22 October 2026
Agenda Paper 8

UKEB
UK Endorsement Board

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 two Tentative Agenda Decisions (TADs) open for comment, so that the Board can decide whether to submit a response to the Committee. Should the Board decide to respond to the TADs, the Secretariat has prepared draft Project Initiation Plans and draft Comment Letters for the Board's consideration. Please refer to the Appendices for more detail.
Decisions for the Board
1. Do Board Members agree that the UKEB should respond to the Interpretations Committee's invitation to comment on: a) *Estimating Residual Value (IAS 16)*? (Item I below) b) *Sale of Equity Investments Measured at Fair Value through Other Comprehensive Income (IFRS 9)*? (Item II below) 2. If a comment letter is to be submitted in response to one or both TADs, the Board is asked to: a) Consider and approve the Project Initiation Plan(s) (Appendix A and C). b) Discuss and provide feedback on the Draft Comment Letter(s) (Appendix B and D). c) Decide that no Feedback Statement(s) should be prepared.

22 October 2026
Agenda Paper 8

UKEB
UK Endorsement Board

Recommendation

The Secretariat recommends that the UKEB should:

- Respond to the Committee's invitation to comment on:
  a) *Estimating Residual Value (IAS 16)* (Item I below); and
  b) *Sale of Equity Investments Measured at Fair Value through Other Comprehensive Income (IFRS 9)* (Item II below).
- Approve the Project Initiation Plans (Appendix A and C).
- Decide that no Feedback Statements should be prepared for these projects.

Appendices

Appendix A: *Estimating Residual Value (IAS 16)* – Project Initiation Plan

Appendix B: *Estimating Residual Value (IAS 16)* – Draft Comment Letter

Appendix C: *Sale of Equity Investments Measured at Fair Value through Other Comprehensive Income (IFRS 9)* – Project Initiation Plan

Appendix D: *Sale of Equity Investments Measured at Fair Value through Other Comprehensive Income (IFRS 9)* – Draft Comment Letter

22 October 2026
Agenda Paper 8

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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 24 to 25 November 2026.

Overview

3. This paper presents an overview of two Tentative Agenda Decisions (TADs) open for comment as follows:

   a) *Estimating Residual Value (IAS 16)* (Item I)

   b) *Sale of Equity Investments Measured at Fair Value through Other Comprehensive Income (IFRS 9)* (Item II)

   The Board is asked to decide whether to respond to either invitation to comment.

4. The Secretariat acknowledges that it is unusual for the Board to respond to a TAD consultation where it agrees with the Committee's tentative decision. However, the Secretariat notes that if the Committee does not receive a representative range of responses to its consultations, the Committee may "overcorrect" its decisions in response to the feedback received. This may be to the detriment of UK stakeholders.

5. The Secretariat conducted targeted outreach on the topics addressed by the TADs when the relevant submissions were in the Interpretations Committee pipeline. Having conducted this work, the Secretariat is not aware of any particular concerns with existing practice relating to either topic and is not of the view that standard setting is required in either case. The Secretariat therefore recommends that the Board responds to both invitations to comment accordingly, i.e. in support of the Committee's tentative decisions.

6. Should the Board decide to respond to one or both invitations to comment, it is invited to:

a) consider and approve the draft Project Initiation Plans (PIPs) presented in Appendices A and C; and

b) consider and provide feedback on the Draft Comment Letters (DCLs) presented in Appendices B and D.

7. 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**.

Tentative Agenda Decisions open for comment

I. Estimating Residual Value (IAS 16)

Standard	IAS 16 *Property, Plant and Equipment*
IFRIC status	This Tentative Agenda Decision is open for comment until 30 November 2026.
UKEB status	The UKEB discussed this item at its meeting in September 2026. At this meeting, the UKEB agreed that the Secretariat should provide an update, including a recommendation, on whether the UKEB should respond to the Committee's invitation to comment at a future meeting.
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.
Tentative Agenda Decision	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 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 *at the reporting date* (that is, to the extent they affect current prices). The 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, the 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.
Secretariat view and recommendation	The explanation provided in the TAD is consistent with the findings of desktop research and targeted outreach conducted by the Secretariat. Any alterations the Interpretations Committee might make to the TAD following consultation may therefore adversely impact settled positions in the UK. The Secretariat therefore recommends that the UKEB should respond to the Committee's invitation to comment in support of the Committee's tentative decision. In line with paragraph 5.32 of the UKEB's Due Process Handbook (DPH), given that the consultation period for a TAD is usually 60 days, which is shorter than for other IASB due process documents, the UKEB is not able to follow all the milestones in paragraph 5.3 of the DPH.

