

Items for Noting

Appendices

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| Appendix 1 | Due Process Compliance Statement for ED <i>Non-current Liabilities with Covenants</i> |
| Appendix 2 | Due Process Compliance Statement for ED <i>Supplier Finance Arrangements</i> |
| Appendix 3 | Due Process Compliance Statement for Endorsement of May 2020 Amendments |

These appendices are the final Due Process Compliance Statements for each project, concluding all steps.

- Appendix 4 Project Initiation Plan: Intangibles Research

This appendix is an amended project plan, incorporating Board feedback to date.

Influencing process: ED Non-current Liabilities with Covenants			
Step	Required / Optional	Metrics or evidence	UKEB secretariat comments
IASB's due process document			
Exposure Draft ED <i>Non-Current Liabilities with Covenants</i>		Published: 19/11/2021 Comment deadline: 21/03/2022	

Project preparation			
Technical project added to UKEB technical work plan and discussed	Required	Project is included in the published technical UKEB Work Plan.	Yes
Project preparation and Project Initiation Plan (PIP)	Required	PIP created which includes: <ul style="list-style-type: none"> - Approach to influencing; - Proposed type of fieldwork; - Involvement of IASB staff; - Key milestones and timing; - Initial analysis based on desk based or other research. 	Yes
	Required	Assessment of whether to set up an ad-hoc advisory group	Yes. Concluded an ad-hoc group was not necessary as it was not proportionate.
	Required	UKEB Board public meeting held to approve PIP	Yes, approved at 20/01/22 meeting
	Optional	UKEB Education or initial assessment	Yes, an education session at the 9/12/21 private Board meeting.

Communications			
Communications	Required	UKEB Board public meetings held to discuss technical project	Yes, 20/01/22 Approve PIP 20/01/22 Approve DCL and ITC questions; 18/03/22 Approve FCL, Approve FS, Approve CS.
	Required	Board meeting papers posted and publicly available on a timely basis.	Yes
	Required	Project website contains a project description and up to date information.	Yes

Outreach activities			
<i>Fieldwork undertaken</i>			
Public events, roundtables, workshops or interviews with specific groups of stakeholders	Optional	Numbers for stakeholder outreach and venues documented	Undertook 15 meetings with various stakeholders. Documented in Feedback Statement.

UKEB draft comment letter			
	Required	Draft comment letter approved for publication at UKEB public meetings	Yes, approved at 20/01/22 Board meeting
	Required	Draft comment letter, including deadline for responses, posted on UKEB Website for public consultation	Yes Published: 03/02/22 Comment deadline: 07/03/22
	Required	News Alert published to announce publication	Yes
	Required	Public responses on draft comment letter posted on website	Yes, two comment letters were received from stakeholders. These have been published on the project page on the website.

UKEB final comment letter			
Final comment letter	Required	Final comment letter approved for publication at UKEB public meeting.	Approved at the 18/03/22 Board meeting
	Required	Publish final comment letter on UKEB website and submit to IASB	Yes on 21/03/22.
	Required	News Alert published to announce publication	Yes. Sent 24/03/22

Finalisation			
Feedback statement	Required	Draft Feedback Statement for discussion and review at UKEB public meeting	Approved at Board meeting 18/03/22.
	Required	Feedback Statement posted on UKEB Website	Yes on 21/03/22
	Required	News Alert published to announce publication	Yes. Sent 24/03/22
Compliance Statement	Required	Due process Compliance Statement approved by UKEB in public meeting	Approved at 18/03/22 Board meeting.
	Required	Due Process Compliance Statement posted on UKEB Website	Yes. [*]

[This reflects the final wording of this document that will be published on the UKEB website once this document has been Noted at the 21/04/2022 board meeting.]*

Conclusion	
<p>This ED was published on 19 November 2021 with a comment deadline of 21 March 2022. The timing of consultation activities was affected by the holiday season and year-end preparation/reporting and this may have particularly impacted engagement with preparers. Given the ED was a narrow-scope amendment a focus on targeted outreach and one-on-one discussions was deemed appropriate. We also engaged with a number of organisations, in addition to UKEB channels, to publicise the content of the Draft Comment Letter and seek feedback. We had good engagement with a range of stakeholders, which supported the development of both the Draft and Final Comment Letters.</p> <p>Overall, this project due process complies with the UKEB Due Process that is in place at the time of writing.</p>	

Influencing process: ED Supplier Finance Arrangements			
Step	Required / Optional	Metrics or evidence	UKEB secretariat comments
IASB's due process document			
Exposure Draft ED <i>Supplier Finance Arrangements</i>		Published: 26/11/2021 Comment deadline: 28/03/2022	

Project preparation			
Technical project added to UKEB technical work plan and discussed	Required	Project is included in the published technical UKEB Work Plan.	Yes
Project preparation and Project Initiation Plan (PIP)	Required	PIP created which includes: - Approach to influencing; - Proposed types of fieldwork; - Involvement of IASB staff; - Key milestones and timing; - Initial analysis based on desk based or other research.	Yes
	Required	Assessment of whether to set up an ad-hoc advisory group	Yes. Concluded an ad-hoc group was not necessary as it was not proportionate.
	Required	UKEB Board public meeting held to approve PIP	Yes, approved at 20/01/22 meeting
	Optional	UKEB Education or initial assessment	Yes, an education session was held at the 9/12/21 private Board meeting.

Communications			
Communications	Required	UKEB Board public meetings held to discuss technical project	Yes, 20/01/22 Approve PIP 20/01/22 Approve DCL and ITC questions; 18/03/22 Approve FCL, Approve FS, Approve CS.
	Required	Board meeting papers posted and publicly available on a timely basis.	Yes
	Required	Project website contains a project description and up to date information.	Yes

Outreach activities			
<i>Fieldwork undertaken</i>			
Public events, roundtables, workshops or interviews with specific groups of stakeholders	Optional	Numbers for stakeholder outreach and venues documented	Undertook 14 one-on-one discussions with various stakeholders. Documented in Feedback Statement.

