

25 January 2024

Ref: DT/UKEB

UK Endorsement Board  
10 South Colonnade  
London  
E14 4PU

Dear Sir/Madam,

## **UK Endorsement Board ('UKEB') Regulatory Strategy 2024/25 (draft)**

Ernst & Young LLP welcomes the opportunity to comment on 'UK Endorsement Board ('UKEB') Regulatory Strategy 2024/25 (draft)' ('the Consultation').

Firstly, we would like to comment the UKEB, specifically on its timely endorsement of the Amendments to IAS 12 'International Tax Reform – Pillar Two Model Rules'.

We welcome the detailed workplan provided in Section 5 of the Consultation, that is based on the IASB's workplan, and the UKEB's effort to rank the project workload as significant, moderate or limited in scope. While there is some subjectivity in ranking such projects, with some requiring more or less effort, we think the balance is broadly correct. However, the 'Equity Method' influencing project is considered limited in scope but we believe it might instead be better classified as moderate, due to the number and nature of some of the tentative decisions the IASB has taken to date together with the expected publication of an exposure draft in 2024.

In addition, the UKEB will need to remain flexible, evidenced by the fact that some projects have already been added to the IASB workplan, possibly after the Consultation was drafted, that the UKEB will also need to consider. For example, the IASB maintenance projects 'Update to the Subsidiaries without Public Accountability: Disclosures Standard' (due to be published Q2 2024) and 'Use of a Hyperinflationary Presentation Currency by a Non-hyperinflationary Entity (IAS 21)' (expected to be published H2 2024) are now listed on the IASB's workplan. The UKEB may want to consider the maintenance project to 'Disclosure Initiative—Subsidiaries without Public Accountability: Disclosures' at the same time as the standard is being considered for endorsement.

In response to the question on suggestions for additional research projects (Item 17 of the workplan), one of the projects deferred on the UKEB list, which the IASB will add to its agenda at a later date is the 'Statement of cashflows and related matters'. If resources are available, consideration should be given by the UKEB to more actively influence the IASB's work on this important primary statement given the increase in regulatory scrutiny and number of issues that arise on this statement. This is evident from comments in the FRC's Annual Review of Corporate Reporting 2022/23 and prior year reports, and matters submitted to the IFRS IC. However, research into this project should not be at the expense of those deferred projects that the IASB action in 2024/25.

Finally, it is important that the UKEB remains flexible to address projects related to climate-related and other sustainability matters in the financial statements and projects relating to connectivity between ISSB and IASB standards, as a focus area by regulators.



If you have any matters arising concerning the content of our response, please do not hesitate to contact us.

Yours faithfully,

Ernst & Young LLP