	The Committee's comment deadline is 30 November 2026, meaning there would be insufficient time for public stakeholder consultation. That is, issuing a draft comment letter is not practicable. The Secretariat therefore recommends that no feedback statement should be prepared if the Board decides to respond to the Committee's invitation to comment.

Questions for the Board

1. Do Board Members agree that the UKEB should respond to the Interpretations Committee's invitation to comment on *Estimating Residual Value (IAS 16)*?

If a comment letter is to be submitted in response to the TAD, the Board is asked to:

2. Consider and approve the PIP (Appendix A).
3. Discuss and provide feedback on the DCL (Appendix B).
4. Decide that no Feedback Statement should be prepared.

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

Standard	IFRS 9 Financial Instruments
IFRIC status	This Tentative Agenda Decision is open for comment until 30 November 2026.
UKEB status	The UKEB discussed this item at its meeting in September 2026. At this meeting, the UKEB agreed that the Secretariat should provide an update, including a recommendation, on whether the UKEB should respond to the Committee's invitation to comment at a future meeting.
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.
Tentative conclusion	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 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 9:5.7.6 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.
Secretariat view and recommendation	The Secretariat acknowledges the possible ambiguity in IFRS 9. However, we are not aware that this ambiguity is a particular concern in the UK, as Advisory Group members advised us that they have not faced questions on the topic. This is consistent with

	the findings outlined in the TAD that the matter does not have a widespread effect. There is a risk that any alterations the Interpretations Committee might make to the TAD following consultation may adversely impact settled positions in the UK. The Secretariat therefore recommends that the UKEB should respond to the Committee's invitation to comment in support of the Committee's tentative decision. In line with paragraph 5.32 of the UKEB's Due Process Handbook (DPH), given that the consultation period for a TAD is usually 60 days, which is shorter than for other IASB due process documents, the UKEB is not able to follow all the milestones in paragraph 5.3 of the DPH. The Committee's comment deadline is 30 November 2026, meaning there would be insufficient time for public stakeholder consultation. That is, issuing a draft comment letter is not practicable. The Secretariat therefore recommends that no feedback statement should be prepared if the Board decides to respond to the Committee's invitation to comment.

Questions for the Board

1. Do Board Members agree that the UKEB should respond to the Interpretations Committee's invitation to comment on *Sale of Equity Investments Measured at Fair Value through Other Comprehensive Income (IFRS 9)*?

If a comment letter is to be submitted in response to the TAD, the Board is asked to:

2. Consider and approve the PIP (Appendix C).
3. Discuss and provide feedback on the DCL (Appendix D).
4. Decide that no Feedback Statement should be prepared.

22 October 2026
Agenda Paper 8: Appendix A

DRAFT FOR DISCUSSION

UKEB
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Appendix A: IFRS Interpretations Committee Agenda Decision: *Estimating Residual Value (IAS 16)* – Project Initiation Plan

Project overview

A1. This project initiation plan (PIP) relates to the UKEB response to the IFRS Interpretations Committee's (the Committee) invitation to comment on its Tentative Agenda Decision: *Estimating Residual Value (IAS 16)*.

Milestones

A2. As noted in the UKEB's Due Process Handbook (UKEB DPH) paragraph 5.32, given that the consultation period for a tentative agenda decision is usually 60 days, which is much shorter than for other IASB due process documents, the UKEB cannot follow all the milestones in paragraph 5.3.

Outreach

A3. Paragraph 5.32 of the UKEB DPH notes that in responding to a tentative agenda decision, some outreach activities are undertaken, e.g. consultation with a representative group of stakeholders and/or with members of the UKEB's standing and/or ad-hoc advisory groups.

A4. In July 2026, when the relevant submission was part of the Interpretations Committee pipeline, the Secretariat engaged with members of the UKEB's Accounting Firms and Institutes Advisory Group. All feedback received has been considered in the preparation of the draft comment letter. An ad-hoc advisory group is not considered necessary for this project.

Draft Comment Letter

A5. The UKEB Due Process Handbook[1] states that for an influencing project a draft comment letter is generally mandatory, unless impracticable.

[1] UKEB Due Process Handbook, paragraphs 5.13 and 5.17.

A6. As per paragraph 3.9 in the UKEB DPH, the UKEB may decide not to undertake a 'mandatory' milestone for a particular project. The reasons for this decision should be discussed at a public Board meeting and clearly outlined in the PIP. In addition, paragraph 5.17 of the UKEB DPH states that, if issuing a draft comment letter even with a reduced comment period is not practicable (e.g. because the deadline to respond to the IASB makes it impracticable to receive and analyse responses), the UKEB still carries out outreach activities to obtain input from UK stakeholders (see Outreach section above).