UKEB draft comment letter			
	Required	Draft comment letter approved for publication at UKEB public meetings	Yes, approved at 20/01/22 Board meeting
	Required	Draft comment letter, including deadline for responses, posted on UKEB Website for public consultation	Yes Published: 26/01/22 Comment deadline: 04/03/22
	Required	News Alert published to announce publication	Yes
	Required	Public responses on draft comment letter posted on website	1 comment letter received and published on the UKEB website

UKEB final comment letter			
Final comment letter			
	Required	Final comment letter approved for publication at UKEB public meeting.	Approved at the 18/03/22 Board meeting

	Required	Publish final comment letter on UKEB website and submit to IASB	Yes on 28/03/22.
	Required	News Alert published to announce publication	Yes. Sent on 31/03/22.

Finalisation			
Feedback statement	Required	Draft Feedback Statement for discussion and review at UKEB public meeting	Approved at Board meeting 18/03/22.
	Required	Feedback Statement posted on UKEB Website	Yes on 28/03/22.
	Required	News Alert published to announce publication	Yes. Sent on 31/03/22.
Compliance Statement	Required	Due process Compliance Statement approved by UKEB in public meeting	Approved at 18/03/22 Board meeting.
	Required	Due Process Compliance Statement posted on UKEB Website	Yes. [*]

[This reflects the final wording of this document that will be published on the UKEB website once this document has been Noted at the 21/04/2022 Board meeting.]*

Conclusion
<p>This ED was published on 26 November 2021 with a comment deadline of 28 March 2022. The timing of consultation activities was affected by the holiday season and year-end preparation/reporting. Given the ED was a narrow-scope amendment a focus on targeted outreach and one-on-one discussions was deemed appropriate. We also engaged with a number of organisations, in addition to UKEB channels, to publicise the content of the Draft Comment Letter and seek feedback. We had good engagement with a range of stakeholders, which supported the development of both the Draft and Final Comment Letters.</p> <p>Overall, this project due process complies with the UKEB Due Process that is in place at the time of writing.</p>

Due Process Compliance Statement: Endorsement of May 2020 amendments to international accounting standards (*with an effective date of 1 January 2022*)

The May 2020 amendments to international accounting standards project was initiated before the UKEB was established and the Due Process Handbook (DPH) was drafted. The project informed the development of the DPH which is currently under public consultation.

Endorsement process: May 2020 amendments to international accounting standards (with an effective date of 1 January 2022)			
Step	Required / Optional	Metrics or evidence	UKEB secretariat comments
IASB's due process documents			
Annual improvements to IFRS® Standards 2018–2020		Exposure Draft published: ED/2019/2 21/05/2019 Comment deadline: 20/08/2019 Final amendments published: 14/05/2020	The IASB issued four amendments in its 2018–2020 annual improvements cycle. This project excludes the amendment that changed an Illustrative Example in IFRS 16 <i>Leases</i> , because Illustrative Examples are not an integral part of a Standard and the endorsement and adoption process applies only to text that is an integral part of a Standard
Amendments to IAS 16 <i>Property, Plant and Equipment</i> —Property, Plant and Equipment: Proceeds before Intended Use		Exposure Draft published: ED/2017/4 20/06/2017 Comment deadline: 19/10/2017 Final amendment published: 14/05/2020	
Amendments to IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> —Onerous Contracts—Cost of Fulfilling a Contract		Exposure Draft published: ED/2018/2 13/12/2018 Comment deadline: 15/04/2019 Final amendment published: 14/05/2020	
Amendments to IFRS 3 <i>Business Combinations</i> —		Exposure Draft published: ED/2019/3	

Endorsement process: May 2020 amendments to international accounting standards <i>(with an effective date of 1 January 2022)</i>			
Step	Required / Optional	Metrics or evidence	UKEB secretariat comments
Reference to the Conceptual Framework		30/05/2019 Comment deadline: 27/09/2019 Final amendment published: 14/05/2020	
Project preparation			
Technical project added to UKEB technical work plan and discussed	Required	Project is included in the published technical UKEB Work Plan.	Complete: Link to the May 2020 Amendments project page included on UKEB website.
Project preparation and Project Initiation Plan (PIP)	Required	PIP draft with outline (background, scope project objective) and approach for endorsement and adoption (key milestones and timing) proportionate to the project	Complete: The Secretariat included mandatory milestones for the project and considered, as appropriate, other milestones and activities, following a proportionate approach. PIP approved at 09/07/21 meeting: Agenda paper 5 and appendices to this paper: 5.1, 5.2, 5.3 and 5.4.
	Required	Outreach plan for stakeholders outlined and communication approach	Complete: Due to the minor and narrow-scope nature of the amendments, consultation activities were focused solely on obtaining responses on the Draft Endorsement Criteria Assessment (DECA) (as posted on the UKEB website).
	Required	Resources allocated	1 Project manager (Denise Durant) overseen by 1 Senior Project Director (Annette Davis).
	Required	Assessment of whether to set up an ad-hoc advisory group	Complete: Assessed but having an ad-hoc advisory group was not considered necessary due to the minor and narrow-scope nature of the amendments, using a proportionate approach.
	Required	UKEB Board public meeting held to approve PIP	Complete: PIP approved at 09/07/21 meeting: Agenda paper 5 and appendices to this paper: 5.1, 5.2, 5.3 and 5.4.
	Optional	UKEB Education or initial assessment	Not assessed due to resource constraints and late commencement of project. A brief

