cash Flows: Non-mandatory and Voluntary Cash Flow Disclosures Provided by UK Listed Companies (Published February 2025) UKEB Research Paper 3 Statement of Cash Flows: UK User and Preparer Perspectives (Published March 2025) UKEB Research Paper 4 Statement of Cash Flows: UK Users' views on ways forward (Published July 2025) UKEB Research Paper 5 Statement of Cash Flows: Further research – Net Debt (Published November 2025) UKEB Research Paper 6. Statement of Cash Flows: Further research – Financial Institutions, targeted at banks and insurance companies (Published July 2026)