A7. Given the Committee's comment deadline is 30 November 2026, there would be insufficient time for public stakeholder consultation. Therefore, issuing a draft comment letter is not practicable.

Final Comment Letter

A8. [If at its October 2026 meeting the Board decides to submit a response to the Committee,] A draft Final Comment Letter will be presented for Board approval at the November 2026 meeting.

Project Closure

A9. For this [proposed] response to the Committee:

a) a Feedback Statement does not need to be prepared for this project as no draft comment letter (UKEB consultation document) was published; and

b) in line with paragraphs 5.23–5.24 of the UKEB DPH, the corresponding [draft] Due Process Compliance Statement (DPCS) summarising the due process activities undertaken will be presented for Board approval at the November 2026 meeting along with the draft Final Comment Letter. A final version of the DPCS reflecting completion of the final stages of the project will be brought to the Board for noting at a subsequent meeting.

Resources for the project

A10. The Secretariat involved in this project consists of one Project Manager, with oversight provided by one Senior Project Director. Sufficient resources are allowed for in the UKEB plan for 2026-27.

22 October 2026
Agenda Paper 8: Appendix B

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Appendix B: Draft Comment Letter

Bruce Mackenzie
Chair
IFRS Interpretations Committee
Columbus Building
7 Westferry Circus
Canary Wharf
London
E14 4HD

XX November 2026

Dear Mr Mackenzie

Invitation to comment: Tentative Agenda Decision: *Estimating Residual Value (IAS 16)*

B1. The UK Endorsement Board (UKEB) welcomes the opportunity to provide comment on the IFRS Interpretations Committee's (the Committee) Tentative Agenda Decision (TAD): *Estimating Residual Value (IAS 16)*. In developing this letter, we have consulted with stakeholders in the UK, including accounting firms.

B2. The UKEB responds to the Committee's TADs in limited circumstances, taking into consideration factors such as the degree of impact on UK companies, disagreement with the analysis or the usefulness of the explanations and clarifications. We are responding to this consultation to provide public support for the TAD.

B3. The explanation provided in the TAD is consistent with the findings of our desktop research and targeted outreach. The UKEB therefore agrees with the Committee's tentative conclusion that a standard-setting project is not needed to address the request.

B4. If you have any questions about this response, please contact the project team at UKEndorsementBoard@endorsement-board.uk.

Yours sincerely

22 October 2026
Agenda Paper 8: Appendix B

UKEB
UK Endorsement Board

Paul Lee
Chair
UK Endorsement Board

About the UKEB: The UK Endorsement Board (UKEB) is responsible for endorsement and adoption of IFRS Accounting Standards for use in the UK and therefore is the UK's National Standard Setter for IFRS Accounting Standards. The UKEB also leads the UK's engagement with the IFRS Foundation on the development of new standards, amendments and interpretations.

About IFRS in the UK: There are currently approximately 1,400 entities with equity listed on the London Stock Exchange that prepare their financial statements in accordance with IFRS.[2] In addition, UK law allows unlisted companies the option to use IFRS and approximately [XX,XXX[3]] such companies currently take up this option.

About this letter: This letter is intended to contribute to the Foundation's due process. The views expressed by the UKEB in this letter are separate from, and will not necessarily affect the conclusions in, any endorsement and adoption assessment on new or amended international accounting standards undertaken by the UKEB.

2 UKEB calculation based on London Stock Exchange Group (LSEG) and Eikon data, October 2026. This calculation includes companies listed on the Main market as well as on the Alternative Investment Market (AIM).
3 To be confirmed before submission to the Committee.

DRAFT FOR DISCUSSION

UKEB
UK Endorsement Board

Appendix C: IFRS Interpretations Committee Agenda Decision: Sale of Equity Investments Measured at Fair Value through Other Comprehensive Income (IFRS 9)

Project overview

C1. This project initiation plan (PIP) relates to the UKEB response to the IFRS Interpretations Committee's (the Committee) invitation to comment on its Tentative Agenda Decision: *Sale of Equity Investments Measured at Fair Value through Other Comprehensive Income (IFRS 9)*.

Milestones

C2. As noted in the UKEB's Due Process Handbook (UKEB DPH) paragraph 5.32, given that the consultation period for a tentative agenda decision is usually 60 days, which is much shorter than for other IASB due process documents, the UKEB cannot follow all the milestones in paragraph 5.3.