Endorsement process: May 2020 amendments to international accounting standards (with an effective date of 1 January 2022)			
Step	Required / Optional	Metrics or evidence	UKEB secretariat comments
			outline of each amendment was given when discussing the PIP.
Communications			
Communications	Required	UKEB Board public meetings held to discuss technical project	Complete. 09/07/21: PIP (agenda paper 5) approved. 17/09/21: DECA (agenda paper 8) approved. 17/02/22 Adoption Package approved comprised of: <ul style="list-style-type: none"> • Final Endorsement Criteria Assessment (ECA) • Feedback Statement • [Draft] Due Process Compliance Statement; and • Content of Adoption Statement.
	Required	Board meeting papers posted and publicly available on a timely basis.	<ul style="list-style-type: none"> • PIP included: agenda paper 5 and Appendices: 5.1, 5.2, 5.3 and 5.4 (09/07/21) • DECA included: agenda paper 8 (17/09/21).
	Required	Project website contains a project description with up-to-date information on the project.	Complete: Link included.
	Required	Update UKEB website	Complete: Project webpage updated regularly, and News Alerts issued to subscribers with latest status and documents.
	Required	Evidence that subscriber alerts have occurred	Complete: Subscribers alerted via email 5 days before each board meeting. This included the papers and an option to dial in to observe the discussion. For example, the DECA publication News Alert.
	Optional	Project email address	Complete: A specific project email was used for outreach and correspondence purposes throughout the duration of the project.

Endorsement process: May 2020 amendments to international accounting standards <i>(with an effective date of 1 January 2022)</i>			
Step	Required / Optional	Metrics or evidence	UKEB secretariat comments
Desk-based research			
	Optional	Identify relevant research sources and documents	<p>Complete: Given that the amendments were published by the IASB in May 2020, before the UK's Exit from the EU and before the creation of the UKEB, the Board or the Secretariat had not been involved in influencing the IASB's proposals. However, the Secretariat's desk-based review of IASB's previous work on the amendments, of the UK responses to the proposals, and the basis for conclusions for each final amendment confirmed that the comments from UK stakeholders had been fully considered by the IASB. This analysis was included as an Appendix to the PIP discussed by the Board at the 09/07/21 Board meeting (agenda paper 5.4).</p> <p>The Secretariat also reviewed EFRAG's Endorsement Advice Letters to the European Commission for each one of the amendments included in this project¹.</p>
	Optional	Agree main assumptions about the project	<p>Complete: It was agreed that:</p> <ul style="list-style-type: none"> • The amendments are minor and/or narrow in scope as they meet the IASB's annual improvements criteria and/or meet the IASB's criteria for narrow-scope amendments. • The comments from UK stakeholders had been submitted directly to the IASB and/or to the European Financial Reporting Advisory Group (EFRAG) and considered

¹ These letters are publicly available in <https://www.efrag.org/>.

Endorsement process: May 2020 amendments to international accounting standards (with an effective date of 1 January 2022)			
Step	Required / Optional	Metrics or evidence	UKEB secretariat comments
			by the IASB when finalising the amendments.
Outreach activities			
<i>Advisory groups set-up</i>			
	Optional	Number of advisory group meetings and evidence of substantive involvement in issues	No advisory groups were set up due to the minor and narrow-scope nature of the amendments covered in this project.
<i>Fieldwork undertaken</i>			
Public events, roundtables, workshops, interviews with specific groups of stakeholders or surveys.	Optional	Number of meetings held and venues documented	None. Due to the minor and narrow-scope nature of the amendments, consultation activities were focused on obtaining responses on the Draft Endorsement Criteria Assessment (DECA).
Draft Endorsement Criteria Assessment (DECA)			
DECA	Required	UKEB sets comment period for response on DECA	Complete: Published: 30/09/2021 (original comment period deadline due by 01/11/21). Comment period deadline was subsequently extended to 30/11/21 .
	Required	UKEB public meetings held for review and approval	Complete: Approved at 17/09/21 Board meeting.
	Required	DECA posted on UKEB website for public consultation	Complete: DECA and Invitation to Comment (posted on the UKEB website). DECA publication News Alert on 30/09/2021.
	Required	News Alert published to announce publication	Complete. News Alert on 30/09/2021 calling for comments (original comment period deadline due by 01/11/21). News Alert on 01/11/21 extending the comment period to 01/08/21. Two subscriber alerts were subsequently issued to inform that the comment period deadline had been extended again. <ul style="list-style-type: none"> A subscriber e-mail alert was sent on 11/11/2021 informing that the comment period had been extended to 18/11/21.

Endorsement process: May 2020 amendments to international accounting standards <i>(with an effective date of 1 January 2022)</i>			
Step	Required / Optional	Metrics or evidence	UKEB secretariat comments
			<ul style="list-style-type: none"> Another subscriber e-mail alert was sent on 19/11/2021 informing that the comment period had been extended to 30/11/21.
Project closure			
Final Endorsement Criteria Assessment (ECA)	Required	Public responses on DECA assessed and posted on website	Complete: Four comment letters received from: ACCA, ICAEW, Local Authority Pensions Fund Forum (LAPFF) and Grant Thornton.
	Required	Final ECA approved by UKEB in public meeting	Complete: Approved at the 17/02/22 Board meeting subject to some changes discussed at the meeting.
	Required	Publish final ECA on UKEB website	Complete.
	Required	News Alert published to announce publication	Complete. Included in the News Alert published 13/04/22.
Feedback statement	Required	Feedback Statement approved by UKEB in public meeting	Complete Feedback Statement approved at Board meeting 17/02/22.
	Required	Feedback Statement posted on UKEB Website	Complete.
	Required	News Alert published to announce publication	Complete. Included in the News Alert published 13/04/22.
Due Process Compliance Statement	Required	Due Process Compliance Statement approved by UKEB in public meeting	Complete. Approved at 17/02/22 Board meeting.
	Required	Due Process Compliance Statement posted on UKEB Website	Complete*. <i>*This reflects the final wording of this document that will be published on the UKEB website once this document has been noted at the 21/04/2022 Board meeting.</i>
Adoption Statement	Required	Content of Adoption statement approved by UKEB in public meeting	Complete. Approved at 17/02/22 Board meeting.
	Required	Adoption statement posted on UKEB Website	Complete. Posted on 13/04/22.
	Required	News Alert published to announce publication	Complete. Included in the News Alert published 13/04/22.

