HM Treasury

Financial Reporting Advisory Board

IFRS Interpretations Committee update

Issue:	A summary of the IFRS Interpretations Committee meetings since the last FRAB Board meeting, noting any particular relevance to the public sector. To note, there have been three full agenda decisions since our last review.
Impact on guidance:	Potential adaptation or interpretation in the FReM dependent on outcomes of any standard-setting adjustments.
IAS/IFRS adaptation?	No adaptations or interpretations proposed but further agenda decisions will be considered as needed.
Impact on WGA?	None.
IPSAS compliant?	This would depend on whether IPSASB adjust for any new IFRS amendments and interpretations. There have been no proposed changes to IFRS following meetings of the Interpretations Committee.
Interpretation for the public-sector context?	No adaptations or interpretations proposed.
Impact on budgetary regime and Estimates?	None.
Alignment with National Accounts	No impact on the National Accounts.
Recommendation:	For the Board to note, HM Treasury is not proposing any adaptations or interpretations in relation to the three agenda decisions.
Timing:	Ongoing

DETAIL

Background

1. This paper is provided for information and covers the three agenda decision from the IFRS Interpretations Committee since FRAB last met in March.

2. Relevance to the public sector and any impacts on the FReM have been considered and noted. HM Treasury do not anticipate any specific adaptations or interpretations being

required for the public sector because of the decisions of the Interpretations Committee since the Board's last meeting.

3. There have been three full agenda decision for the IASB's consideration published since the last update. These were published on the 11th April 2025 and are titled:
    3.1 Recognition of Revenue from Tuition Fees (IFRS 15 Revenue from Contracts with Customers),
    3.2 Recognition of Intangible Assets from Climate-related Expenditure (IAS 38 Intangible Assets) and
    3.3 Guarantees Issued on Obligations of Other Entities.

4. More detail on the agenda decisions can be found in Annex A.

5. The committee concluded that the matters described in the requests do not have widespread effect, consequently standard-setting projects were not added to the workplan.

Recommendation: No action for the public sector proposed at this time.

HM Treasury
19th June 2025

Annex A: Agenda Decisions

Recognition of Revenue from Tuition Fees (IFRS 15 Revenue from Contracts with Customers)

The Committee received a request about the period over which an educational institution recognises revenue from tuition fees.

Fact pattern: students attend the educational institution for approximately 10 months of the year (academic year) and have a summer break of approximately two months. Applying IFRS 15, the educational institution recognises revenue from tuition fees over time. The request asks whether the educational institution is required to recognise that revenue evenly over the academic year (10 months), evenly over the annual reporting period (12 months), or over a different period.

Conclusion:

Evidence gathered by the Committee indicated no diversity in accounting for revenue from tuition fees. The evidence suggests any differences in the period over which these educational institutions recognise revenue from tuition fees result from differing facts and circumstances and do not reflect diversity in accounting for revenue from tuition fees.

Based on its findings, the Committee concluded that the matter described in the request does not have widespread effect. Consequently, the Committee decided not to add a standard-setting project to the work plan

Recognition of Intangible Assets from Climate-related Expenditure (IAS 38 Intangible Assets)

The Committee received a request about whether an entity's acquisitions of carbon credits and expenditure on research activities and development activities meet the requirements in IAS 38 to be recognised as intangible assets.

Fact pattern: an entity made a commitment in 2020 and 2021 to other parties to reduce a percentage of its carbon emissions by 2030 (referred to as a '2030 commitment'). the entity has taken 'affirmative actions' including allocating capital to buying carbon credits and investing in 'innovation programs' purposed to find solutions to reduce emissions to meet its 2030 commitment.

The request asks whether, during its 2024 annual reporting period, the entity's acquisitions of carbon credits and expenditure on research activities and development activities, results in intellectual capital from innovation programmes and meet the requirements in IAS 38 to be recognised as intangible assets.

The IASB has been researching and engaging with stakeholders about the prevalence and significance of pollutant pricing mechanisms (PPMs), some of which include the use of carbon credits. While a project on PPMs remains on its reserve list, the IASB expects to decide during its next agenda consultation whether to add a project on the accounting for PPMs to its work plan, accordingly, the Committee did not consider the question about the accounting for acquisitions of carbon credits.

Conclusion:

Evidence gathered by the Committee indicated no material diversity in the accounting for expenditure on research activities and development activities.

Based on its findings, the Committee concluded that the matter described in the request does not have widespread effect. Consequently, the Committee decided not to add a standard-setting project to the work plan

Guarantees Issued on Obligations of Other Entities

The Committee received a request about how an entity accounts for guarantees that it issues.

Fact pattern: The request described three fact patterns in the context of an entity's separate financial statements. In the fact patterns, an entity issues several types of contractual guarantees on obligations of a joint venture. These fact patterns include situations in which the entity guarantees to make payments to a bank, a customer, or another third party in the event the joint venture fails to meet its contractual obligations under its service contracts or partnership agreements and fails to make payments when due.

Conclusion:

The Committee observed that an entity accounts for a guarantee it issues based on the requirements, including the scoping requirements, in IFRS Accounting Standards and not based on the nature of the entity's business activities. An entity applies judgement in determining which IFRS Accounting Standard applies to a guarantee it issues and in considering the specific facts and circumstances and the terms and conditions of the guarantee contract.

Based on its findings, the Committee concluded that the Committee concluded that the principles and requirements in IFRS Accounting Standards provide an adequate basis for an entity to determine how to account for a guarantee that it issues. Consequently, the Committee decided not to add a standard-setting project to the work plan.