Outreach

C3. Paragraph 5.32 of the UKEB DPH notes that in responding to a tentative agenda decision, some outreach activities are undertaken, e.g. consultation with a representative group of stakeholders and/or with members of the UKEB's standing and/or ad-hoc advisory groups.

C4. In July 2026, when the relevant submission was part of the Interpretations Committee pipeline, the Secretariat engaged with members of the UKEB's Financial Instruments Advisory Group. All feedback received has been considered in the preparation of the draft comment letter. An ad-hoc advisory group is not considered necessary for this project.

Draft Comment Letter

C5. The UKEB Due Process Handbook[4] states that for an influencing project a draft comment letter is generally mandatory, unless impracticable.

C6. As per paragraph 3.9 in the UKEB DPH, the UKEB may decide not to undertake a 'mandatory' milestone for a particular project. The reasons for this decision should be discussed at a public Board meeting and clearly outlined in the PIP. In addition, paragraph 5.17 of the UKEB DPH states that, if issuing a draft comment letter even with a reduced comment period is not practicable (e.g. because the deadline to respond to the IASB makes it impracticable to receive and analyse responses), the UKEB still carries out outreach activities to obtain input from UK stakeholders (see Outreach section above).

C7. Given the Committee's comment deadline is 30 November 2026, there would be insufficient time for public stakeholder consultation. Therefore, issuing a draft comment letter is not practicable.

Final Comment Letter

C8. [If at its October 2026 meeting the Board decides to submit a response to the Committee,] A draft Final Comment Letter will be presented for Board approval at the November 2026 meeting.

Project Closure

C9. For this [proposed] response to the Committee:

a) a Feedback Statement does not need to be prepared for this project as no draft comment letter (UKEB consultation document) was published; and

b) in line with paragraphs 5.23–5.24 of the UKEB DPH, the corresponding [draft] Due Process Compliance Statement (DPCS) summarising the due process activities undertaken will be presented for Board approval at the November 2026 meeting along with the draft Final Comment Letter. A final version of the DPCS reflecting completion of the final stages of the project will be brought to the Board for noting at a subsequent meeting.

Resources for the project

C10. The Secretariat involved in this project consists of one Project Manager, with oversight provided by one Senior Project Director. Sufficient resources are allowed for in the UKEB plan for 2026-27.

[4] UKEB Due Process Handbook, paragraphs 5.13 and 5.17.

22 October 2026
Agenda Paper 8: Appendix D

DRAFT FOR DISCUSSION

UKEB
UK Endorsement Board

Appendix D: Draft Comment Letter

Bruce Mackenzie
Chair
IFRS Interpretations Committee
Columbus Building
7 Westferry Circus
Canary Wharf
London
E14 4HD

XX November 2026

Dear Mr Mackenzie

Invitation to comment: Tentative Agenda Decision: *Sale of Equity Investments Measured at Fair Value through Other Comprehensive Income (IFRS 9)*

D1. The UK Endorsement Board (UKEB) welcomes the opportunity to provide comment on the IFRS Interpretations Committee's (the Committee) Tentative Agenda Decision (TAD): *Sale of Equity Investments Measured at Fair Value through Other Comprehensive Income (IFRS 9)*. In developing this letter, we have consulted with stakeholders in the UK, including members of our Financial Instruments Advisory Group.

D2. The UKEB responds to the Committee's TADs in limited circumstances, taking into consideration factors such as the degree of impact on UK companies, disagreement with the analysis or the usefulness of the explanations and clarifications. We are responding to this consultation to provide public support for the TAD.

D3. The UKEB acknowledges the possible ambiguity in IFRS 9 *Financial Instruments*. However, based on our outreach work, we agree with the findings outlined in the TAD that the matter does not have a widespread effect. The UKEB therefore agrees with the Committee's tentative conclusion that a standard-setting project is not needed to address the request.

D4. If you have any questions about this response, please contact the project team at UKEndorsementBoard@endorsement-board.uk.

Yours sincerely

22 October 2026
Agenda Paper 8: Appendix D

UKEB
UK Endorsement Board

Paul Lee
Chair
UK Endorsement Board

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About this letter: This letter is intended to contribute to the Foundation's due process. The views expressed by the UKEB in this letter are separate from, and will not necessarily affect the conclusions in, any endorsement and adoption assessment on new or amended international accounting standards undertaken by the UKEB.

5 UKEB calculation based on London Stock Exchange Group (LSEG) and Eikon data, October 2026. This calculation includes companies listed on the Main market as well as on the Alternative Investment Market (AIM).
6 To be confirmed before submission to the Committee.