Endorsement process: May 2020 amendments to international accounting standards <i>(with an effective date of 1 January 2022)</i>			
Step	Required / Optional	Metrics or evidence	UKEB secretariat comments
Voting			
Vote on Adoption Package	Required	Evidence of written vote (in paper or electronic form).	Vote was finalised noon 12/04/22 .
	Required	News Alert published to announce the outcome of the vote to adopt the May 2020 amendments	Complete. Included in the News Alert published 13/04/22 .

Conclusion
<p>The PIP explained that the amendments included as part of this project were published by the IASB in May 2020, before the UK's Exit from the EU and before the creation of the UKEB and that the Board or the Secretariat had not been involved in influencing the IASB's proposals. To mitigate the impact of this, the Secretariat performed extensive desk-based research to confirm that the comments from UK stakeholders had been fully considered by the IASB. In addition, due to the minor and narrow-scope nature of the amendments the outreach activities for this project were focused on obtaining responses on the DECA.</p> <p>Overall, this project due process complies with the UKEB Due Process that is in place at the time of writing.</p>

Approval
Does the Board approve the Due Process Compliance Statement for publication for the May 2020 Amendments?

Project Initiation Plan: Intangibles Assets Research

Project Type	Thought Leadership
Project Scope	Significant

Overview

1. The UKEB delegated functions include responsibility for “participating in and contributing to the development of a single set of international accounting standards.” Undertaking pro-active thought leadership activities is key to the UKEB’s ability to effectively deliver this statutory function.
2. The UKEB’s Terms of Reference (ToR) further explain that with regard to thought leadership, the UKEB shall:
 - a) Lead the UK debate on international accounting standards and reporting.
 - b) Represent UK views in international fora with the aim of influencing debate.
 - c) Engage with accounting and reporting and endorsement and adoption bodies in other jurisdictions, in order to improve influence and understand best practice.
 - d) Proactively participate in the development of new global accounting standards, for example by undertaking research.
3. We believe that a project on intangibles ~~s-assets~~, as described below, clearly supports the UKEB meeting these responsibilities.
4. The increasing importance of intangibles ~~s-assets~~ to the modern economy is ubiquitously acknowledged, as demonstrated by the numerous academic papers¹ and books² written on this topic. As noted by CPA Ontario “Today, intangible assets are recognized as the key source of innovation and growth, an economic golden goose”³.
5. At the same time there is significant discussion about the shortfalls of IFRS Standards⁴ in relation to accounting for intangibles ~~s-assets~~. EFRAG ~~has~~ published a comprehensive report, outlining a range of concerns with current accounting for intangible assets and possible approaches to improving their reporting.⁵

¹ See appendix 2 for examples of publications on intangible assets.

² See for example Haskel and Westlake (2018), “Capitalism without Capital: The Rise of the Intangible Economy” *Princeton University Press*

³ Ontario CPA Insight (2021), “You Can’t Touch This: The Intangible Assets Debate”, <https://www.cpaontario.ca/intangibles>

⁴ See for example Barker, Richard & Lennard, Andrew & Penman, Stephen & Teixeira, Alan. (2021), “Accounting for intangible assets: suggested solutions”. *Accounting and Business Research*.

⁵ [EFRAG Discussion Paper: Better Reporting on Intangibles](#)

6. Concerns about the accounting for and reporting of intangibles ~~assets~~ are not only confined to academic discussions and national standard setters. Steve Cooper⁶, an independent analyst, co-author of The Footnotes Analyst blog, and former IASB Board Member, has stated that, “the current inconsistent and limited recognition of intangible assets causes analytical challenges for investors... We think that investors would greatly benefit from improvements to both the narrative reporting and financial statement data regarding intangibles.”
7. These concerns have been echoed in surveys of users. For example:
- a) In 2019 the FRC published a consultation “Business Reporting of Intangibles: Realistic Proposals”⁷. They noted when reporting the feedback received from UK investors that they “were unanimous in their support for improving the quality of reporting on intangibles”⁸
 - b) Research currently being funded by ICAS has noted that 93% of users surveyed thought that “financial reporting is lacking adequate information on intangible assets”, though they also note that this view was only shared by 61% of preparers surveyed.⁹
 - c) A worldwide survey of 170 senior investment decision makers commissioned by Columbia Threadneedle Investments concluded that, “There is agreement that analysis of intangibles provides a competitive advantage to investors, and recognition that intangible research is increasingly important in analytical work. However, while investors find information about intangibles readily available, they believe that it is often unreliable, incomplete or inaccurate.”¹⁰
8. The IASB has acknowledged these concerns about intangibles ~~s-assets~~. In one of his first public statements the new chair of the IASB, Dr Andreas Barckow, stated that “the rise of self-generated intellectual property and its non-addressal in the accounts” was one of the biggest challenges and opportunities facing the IASB.¹¹
9. Staff papers presented to the IASB summarising the feedback it received on its Third Agenda Consultation¹² indicated that most respondents rated intangible assets as a high priority area.¹³ Respondents believed any review should:
- a) modernise IAS 38 *Intangible Assets*, to better reflect the ever-increasing importance of intangible assets in today’s business models, particularly for unrecognised internally generated assets;

⁶ [Missing intangible assets distorts return on capital | The Footnotes Analyst](#)

⁷ [00 Intangibles-title 1..2 \(frc.org.uk\)](#)

⁸ [Feedback-Statement-FINAL.pdf \(frc.org.uk\)](#), para 6.

⁹ [The production and consumption of information on intangibles: an analysis of some preliminary results | ICAS](#)

¹⁰ [Intangible Assets](#), note it is unclear whether this was exclusively in the context of GAAP requirements, though they are similar to IFRS in many ways.

¹¹ [IFRS - Meet the new IASB Chair—Andreas Barckow](#)

¹² <https://www.ifrs.org/projects/work-plan/2020-agenda-consultation/>

¹³ [AP24D: Feedback summary—Potential projects \(part 1\) \(ifrs.org\)](#)

- b) address new types of intangible assets, which were not envisaged when IAS 38 was developed (such as cryptocurrencies and emission rights) to ensure it results in useful information to users of financial statements; and
 - c) improve comparability between companies that grow organically and those that grow through acquisitions.
10. Based on that feedback we expect intangibles ~~assets~~ to form a key part of the IASB's agenda for the next five-year period.
11. A pro-active thought leadership project on intangibles ~~assets~~ will enable the UKEB to fulfil its responsibility to proactively participate in the development of high-quality accounting standards by leading the UK debate on accounting and reporting of intangibles ~~assets~~ as well as contributing to and actively participating in the international debate on a timely basis.

Objective of the project

12. Given the significance of intangibles ~~assets~~ to the UK and global economies in the twenty-first century, and the expectation that a project on accounting for such ~~assets items~~ will form a key part of the IASB's agenda in the future, it is important that the UKEB pro-actively contributes to this ~~important~~ significant area of standard development.
13. "Intangible ~~sassets~~" encompasses a wide range of possible topics and avenues for research. The UKEB believes that it is well placed to focus on elements of investor needs when it comes to accounting and reporting of intangible ~~sassets~~. This will act as a useful starting point for, and input into, the accounting solutions to be devised by the IASB.
14. The context for the research ~~question to be addressed by the proposed research~~ is:
- How could the accounting for, and reporting of, Intangible Assets-Items be improved to provide investors with more useful general purpose financial statements to assist them to make better informed decisions?**
15. Key elements of ~~the research question proposed~~ this context are:
- a) Accounting and reporting¹⁴: The context for any research will be ~~focused on~~ accounting and reporting in accordance with IFRS Accounting Standards, and the annual financial statements. Specifically, the research will ~~look at~~ consider elements of classification, recognition, measurement, and disclosure of intangible ~~assets items~~. This does not necessarily mean that the current approach of the IFRS Accounting Standards should constrain possible solutions. It may be that new or expanded standards need to be developed to capture useful information.

¹⁴ The remainder of this proposal will use the term "accounting for intangible assets" to include both accounting and reporting.

- b) Intangible ~~Assets~~Items: This term is a placeholder for a broad range of non-physical ~~assets—items~~ that are not within the scope of IFRS 9: *Financial Instruments*, and is not necessarily intended to be the same as defined in IAS 38: *Intangible Assets*. Part of the research would seek to identify what investors consider the most relevant intangible ~~assets~~items, and whether current definitions adequately capture the extent and nature of these ~~assets~~items.
- c) Investors: The *Conceptual Framework for Financial Reporting*¹⁵ identifies the primary users of financial reports as existing and potential investors, lenders and other creditors that cannot require reporting entities to provide information directly to them. We believe that a focus on investors who rely on General Purpose Financial Statements (GPFS) will provide useful information while helping limit the extent of research that will need to be undertaken. These users make key decisions that involve buying, selling or holding equity instruments; or exercising rights to vote on, or otherwise influence, management's actions that affect the use of the entity's economic resources.

16. Within this context we will focus on exploring with investors the areas they see as deficient in the current reporting for intangible ~~Assets~~Items under IFRS Accounting Standards and possible solutions that they believe would address these concerns. This will include examining current reporting practices for intangibles in the UK.

~~16-17. The research could be extended later to engage with investors to explore One objective of the research will be to help investors engage with new ways of thinking about the issue of accounting for and reporting on intangible ~~s~~assets. We therefore also intend to engage A pre-requisite for this would be to consider with other stakeholders, such as academics and preparers (especially in sectors that have intangible ~~assets~~items identified as particularly relevant by investors) ~~to develop~~ possible alternative approaches that may not ~~yet~~ have been considered ~~by investors and~~ which could meet ~~their investors'~~ information needs. ~~This~~ We would ~~allow us~~want to facilitate discussions between key stakeholders to develop solutions.~~

~~17-18.~~ The research would be based on a bottom-up or inductive approach. In the initial phase, research would ~~b~~Building from investors' needs and observations of practice to develop proposals. This can be contrasted with the top-down or deductive approach that would start with the conceptual framework and develop solutions rooted in accounting theory.

~~18-19.~~ This approach will allow us to contribute to and reflect on the work being done by others in this area, such as EFRAG and the AASB. By building on our links with investors we believe we will be able to provide an important perspective on any solutions proposed by others.

~~19-20.~~ It will also build on previous work in the UK by the FRC, for example, the FRC's 2019 consultation "Business Reporting of Intangibles: Realistic Proposals".

¹⁵ See [Chapter 2: Objective, usefulness and limitations of general purpose financial reporting](#)

Key planning assumptions, constraints and timeline

Project timeline and resource capacity

~~21.~~ As noted below this project is split into two phases, expected to last at least 3 years, each with a number of milestones, and an overall expected duration of up to 3 years along the way, including at least 5 major outputs. The immediate focus is on understanding the reporting landscape for intangible assets in the UK and investors' views. Later work could extend this research into developing more comprehensive proposals to address those findings.

~~20-22.~~ This timeline would fit into the IASB's expected review of intangible assets, that is likely to be a long-term project commencing later in 2023. Therefore, we believe that the first phase of research could feed into the IASB's preliminary thinking by describing current reporting practice and investors' concerns. The second phase of the research could feed directly into an IASB a comprehensive report setting out the findings from the UKEB research project on Intangibles in late 2024 or early 2025 would be well timed to support IASB activities in this area.

~~21-23.~~ ~~It is~~ We currently expected that the project would require input from the following technical staff:

- a) 40-50% of one accounting specialist project director on a consistent basis;
- b) up to 40% of a member of the economics team at various stages to support specific outputs; and
- c) 25% of a project manager on a consistent basis to support the project.

~~22-24.~~ Production of regular outputs is important to retaining interest and momentum in the project over its lifetime the three-year period, and is factored into the resource allocation. For example, one early output proposed is a paper addressing questions asked in the EFRAG's Discussion Paper: Better Reporting on Intangibles, which has a deadline of 30 June 2022. This will require significant activity in the first half of 2022.

~~23-25.~~ It is also important to acknowledge that additional research opportunities and outputs could be identified or emerge while the project is underway. Any additional proposed research would be presented to the Board as appropriate. Any significant changes to the research outputs or timetable will be presented to the Board.

Assumptions

~~24-26.~~ Once established, the UKEB's user and academic advisory groups will form a key part of any outreach. We may also be able to utilise the IASB's Investor contacts, along with the knowledge of our liaison IASB Board Member.

~~25-27.~~ We do not plan on setting up an *ad hoc* external group at this point in time. However, a sub-group of UKEB Board members to provide ongoing advice would be useful. We believe a group of three or four Board members, including an investor and academic

representative would be appropriate. They would be regularly consulted and appraised of progress on the project and would provide an important link back to the Board.

26-28. We will look to academics to support the research, in particular during Phase Two, with to help identifying alternative approaches to addressing the accounting for intangible assets. As noted, a future academic advisory group will play a key role in supporting engagement with academics. We would also look to bring academics and users together as part of some of the outputs discussed below and may consider commissioning empirical research, if appropriate.

27-29. It is expected that a number of the activities to be undertaken as part of this project will have synergistic opportunities to collaborate with and contribute to other UKEB projects. For example, there is overlap with the Goodwill and Impairment research currently being undertaken. We will actively look for ways to incorporate cross-sectional thinking and help ensure maximum impact for this thought leadership project.

28-30. We also see this project as an opportunity to engage with other NSS and international stakeholders (including the IASB). We will actively look to collaborate with others to enhance the research activities being undertaken and increase the impact of the work being done. Some of these opportunities are noted below, others will emerge over time.

Risks

29-31. Traditionally, it has been difficult to engage with investors. Though provision of information to investors is the focus of accounting information, the time scales involved in development of accounting standards makes it difficult to engage with this key stakeholder group as they are more focussed on what they are seeing today in financial statements.

30-32. Maintaining the momentum, consistency and quality of the project over a long period of time is can be difficult at best. We intend to mitigate this by ensuring that allocating a lead project director is allocated to the project with. This individual will be responsibility for coordinating the ongoing involvement of other members of the team at appropriate junctures.

31-33. The IASB's specific plans regarding the scope and timing of the intangibles project may not be known for some time. We are planning on the assumption we will be able to contribute to the early stages of the project. The UKEB project timelines and milestones will need to remain flexible in order to respond to developments at the IASB to ensure the UKEB outputs are timely and have maximum impact on the activities of the IASB.

Outputs

32-34. The research project is currently framed around two phases with 5-five major outputs. Subsequent outputs are expected to build on preceding ones. Phase Two would be subject to a review of the preceding research, and any expectations around the timing and nature of the IASB's plans with regards to Intangible Assets. This would be an opportunity to develop a Additional or alternative outputs, for example to respond to IASB decisions, will also be incorporated in the future.

Phase One

Major Output 1 - Report on UKEB outreach on EFRAG research paper (~~H1-Q1-Q3~~ 2022)

35. In H1 2022 we will conduct outreach with UK stakeholders based on questions asked in the EFRAG research paper – Better Information on Intangibles. See summary of this paper in Annex A below.

~~33-36.~~ The work will be based primarily on qualitative research involving gathering feedback from a range of interested stakeholders. This is expected to include both detailed discussions with interested individuals and broader survey type research. However we also expect it to be informed by the initial qualitative work being undertaken as part of output 3 discussed below.

~~34-37.~~ We will seek to work with EFRAG on some outreach with ~~a range of~~ stakeholders, including investors. For example, we ~~could be~~ considering joint roundtables on specific elements of the EFRAG report.

~~35-38.~~ We expect to publish a draft report on the outreach with an invitation to comment in May-July 2022, before approving-Board approval of the final report in June-September 2022. ~~Note this will require a significantly reduced comment period of approximately 21 days.~~

Major Output 2 - Investor Survey Outreach (Q1 2022 - Q1 2023)

~~36-39.~~ In 2022 a key focus will be engaging with investors to better understand their perspectives on the reporting of intangibles in the financial statements. This will take the form of ~~on~~ a range of outreach activities including developing and administering an investor survey to gather initial views on intangible assets and their preference for accounting and reporting of such assets.

~~37-40.~~ The survey will be semi-structured, with a focus of the outreach will be on understanding investors' information needs and practices. It will seek to examine:

- a) the intangibles investors consider as most important to their decision making;
- b) how well their information needs about intangibles are currently served; and
- c) ~~investor~~ views on the opportunities for improvement to the accounting for, and reporting of, intangibles assets in general purpose financial statements.
- d) some additional questions relevant to other UKEB projects that overlap with this work.

~~38-41.~~ The survey development and analysis will be supported by the UKEB economics team and we will also explore opportunities to work with the FRC Financial Reporting Lab.

~~39-42.~~ We will intend to take a proactive approach to obtaining user responses engaging with investors in the UK as we consider this a great opportunity to build connections with

~~investors in the UK them. We would utilise a variety of avenues, both direct and indirect, to raise awareness and encourage responses to the survey.~~

~~40-43.~~ We ~~would look plan~~ to publish a report summarising the key findings from the ~~survey outreach~~ in ~~late-early~~ 2023~~2~~. This report will summarise the feedback received as a result of ~~this the~~ outreach undertaken. We do not intend to include an invitation to comment.

Major Output 3 – Analysis of Intangible Reporting in the UK (~~Q1H2~~ 2022 – ~~mid-Q4~~ 2023)

~~44.~~ In parallel with the first two major outputs we would also undertake an analysis of the reporting of intangible items in the annual financial statements of UK companies.

~~41-45.~~ To better understand the current reporting on ~~intangible~~ Assets-items we ~~believe it is appropriate to will~~ undertake a review of the nature and extent of current reporting in the UK. An analysis of current practices among listed UK companies using IFRS standards would allow examination of the accounting for intangibles (including capitalisation and expensing), along with associated disclosures. The analysis may also gather data that is useful for other projects being undertaken by the UKEB, including on goodwill and impairment.

~~42-46.~~ This may also be an opportunity to engage with UK academics to support and enhance this research, for example by commissioning targeted empirical analysis. The UKEB may consider funding research through a competitive grant process to encourage and support appropriate research.

~~43-47.~~ A multi-functional Secretariat team – including economist, academic and accounting technical – is likely to be needed for this work given the need to gather quantitative information which would then require comprehensive analysis.

~~44-48.~~ We intend to publish a report in ~~mid-late~~ 2023 that summarises the findings of the research. This report will summarise the feedback received as a result of the outreach undertaken. We do not intend to include an invitation to comment.

Phase Two

~~49.~~ As noted Phase Two is currently indicative only and would be subject to a revised PIP to be presented to the Board in early 2023. It is expected that additional outputs would be proposed, particularly in 2023 that would support the ongoing project, and any IASB activity in this area.

Major Output 4 – Conference/Similar Event (~~late-2023/early~~ 2024)

~~45-50.~~ To encourage and support academic engagement with the topic we believe there is an opportunity to partner with an international organisation and support a high-profile international conference or similar event in ~~late 2023 or early~~ 2024 on the future of accounting for intangible ~~sassets~~. ~~Although it should be noted these Specific~~ dates ~~would be subject to change~~ finalised to ensure maximum attendance and impact of

the conference. Possibly the conference could run as part of, or in conjunction with, a pre-existing international event.

~~46-51.~~ We would seek to partner with a reputable academic community, journal or university to develop and deliver an event that would be intended to bring together academics, investors, and other stakeholders to present and discuss papers relevant to accounting for intangible assets. If the conference is held in ~~late-2023 or early~~ 2024 we would have time to plan and advertise the event, along with providing time for academics to develop content. The UKEB would need to consider a financial contribution to part fund facilities and other conference costs as well as providing administrative support to organise and deliver the conference.

~~47-52.~~ Presentation of the UKEB's work and findings to-date would be part of the event. This would allow the UKEB to lead the UK debate on international accounting standards and reporting with regard to ~~ii~~ intangibles, as well as representing the UK view to an international audience with the aim of influencing the international debate.

~~48-53.~~ Presentations and discussions at this conference ~~will~~ may feed into the comprehensive final report.

Major Output 5 – Comprehensive-Final Report (2023 - 2024)

~~49-54.~~ The final output of the project will be a ~~comprehensive~~ report addressing the work done in the context of the wider question ~~the primary research question~~ of how could the accounting for, and reporting of, Intangible Assets-Items be improved to provide investors with more useful general purpose financial statements to assist them to make better informed decisions.

~~50-55.~~ The report would be expected to provide insights that could inform the requirements of any new IFRS Accounting Standard(s) for Intangibles Assets that could better address investors' information needs. We would also intend to reflect on the impact this might have on preparers and other stakeholders.

~~51-56.~~ The report would build on and expand the work done as part of the other outputs. It is expected that additional work with investors and other stakeholders would be undertaken throughout 2023/4 to support the development of the final report.

~~52-57.~~ We expect to publish a draft report with an invitation to comment in Q3 2024, with a view to approving the final response in late-2024, while ensuring a 90-day comment period.

Other Minor Outputs

~~53-58.~~ In addition to the primary outputs highlighted above, we expect to publish other minor outputs that utilise work already being undertaken. These will be of varying degrees of formality and size and will be intended to publicise and maintain interest in the research work. Examples could include:

- a) Short articles on the UKEB Website and in other media.
- b) Podcasts and videos highlighting aspects of research undertaken.
- c) Regular short posts on UKEB social media.
- d) Hosting and/or co-hosting topic specific events with a range of stakeholders.
- e) Participation in events run by others in both the academic and user communities.
- f) Contributions to research being undertaken by other National Standards Setters.
- g) Supporting and contributing to a special issue in an Academic Journal.

54-59. These outputs would be expected to involve to varying degrees both the Secretariat and UKEB Board members. We will continue to explore other opportunities to collaborate with interested parties. We are aware of a number of organisations that are currently undertaking research, or considering undertaking research, in this area. In addition to the NSS activities already discussed, work being undertaken by Professional Bodies and others will also be relevant avenues for collaboration.

Project closure

55-60. Each output will comply with the expected due process requirements appropriate to the nature of the output.

Project timeline

56-61. The proposed high-level project timeline is as follows (a graphical representation is included on the next page). Note that dates are indicative only, and subject to revision as the project develops:

Date	Milestones
2022	
PHASE 1	
January	Project Initiation Plan
February	Commence Output 1 - Report on UKEB Outreach on EFRAG Research Paper Commence Output 2 - Investor Outreach
March	Comment Output 3 - Analysis of Intangible Reporting in the UK
May-July Board	Approve Draft Report – Output 1
June-September Board	Approve Final Report – Output 1 (<i>note less than 28 days</i>)
December Board	Approve Final Report – Output 3
2023	
PHASE 1 – Cont.	
Feb Board	Approve Final Report – Output 2
PHASE 2 (Subject to Approval of PIP)	
March Board	Phase 2 Revised Project Initiation Plan
April	Commence Output 4 – Conference/Similar Event
June Board	Commence Output 5 – Comprehensive Report
2024	
Date Unknown	Conference/Similar Event (will form part of the feedback with report)
July Board	Approve Draft Report – Output 5
December Board	Approve Final Report – Output 5

Annex A

Work being undertaken by others

National Standard Setters

1. The Australian Accounting Standards Board (AASB) is looking at the current requirements of IAS 38, with a focus on improved disclosure¹⁶.
2. Given the focus of this research is on current requirements of IFRS Standards, and restricted to IAS 38, we expect limited overlap in any research project undertaken by the UKEB. While some of their findings may help inform our thinking, we expect to look much more widely at the issue.
3. EFRAG is undertaking a much larger project termed “Better Information on Intangibles”¹⁷. It has published a 70-page Discussion Paper outlining current issues and possible avenues for improvements of measurement and disclosure of intangible assets. The paper notes that the value relevance of financial statements is decreasing, which could be due to missing information about intangible assets. It considers three approaches for better information on intangibles:
 - a) Recognition and measurement in the primary financial statements;
 - b) Information on specific intangibles in the notes to the financial statements or in the management report; and
 - c) Information on future-oriented expenses and risk/opportunity factors that may affect future performance in the notes to the financial statements or in the management report.
4. The scope of EFRAG’s discussions goes beyond the existing definition of assets in financial reporting and also covers sources of possible economic benefits that would not be controlled by an entity.
5. The work being undertaken by EFRAG is likely to be directly relevant to any UKEB research project. Given their focus on better information on intangibles it would be expected that this work may help inform proposals for alternative accounting presented to stakeholders for discussion.
6. We will also be able to utilise some of the background work EFRAG have already undertaken, such as their literature review.

¹⁶ [Intangible Assets: Reducing The Financial Statements Information Gap \(aasb.gov.au\)](https://www.aasb.gov.au/~/media/2018/07/Intangible-Assets-Reducing-The-Financial-Statements-Information-Gap.pdf)

¹⁷ [EFrag research project on better information on intangibles - EFRAG](https://www.efrag.org/~/media/2018/07/EFrag-research-project-on-better-information-on-intangibles-efrag.pdf)

Academic and other research

7. There are a significant number of research papers looking at intangible assets. Presented here is a sample of a few of the studies that will contribute to this research project.
- Amir Amel-Zadeh, Martin Glaum & Thorsten Sellhorn (2021): Empirical Goodwill Research: Insights, Issues, and Implications for Standard Setting and Future Research, *European Accounting Review*. This paper reviews the empirical literature on the determinants and decision usefulness of goodwill reporting.
 - Barker, Richard & Lennard, Andrew & Penman, Stephen & Teixeira, Alan. (2021). Accounting for intangible assets: suggested solutions. *Accounting and Business Research*. 1-30. 10.1080/00014788.2021.1938963. Drawing on relevant research, we evaluate solutions for intangible asset accounting that contrast with balance sheet recognition, and we compare these with current practice under IFRS.
 - Chalmers, Keryn & Clinch, Greg & Godfrey, Jayne & Wei, Zi. (2010). Intangible Assets, IFRS, and Analysts' Earnings Forecasts. *Accounting and Finance*. 52. 10.1111/j.1467-629X.2011.00424.x. We investigate whether the adoption of IFRS in 2005 by Australian firms has been associated with a loss of potentially useful information about intangible assets.
 - CPA Ontario (2021). You can't touch this: The intangible assets debate.
 - EFRAG (2020). A Literature Review on the Reporting of Intangibles.
 - Financial Reporting Council (2019). Business Reporting of Intangibles: Realistic Proposals.
 - Financial Reporting Council (2021). Feedback Statement: Business Reporting of Intangibles: Realistic Proposals.
 - ICAS (forthcoming). The Production and Consumption of Information on Intangibles: An Empirical Investigation of CFOs and Investors
 - Nichita, Mirela. (2019). Intangible assets -insights from a literature review. *Journal of Accounting and Management Information Systems*. 18. 10.24818/jamis.2019.02004. Research Question: How do researchers address the definition, measurement, recognition and potential of intangible assets to generate future economic benefits when a formal structure for reporting them is highly controversial?
 - Nwogugu, Michael. (2019). Intangibles Accounting Regulations and the "Global Intangibles Economy": Belief-Revision, Enforcement Theory and Financial Stability. 10.1057/978-1-137-44704-3_5.